



## ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

浙能锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

### DISPOSAL OF ENTIRE EQUITY INTEREST IN ECOGREEN ENERGY PRIVATE LIMITED

#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Zheneng Jinjiang Environment Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Lamoon Holdings Limited, has on 1 June 2024 entered into a share transfer agreement (the “**Share Transfer Agreement**”) with an unrelated third party, Cube Bio-Energy Private Limited (the “**Purchaser**”), for the disposal by the Group of the entire equity interest in Ecogreen Energy Private Limited (“**Ecogreen Energy**”), which is the holding company for the Group’s waste collection and waste-to-energy (“**WTE**”) projects in India, to the Purchaser for a total consideration of INR10,000,000 (equivalent to approximately S\$164,582) (the “**Disposal Consideration**”) (the “**Disposal**”).

Completion of the Disposal is conditional upon the fulfilment or waiver of certain conditions precedent, including, *inter alia*, the Purchaser ensuring that all permits, permissions, licences, approvals, authorisations, consents, clearance, waiver, no objection certificates or other authorisations which are required to be granted by any government, creditor or any other authority or under any applicable law for rendering its obligations under the Share Transfer Agreement enforceable, legal, valid and binding have been obtained and continue to be in force. Following the completion of the Disposal, the Group will cease to hold any shareholding interest in Ecogreen Energy, and each of Ecogreen Energy and its subsidiaries Ecogreen Energy Gurgaon Faridabad Private Limited, Ecogreen Energy Lucknow Private Limited and Ecogreen Energy Gwalior Private Limited will cease to be a subsidiary of the Company.

Unless otherwise indicated, Indian Rupee (“**INR**”) and Renminbi (“**RMB**”) amounts in this Announcement have been translated into Singapore dollars, based on the exchange rates of S\$1.00 : INR60.76 and S\$1.00 : RMB5.28 respectively.

#### 2. DETAILS OF THE DISPOSAL

##### 2.1 Information on Ecogreen Energy

Ecogreen Energy is a company incorporated under the laws of India on 17 January 2011 with limited liability. In March 2017, the Group acquired 100% of the beneficial interest in Ecogreen Energy. Ecogreen Energy is the holding company for the Group’s waste management and WTE projects in India, and has three subsidiaries, namely, Ecogreen Energy Gurgaon Faridabad Private Limited, Ecogreen Energy Lucknow Private Limited and Ecogreen Energy Gwalior Private Limited. As at the date of this Announcement, the Company indirectly owns the entire equity interest in Ecogreen Energy and all of its aforesaid subsidiaries. Based on

the consolidated financial statements of Ecogreen Energy and the audited consolidated financial statements of the Group for the financial year ended 31 December (“FY”) 2023:

- (a) as at 31 December 2023, Ecogreen Energy had consolidated net assets of INR216,291 (equivalent to approximately S\$3,560), which represents approximately 0.0003% of the Group’s audited consolidated net assets of RMB7,168.9 million (equivalent to approximately S\$1,358.0 million) as at 31 December 2023; and
- (b) as at 31 December 2023, Ecogreen Energy had consolidated net tangible assets of INR216,291 (equivalent to approximately S\$3,560), as compared to the Group’s audited consolidated net tangible assets of RMB2,531.9 million (equivalent to approximately S\$479.5 million) as at 31 December 2023.

## 2.2 Information on the Purchaser

The Purchaser is a private limited company incorporated in India and is engaged in the waste management industry in India.

For the avoidance of doubt, the Purchaser is not connected to any of the directors, executive officers or controlling shareholders of the Company.

## 2.3 Rationale for and Benefits of the Disposal

As previously disclosed, the Company has observed that some Chinese enterprises have been facing challenges for their businesses in India and that led to a more cautious approach being adopted by lenders and credit insurance companies when reviewing project financing in India. As previously disclosed as well, the Group has also been facing difficulties and uncertainty in relation to the financing, the collection and transportation of municipal solid waste, and the progress of construction of its waste management and WTE projects in India and had commenced a review of the commercial feasibility of terminating its investments in India and evaluating various options for achieving this.

Under the terms of the Share Transfer Agreement, following completion of the Disposal, the Purchaser is liable to undertake all the contractual rights and obligations of Ecogreen Energy and pay any and all liabilities and penalties of Ecogreen Energy arising from its contractual obligations or otherwise, on an as is where is basis.

