

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities.



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 on GEM: 08230)

(Stock code on the Main Board: 00895)

PROPOSED ISSUE OF A SHARES

PROPOSED CONSOLIDATION OF SHARES

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**PROPOSED ADOPTION OF AND AMENDMENTS TO THE RULES OF
PROCEDURES AND THE INTERNAL RULES**

**PROPOSED APPOINTMENT OF ACCOUNTANT
FOR THE PROPOSED ISSUE OF A SHARES**

AND

PROPOSED CHANGE OF COMPANY NAME

Proposed Issue of A Shares

The Board is pleased to announce that at a meeting of the Board held on 20 September 2010, the Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 250,000,000 A Shares with a nominal value of RMB0.10 each or, subject to the implementation of the Share Consolidation, 25,000,000 A Shares with a nominal value of RMB1.00 each (subject to any adjustment resulting from any change to the issued share capital of the Company up to the completion of the Issue of A Shares) to natural persons, legal persons and other institutional investors recognised by the CSRC, who maintain A Share account with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) (except those prohibited by PRC laws and regulations and other regulatory requirements to which the Company is subject to), and apply to the Shanghai Stock Exchange or the Shenzhen Stock Exchange (to be decided by the Board depending on the requirements of relevant regulatory authorities in the PRC) for the listing of, and permission to deal in, the A Shares. The Issue of A Shares will be subject to, among other things, the approval by the Shareholders at the EGM and the Class Meetings, as well as the approval by the CSRC.

Proposed Consolidation of Shares

Generally A shares are of a nominal value of RMB1.00 each. As the nominal value of the Shares is RMB0.10 each, the Board proposed to put forward for approval by the Shareholders that an authority be granted to the Board by reference to the applicable laws and regulations and the requirements of the relevant authorities, to effect the Share Consolidation on the basis of every 10 ordinary Shares with a nominal value of RMB0.10 each in the issued or unissued share capital of the Company be consolidated into one ordinary Share with a nominal value of RMB1.00 each in the event that the CSRC and relevant authorities recommend or stipulate that A Shares shall be issued at a nominal value of RMB1.00 each.

Proposed Amendments to the Articles of Association

The Company proposed to make certain amendments to the Articles in relation to the Issue of A Share as required by the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) and in relation to the Change of Company Name.

The proposed amendments to the Articles are subject to Shareholders' approval at the EGM, and special resolutions to consider and approve the amendments to the Articles will be proposed at the EGM. The proposed amendments to the Articles in relation to the Issue of A Shares are also subject to the obtaining of any required approval or endorsement from or registration with the relevant regulatory authorities, and shall come into effect upon completion of the Issue of A Shares, while the proposed amendments to the Articles in relation to the Change of Company Name shall take effect upon the effective date of the Change of Company Name.

Proposed Adoption of and Amendments to the Rules of Procedures and the Internal Rules

As a result of the aforesaid amendments to the Articles in relation to the Issue of A Shares, the Company proposed to adopt or amend the Rules of Procedures and the Internal Rules pursuant to the requirements of the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be).

Adoption of and amendments to the Rules of Procedures and the Internal Rules are subject to Shareholders' approval at the EGM. Special resolutions to consider and approve the adoption of and amendments to the Rules of Procedures and the Internal Rules will be proposed at the EGM. The proposed adoption of and amendments to the Rules of Procedures and the Internal Rules shall come into effect upon the completion of the Issue of A Shares.

Proposed Appointment of Accountant for the proposed Issue of A Shares

The Company proposed to appoint SHINEWING CPA Limited as the Company's accountant for the Issue of A Shares for a term commencing from the approval of its appointment by the Shareholders at the EGM to the completion of the Issue of A Shares. It is further proposed that the Board be authorised at the EGM to fix the remuneration of SHINEWING CPA Limited with reference to the prevailing market conditions and the negotiation between the parties.

Proposed Change of Company Name

The Company proposed to change the Chinese name of the Company from “深圳市東江環保股份有限公司” to “東江環保股份有限公司” and to adopt “Dongjiang Environmental Company Limited” as its English name for identification purpose only.

The Change of Company Name is subject to (i) the passing of special resolutions by the Shareholders at the EGM approving the Change of Company Name and the relevant amendments to the Articles; and (ii) all relevant approval, authorities, licences and consents have been obtained from the relevant authorities in the PRC, and all filings have been made for the use of the proposed Chinese name of “東江環保股份有限公司”.

