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Shenzhen Dongjiang Environmental Company Limited*

深圳市東江環保股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8230)

CONTINUING CONNECTED TRANSACTIONS

Sales Agreement

On 30 April 2009, Dongjiang Trading, a wholly owned subsidiary of the Company in which the Company beneficially holds 100% equity interest, entered into the Sales Agreement with SHWTS. As SHWTS beneficially holds 50% equity interest in Shenzhen Resource, SHWTS is a connected person of the Company under the GEM Listing Rules and the Sales Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

Waste Treatment Agreement

On 30 April 2009, Dongjiang Veolia, a non-wholly owned subsidiary of the Company in which the Company beneficially holds 51% equity interest, entered into the Waste Treatment Agreement with SHWTS. The Waste Treatment Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the aggregate value of the annual caps of the Sales Agreement and Waste Treatment Agreement is less than 2.5%, each of the Sales Agreement and Waste Treatment Agreement is only subject to the reporting and announcement requirements under the GEM Listing Rules and is exempt from the independent shareholders' approval requirements pursuant to the GEM Listing Rules.

On 30 April 2009, Dongjiang Trading, a wholly owned subsidiary of the Company in which the Company beneficially holds 100% equity interest, entered into the Sales Agreement with SHWTS. On 30 April 2009, Dongjiang Veolia, a non-wholly owned subsidiary of the Company in which the Company beneficially holds 51% equity interest, entered into the Waste Treatment Agreement with SHWTS. As SHWTS beneficially holds 50% equity interest in Shenzhen Resource, SHWTS is a connected person of the Company under the GEM Listing Rules, each of the Sales Agreement and Waste Treatment Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

THE SALES AGREEMENT

Reasons for the Sales Agreement

Dongjiang Trading is engaged in the trading of chemical products. SHWTS is engaged in hazardous waste treatment and disposal. In accordance with the terms of the Sales Agreement, SHWTS has engaged Dongjiang Trading for supplying industrial sulfuric acid for a term commencing from 30 April 2009 and ending on 31 December 2011. The Board expected that, Dongjiang Trading could generate revenues and profits from the Sales Agreement.

Principal terms

Pursuant to the Sales Agreement, the industrial sulfuric acid to be provided by Dongjiang Trading to SHWTS must be sulfuric acid in 98% purity and the price payable by SHWTS for industrial sulfuric acid will be determined with reference to the prevailing market prices (with a +/- 5% buffer as described below) of industrial sulfuric acid with the same quality and purity from time to time. Currently, the price of such quality of industrial sulfuric acid is approximately RMB 550 per ton.

The price adjustment mechanism of the sales of the industrial sulfuric acid by Dongjiang Trading provided that should the market price of industrial sulfuric acid exceed or below 5% (5% included) of RMB 550 per ton, both parties have the right to negotiate for a price to reflect the prevailing prices of industrial sulfuric acid. Therefore, the prices of industrial sulfuric acid sold to SHWTS should be in line with those of products of the same kind and of comparable quality offered by Dongjiang Trading to other Independent Third Parties.

Proposed annual caps and the basis

The proposed annual caps of RMB 4 million (equivalent to HK\$ 4.52 million) under the Sales Agreement for each of the year ending 31 December 2009, 2010 and 2011 were determined with reference to the (i) prevailing sulfuric acid price of RMB 550 per ton; (ii) the expected transaction value and business growth of Dongjiang Trading; and (iii) the forecasted demand of SHWTS. The Directors are of the view that such annual caps allow for buffer when business opportunities arise for Dongjiang Trading.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Sales Agreement and the transaction contemplated thereunder (including the proposed annual caps) have been entered into, and will be carried out, in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

THE WASTE TREATMENT AGREEMENT

Reasons for the Waste Treatment Agreement

Dongjiang Veolia is engaged in treatment and disposal of hazardous wastes through methods of incineration, stabilization and security landfill. SHWTS is engaged in hazardous waste treatment and disposal. In accordance with the terms of the Waste Treatment Agreement, SHWTS has engaged Dongjiang Veolia to provide waste treatment services for wastes such as waste organic solvent, waste printing ink, waste paint and other wastes. The term of the Waste Treatment Agreement is for a term commencing from 30 April 2009 and ending on 31 December 2009. SHWTS, incidental to its ordinary and normal business, collected large quantities of waste chemicals. Such waste chemicals must be treated and disposed properly under the Environmental Protection Law of the PRC. Dongjiang Veolia has the necessary permits and licenses, and the facilities and technological standard to be engaged in the treatment of these chemical wastes and the Waste Treatment Agreement is in the ordinary and usual course of business of the Dongjiang Veolia and the Group.