In view of the high capital commitment for construction of new WTE projects, the considerable period of time required for newly completed WTE facilities to begin generating profits and the difficulties and uncertainty faced by the Group in relation to the financing, the collection and transportation of municipal solid waste, and the progress of construction of its waste management and WTE projects in India, the Disposal would enable the Group to (i) achieve a clean exit from its investments in India and avoid potential exposure to liabilities and penalties of Ecogreen Energy which may arise in the future, (ii) rationalise its financial and capital resources and focus on its expansion plans for its WTE pipeline both in China and overseas markets such as Indonesia, which have favourable conditions and advantageous factors for the development of WTE enterprises, and the addition of other verticals in the waste management and resource recycling industries, and (iii) more efficiently manage its balance sheet and the capital expenditure requirements of expanding its pipeline of WTE and waste management projects.

## 2.4 Disposal Consideration and Terms of Payment

The Disposal Consideration of INR10,000,000 (equivalent to approximately S\$164,582) was arrived at after arm's length negotiations between the Group and the Purchaser on a willing-buyer and willing-seller basis with reference to a valuation of Ecogreen Energy conducted by an independent third party valuer commissioned by the Group, which assigned a nil fair value to the shares in Ecogreen Energy as at 31 March 2024 on account of Ecogreen Energy having consolidated net liabilities as at 31 March 2024, the financial stress faced by Ecogreen Energy, the impairments recorded to date and the uncertain business outlook.

In accordance with the terms of the Share Transfer Agreement, the Disposal Consideration must be paid by the Purchaser to the Group within 10 business days of the date of the Share Transfer Agreement.

As at 31 December 2023, most of the assets directly relating to the projects held under Ecogreen Energy have been fully impaired. Furthermore, Ecogreen Energy has consolidated net liabilities after taking into account the expenses relating to the cessation of projects in FY2024. Accordingly, Group is expected to make a gain on disposal of approximately INR157,656,000 (equivalent to approximately S\$2,594,733) in FY2024 in relation to the Disposal, which will partially offset the impairment losses recorded by the Group in past periods.

## 2.5 Replacement of Performance Bond

In accordance with the terms of the Share Transfer Agreement, the Purchaser has undertaken to replace a performance bond amounting to INR75,000,000 (equivalent to approximately S\$1,234,365) which was provided as security for the performance of the relevant obligations under the power purchase agreement for the WTE project in Gurgaon, India (the "**Performance Bond**") within seven (7) business days of the transfer of shares to the Purchaser pursuant to the Disposal, failing which the Purchaser shall pay the Group INR75,000,000 (equivalent to approximately S\$1,234,365) within 30 days.

## 3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the audited financial statements of the Group for FY2023, the relative figures for the Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") are as follows:

Rule	Basis of Calculation	Relative Figures
1006(a)	Net asset of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	0.0003% <sup>(1)</sup>
1006(b)	Net losses attributable to the assets acquired or disposed of, compared with the Group's net profit.	(4.86)% <sup>(2)</sup>
1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.28% <sup>(3)</sup>
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no equity securities will be issued by the Company in connection with the Disposal.

1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable as the Company is not a mineral, oil and gas company.
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**Notes:**

- (1) Computed based on the consolidated net assets of Ecogreen Energy of INR216,291 (equivalent to approximately S\$3,560) for FY2023 and the Group's net assets of RMB7,168,913,000 (equivalent to approximately S\$1,357,746,212) as at 31 December 2023 as stated in the audited financial statements of the Group for FY2023.
- (2) Computed based on the consolidated net loss of Ecogreen Energy of INR171,077,735 (equivalent to approximately S\$2,815,631) for FY2023 and the Group's net profits of RMB305,803,000 (equivalent to approximately S\$57,917,235) for FY2023 as stated in the audited financial statements of the Group for FY2023.
- (3) The aggregate value of the consideration given is INR85,000,000 (equivalent to approximately S\$1,398,947) and is computed based on the aggregate of the Disposal Consideration of INR10,000,000 and the Performance Bond of INR75,000,000 which the Purchaser has undertaken to replace under the Share Transfer Agreement. The Company's market capitalisation is computed based on 1,453,994,700 shares in issue as at the date of this announcement and on a volume weighted average price of S\$0.3440 for each share traded on the SGX-ST on 31 May 2024 (being the full market day immediately preceding the date of this announcement).

None of the relative figures under Rule 1006(a) and (c) exceeds 5%. As the relative figure under Rule 1006(b) is a negative figure, in accordance with Practice Note 10.1 of the Listing Manual, no announcement and shareholders' approval of the Disposal is required as the Disposal will not result in a loss on disposal. Notwithstanding the foregoing, this Announcement is being made in accordance with Rule 1008(2) of the Listing Manual.

#### **4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and their associates has any interests, direct or indirect, in the Disposal, other than through their respective shareholding interests in the Company.

#### **BY ORDER OF THE BOARD**

Wei Dongliang  
Executive Chairman

1 June 2024

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