GENERAL

The Company will convene the EGM for the purpose of, among other things, seeking Shareholders’ approval on the Issue of A Shares, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name. The Issue of A Shares and the Share Consolidation will also be put forward to the Shareholders for approval at the respective Class Meetings.

A circular containing, among other things, further details of the Issue of A Shares, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name, as well as the notices of the EGM and the Class Meetings respectively, will be despatched to the Shareholders as soon as possible.

There is no assurance that the Issue of A Shares and the Share Consolidation will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Share, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the relevant rules governing the listing of securities on the Stock Exchange.

(I) PROPOSED ISSUE OF A SHARES

The Board is pleased to announce that at a meeting of the Board held on 20 September 2010, the Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 250,000,000 A Shares with a nominal value of RMB0.10 each or, subject to the implementation of the Share Consolidation, 25,000,000 A Shares with a nominal value of RMB1.00 each (subject to any adjustment resulting from any change to the issued share capital of the Company up to the completion of the Issue of A Shares) to natural persons, legal persons and other institutional investors recognised by the CSRC, who maintain A Share account with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) (except those prohibited by PRC laws and regulations and other regulatory requirements to which the Company is subject to), and apply to the Shanghai Stock Exchange or the Shenzhen Stock Exchange (to be decided by the Board depending on the requirements of relevant regulatory authorities in the PRC) for the listing of, and

permission to deal in, the A Shares. The Issue of A Shares will be subject to, among other things, the approval by the Shareholders at the EGM and the Class Meetings, as well as the approval by the CSRC.

Details of the Issue of A Shares

(i) Class and nominal value of new Shares to be issued

A Shares with a nominal value of RMB0.10 each, or subject to the implementation of the Share Consolidation, with a nominal value of RMB1.00 each in the share capital of the Company.

(ii) Proposed stock exchange for listing

The Shanghai Stock Exchange or the Shenzhen Stock Exchange (to be decided by the Board depending on the requirements of relevant regulatory authorities in the PRC).

(iii) Number of A Shares to be issued

Not more than 250,000,000 A Shares with a nominal value of RMB0.10 each, or subject to the implementation of the Share Consolidation, 25,000,000 A Shares with a nominal value of RMB1.00 each (subject to any adjustment resulting from any change to the issued share capital of the Company up to the completion of the Issue of A Shares), which represent:

- (1) approximately 27.81% of the aggregate Domestic Shares of the Company in issue as at the date of this announcement;
- (2) approximately 21.76% of the aggregate Domestic Shares of the Company in issue as enlarged by the Issue of A Shares;
- (3) approximately 19.92% of the entire issued share capital of the Company in issue as at the date of this announcement; and
- (4) approximately 16.61% of the entire issued share capital of the Company as enlarged by the Issue of A Shares.

The number of A Shares to be issued pursuant to the Issue of A Shares shall be adjusted upon any change of the issued share capital of the Company between the date on which the relevant resolutions approving the Issue of A Shares at the EGM and the Class Meetings are passed, to the completion of the Issue of A Shares, to the extent that the maximum number of A Shares to be issued shall represent approximately 16.61% of the entire issued share capital of the Company as enlarged by the Issue of A Shares upon completion of the Issue of A Shares.

The final number of A Shares to be issued and the structure of such issue shall be subject to approval by the CSRC and other relevant regulatory authorities in the PRC, and subject to adjustment (if any) by the Board as authorised by the Shareholders at the EGM and the Class Meetings and within the range approved by the CSRC having regard to the relevant circumstances.

(iv) Target subscribers

Natural persons, legal persons and other institutional investors recognised by the CSRC, who maintain A Share account with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) (except those prohibited by PRC laws and regulations and other regulatory requirements to which the Company is subject to).

If any of the aforesaid persons are connected persons of the Company, the Company will take every reasonable step to comply with the relevant requirements under relevant rules governing the listing of securities on the Stock Exchange.

(v) Method of issue

The issue will be conducted via placement through offline offering to investors subject to market consultation and online subscription at the issue price, or such other method(s) as approved by the CSRC.

(vi) Basis for determination of the issue price

Subject to the approval of the CSRC for the Issue of A Shares, the issue price range of the A Shares will be determined on the basis of market conditions prevailing in the PRC securities market at the time of the issue of A Shares by way of market consultation or any such other price determination method(s) as approved by the CSRC. The issue price will be determined by the Board after negotiation with the lead underwriter(s).