Principal terms

Pursuant to the Waste Treatment Agreement, the price payable by SHWTS for the waste treatment services will be determined with reference to prevailing market prices charged by Dongjiang Veolia in line with those of services of the same kind offered to Independent Third Parties.

Proposed annual caps and their basis

The proposed annual cap of RMB 5 million (equivalent to HK\$ 5.65 million) under the Waste Treatment Agreement for the year ending 31 December 2009 was determined with reference to the (i) prevailing market rates charged by Dongjiang Veolia for similar services offered to Independent Third Parties; and (ii) the expected transaction volume and value; and (iii) the forecasted demand of SHWTS. The Directors are of the view that such annual cap allow for buffer when business opportunities arise for Dongjiang Veolia.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Waste Treatment Agreement and the transaction contemplated thereunder (including the proposed annual cap) have been entered into, and will be carried out, in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As SHWTS beneficially holds 50% equity interest in Shenzhen Resource, SHWTS is a connected person of the Company under the GEM Listing Rules and each of the Sales Agreement and the Waste Treatment Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the aggregate value of the annual caps of the Sales Agreement and the Waste Treatment Agreement is less than 2.5%, each of the Sales Agreement and the Waste Treatment Agreement is only subject to the reporting and announcement requirements under the GEM Listing Rules and is exempt from the independent shareholders' approval requirements of the GEM Listing Rules. Details of the transactions will be included properly in the next published annual report and accounts of the Company.

GENERAL

The Group is principally engaged in (i) the collection, detoxification and recycling of industrial wastes and sale of recycle products; (ii) the provision and implementation of environmental protection construction services and environmental protection-related consultation services; and (iii) the development of environmental protection-related products.

DEFINITIONS

“Board”	the board of Directors
“Company”	Shenzhen Dongjiang Environmental Company Limited*, a joint stock limited company established in the PRC with limited liability
“Directors”	director(s) of the Company
“Dongjiang Trading”	深圳市東江環保股份有限公司貿易分公司 (Shenzhen Dongjiang Environmental Company Limited Trading Branch*), a wholly owned subsidiary of the Company in which the Company beneficially holds 100% equity interest
“Dongjiang Veolia”	惠州東江威立雅環境服務有限公司 (Huizhou Dongjiang Veolia Environmental Services Company Limited*), a non-wholly owned subsidiary of the Company in which the Company beneficially holds 51% equity interest
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	The Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	A party who, together with its ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, is not a connected person of the Company and is also independent of the Company and its connected persons
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“ Sales Agreement”	The agreement dated 30 April 2009 entered into between Dongjiang Trading and SHWTS in relation to the trading of chemical products
“Shenzhen Resource”	深圳市萊索思環境技術有限公司 (Shenzhen Resource Environmental Technology Company Limited*), a joint venture company established in Shenzhen, PRC, in which 50% owned by the Company and 50% owned by SHWTS
“SHWTS”	深圳市危險廢物處理站有限公司 (Shenzhen Hazardous Waste Treatment Station Company Limited*)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waste Treatment Agreement”	The agreement dated 30 April 2009 entered into between Dongjiang Veolia and SHWTS in relation to the provision of waste treatment services

By order of the Board
Shenzhen Dongjiang Environmental Company Limited*
Zhang Wei Yang
Chairman

Shenzhen, Guangdong Province, the PRC
30 April 2009

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Zhang Wei Yang, Mr. Chen Shu Sheng and Mr. Li Yong Peng; three non-executive Directors, being Mr. Feng Tao, Mr. Wu Shui Qing and Ms. Sun Ji Ping; and three independent non-executive Directors, being Mr. Ye Ru Tang, Mr. Hao Ji Ming and Mr. Liu Xue Sheng.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting and on the Company’s website at <http://www.dongjiang.com.cn> from the date of publication.

** For identification purpose only*

For the purpose of this announcement, conversion of RMB into HK\$ or vice versa has been calculated by using an exchange rate of RMB 1 to HK\$ 1.13.