The amount to be raised from the Issue of A Shares could not be ascertained as at the date of this announcement.

(vii) Distribution plan of accumulated undistributed profits

Subject to the approval by the Shareholders at a general meeting of the Company, all the Shareholders shall be entitled to the undistributed profits accumulated up to the completion of the Issue of A Shares upon the completion of the Issue of A Shares. Holders of A Shares shall not be entitled to any dividend declared prior to the completion of the Issue of A Shares.

(viii) Use of proceeds

The amount of fund to be raised from the Issue of A Shares cannot be confirmed at the date of this announcement. However, the Company intends to apply the proceeds in the following project with a total estimated investment amount of approximately RMB440,835,000:

- (1) the Project of Dismantling and Comprehensive Utilization of 80,000 Tonnes Electrical Appliances Waste Per Year of Qingyuan Dongjiang Environmental Technology Co., Ltd. (清遠市東江環保技術有限公司年拆解及綜合利用廢電器八萬噸建設項目), with an estimated investment amount of approximately RMB153,669,500;

- (2) the Shenzhen Longgang Hazardous Industrial Waste Treatment Base Construction Project (深圳市龍崗區工業危險廢物處理基地建設項目), with an estimated investment amount of approximately RMB66,909,300;
- (3) Phase 2 of the Project for Collection and Utilization of Landfill Gas in Shenzhen Xiaping Landfill (深圳下坪填埋場填埋氣體收集和利用項目二期工程), with an estimated investment amount of approximately RMB80,324,500;
- (4) the Research Base Construction Project (研發基地建設項目), with an estimated investment amount of approximately RMB60,000,000;
- (5) the System for Transportation of Hazardous Waste Project (危險廢物運輸系統項目), with an estimated investment amount of approximately RMB59,931,700; and
- (6) the System for Enterprise Information Management Project (企業信息管理系統項目), with an estimated investment amount of approximately RMB20,000,000.

The Company may, in accordance with the actual circumstances and the progress of the above projects, utilize its internal resources or raise bank loans to finance the aforesaid projects prior to the completion of the Issue of A Shares, and to repay the fund raised and already applied by the Company and the Group in developing such projects upon completion of the Issue of A Shares.

In the event the proceeds from the Issue of A Shares are not sufficient to finance the above projects, the shortfall will be covered by internal resources or bank loans to be raised by the Group. Any surplus will be used as general working capital of the Company and/or to repay the bank loans of the Group.

(ix) Approval by the Shareholders

The EGM and the Class Meetings will be held to consider and, if thought fit, approve, among other things, the Issue of A Shares.

It is further proposed that the Board be authorised in the EGM and the Class Meetings to take all such actions and to sign execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with, or to effect, the Issue of A Shares, in accordance with the relevant requirements of the CSRC, the Stock Exchange, and the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be), and to delegate such authorisation (if obtained). The authorisation proposed to be granted to the Board shall include without limitation:

- (1) to be responsible for and to effect the Issue of A Shares and the listing of the A Shares and the Domestic Shares, including without limitation, to determine the timing of issue, the number of A Shares to be issued, the issue price and its determination mechanism, the structure of the issue, the target subscribers of the A Shares, the method of issue, the stock exchange to be listed and other related application procedures and formalities subject to the relevant requirements under the relevant rules and regulations and the relevant

securities rules, and pursuant to the proposal of the Issue of A Shares and the listing of the A Shares and the Domestic Shares as approved by the Shareholders at the EGM and the Class Meetings;

- (2) to deal with all filing and application matters relating to or in connection with the Issue of A Shares and the listing of the A Shares and the Domestic Shares, including without limitation, applying for approval to, register with, filing with, seeking licences and consents from relevant governmental and regulatory authorities, the relevant stock exchange and securities clearing institution; to approve, sign, execute, amend or complete any agreement, contract or necessary document relating to the Issue of A Shares and the listing of the A Shares and the Domestic Shares (including without limitation, offering circular, prospectus, sponsor agreement, underwriting agreement, listing agreement, all sorts of announcement and notice to the shareholders of the Company);
- (3) to adjust and amend the proposal for the Issue of A Shares and the listing of the A Shares and the Domestic Shares according to implementation of the proposal of the Issue of A Shares and the listing of the A Shares and the Domestic Shares, market conditions, policies adjustments and comments from governmental and regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares, to deal with matters relating to the Issue of A Shares and the listing of the A Shares and the Domestic Shares pursuant to such new policies;
- (4) to make necessary or appropriate adoption of and amendments to the relevant provisions of the Articles, the rules of procedures and internal rules of the Company relating to, in connection with or to effect the Issue of A Shares and the listing of the A Shares and the Domestic Shares, and to deal with the application for approval, and the change of business registration, the filing and registration with relevant governmental authorities;
- (5) to make necessary or appropriate adoption of and amendments to the Articles, the rules of procedures and internal rules of the Company in the event they conflict with the regulatory rules or documents promulgated by the CSRC and/or the relevant stock exchange, or in accordance with the comments from the CSRC and/or the relevant stock exchange;
- (6) to deal with the listing of the A Shares and the Domestic Shares on the relevant stock exchange;
- (7) to deal with all matters in relation to the application or the use of net proceeds from the Issue of A Shares subject to the approval of the CSRC, including without limitation, to utilize the internal resources or raise bank loans to finance its projects prior to the completion of the Issue of A Shares, and to repay the fund raised and already applied by the Company and the Group in developing such projects upon completion of the Issue of A Shares; to adjust and amend related matters according to the actual circumstances and comments from relevant governmental authorities in the course of implementation in financing and investing in the projects, including without limitation: to adjust the budget for each project already included in the scope of investment by application of proceeds (including adjusting the number of projects), the subject, progress and means of implementation, etc.; to confirm

the specific saving account for the proceeds; to implement the application of the proceeds after the completion of the Issue of A Shares and the listing of the A Shares and the Domestic Shares; to liaise with the remaining shareholders of non-wholly owned subsidiaries, which the proceeds will be applied to projects of such subsidiaries; to confirm any loan or capital investment to such subsidiaries or other related matters in relation to the implementation of the application of proceeds, including the signing and execution of any agreement, contract or other documents relating to the application of the proceeds; to finance the projects with internal resources or bank loans in the event the proceeds is not sufficient to finance the projects, and to apply any surplus as general working capital of the Company and/or to repay the bank loans of the Group;

- (8) to engage relevant intermediaries and to liaise and agree on their respective remuneration; and
- (9) to process all related matters in connection with the Issue of A Shares, take all such actions as necessary or expedient and to determine and make arrangements for all specific matters relating to or in connection with the Issue of A Shares as permitted by the relevant laws and regulations.

The authorisation, if approved by the Shareholders at the EGM and the Class Meetings, shall be effective for a period of 24 months commencing from the date on which such approval is obtained.

It should be noted that the Issue of A Shares, upon approval by the Shareholders by way of special resolution at the EGM and the Class Meetings, is still subject to approvals by the CSRC and other relevant regulatory authorities. In addition, the examination and consent of the Shanghai Stock Exchange or Shenzhen Stock Exchange (as the case may be) for the listing of and dealings in the A Shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) is also required. The approval in respect of the Issue of A Shares, if obtained from Shareholders at the EGM and the Class Meetings, shall be effective for a period of 24 months commencing from the date on which such approval is obtained.

(x) Application to the CSRC and the Relevant Stock Exchange

Application to the CSRC for the Issue of A Shares will be made as soon as applicable after the approval of the Issue of A Shares by the Shareholders at the EGM and the Class Meetings, respectively.

Upon obtaining the approval of the CSRC, the Company will apply to the Shanghai Stock Exchange or the Shenzhen Stock Exchange (to be decided by the Board depending on the requirements of relevant regulatory authorities in the PRC) for the listing of and dealings in the A Shares and the Domestic Shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be).

(xi) Completion of Issue of A Shares

Although it is the intention of the Company to conduct the Issue of A Shares as soon as possible after all relevant approvals are obtained, the exact timing and structure of the Issue of A Shares will depend on market conditions and other factors such as availability of alternative funding channels.

The H Shares are currently listed on the Stock Exchange. There is no fund raising exercise carried out by the Company during the 12 months prior to the date of this announcement. Relevant announcement(s) will be made by the Company in respect of the issue price, number of A Shares to be issued or other details of the Issue of A Shares as and when appropriate.

Reasons for the Issue of A Shares

The Directors believe that the Issue of A Shares will further broaden the Company's funding channels, and thereby improve the Company's capital structure and its debt financing capacity. In addition, the Issue of A Shares will provide the Company with financial resources for the specific needs as stipulated in the paragraph headed "Use of Proceeds" above and improve the competitiveness of the Group. The Directors believe that the Issue of A Shares will enhance the profile and corporate image of the Group, and is beneficial to the long term development of the Group.

The Directors consider that the Issue of A Shares is in the interests of the Group and the Shareholders as a whole.

Effects of the Issue of A Shares on Shareholding Structure of the Company

Assuming that a total of 250,000,000 A Shares are to be issued (subject to the Share Consolidation and any adjustment resulting from any change to the issued share capital of the Company up to the completion of the Issue of A Shares), the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Issue of A Shares is as follow (assuming no other H Shares, Domestic Shares or A Shares are to be issued by the Company from the date of this announcement up to and including the date of the completion of the Issue of A Shares):

	As at the date of this announcement		Immediately after the completion of the Issue of A Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Domestic Shares				
- existing Domestic Shares	898,963,744	71.64%	898,963,744	59.74%
- A Shares to be issued	-	-	250,000,000	16.61%
H Shares				
Public Shareholders	355,800,000	28.36%	355,800,000	23.64%
Total	1,254,763,744	100%	1,504,763,744	100%

(II) PROPOSED CONSOLIDATION OF SHARES

Generally A shares are of a nominal value of RMB1.00 each. As the nominal value of the Shares is RMB0.10 each, the Board proposed to put forward for approval by the Shareholders that an authority be granted to the Board by reference to the applicable laws and regulations and the requirements of the relevant authorities, to effect the Share Consolidation on the basis of every 10 ordinary Shares with a nominal value of RMB0.10 each in the issued or unissued share capital of the Company be consolidated into one ordinary Share with a nominal value of RMB1.00 each in the event that the CSRC and relevant authorities recommend or stipulate that the A Shares shall be issued at a nominal value of RMB1.00 each.

Share Consolidation

As at the date of this announcement, the Company has a total registered capital of RMB125,476,374.4, comprising 898,963,744 Domestic Shares and 355,800,000 H Shares, all of which are issued and fully-paid.

Assuming the Share Consolidation will become effective, the registered share capital of the Company shall remain unchanged at RMB125,476,374.4 but the number of Consolidated Domestic Share and Consolidated H Shares will become 89,896,377.4 and 35,580,000, respectively.

As at the date of this announcement, the Company has not issued any option, warrants, convertible notes, derivatives or other securities convertible into or exchangeable for Shares.

Effect of the Share Consolidation

The rights attaching to the Consolidated Shares will not be affected by the Share Consolidation. The implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interest of the Shareholders. The Board considers that the Share Consolidation will not have any adverse effect on the financial position of the Group.

Change in Board Lot Size

Currently, the H Shares are traded in the board lot of 2,000 H Shares each. Upon completion of the Share Consolidation, the board lot size of the H Shares for trading on the Stock Exchange will be changed from 2,000 H Shares to 200 Consolidated H Shares. The change in the board lot size will not result in any change in the relevant rights of the Shareholders.

Application for Listing

Upon the implementation of the Share Consolidation, an application will be made by the Company to the relevant authorities of the Stock Exchange for the listing of, and permission to deal in, the Consolidated H Shares.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon, among other things:

- (1) the passing of special resolutions by the Shareholders at the EGM approving the Share Consolidation and the Issue of A Shares;
- (2) the passing of special resolutions by holders of Domestic Shares and H Shares at the respective Class Meetings approving the Share Consolidation and the Issue of A Shares;

- (3) the CSRC recommends or stipulates that the A Shares shall be issued at a nominal value of RMB1.00 each; and
- (4) the relevant authorities of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated H Shares.

Expected Effective Date of the Share Consolidation

The Company is unable to ascertain the effective date of the Share Consolidation as at the date of this announcement.

Reasons for the Share Consolidation

The Share Consolidation may be required to facilitate the implementation of the Issue of A Shares. At present, A shares are generally listed and traded with a nominal value of RMB1.00 each. In the event that the CSRC and relevant authorities recommend or stipulate that the A Shares shall be issued at a nominal value of RMB1.00 each, the Company will effect the Share Consolidation.

(III) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to the “Guidelines on Articles of Associations of Listed Companies” (《上市公司章程指引》) dated 16 March 2006 issued by the CSRC and the “Guidelines on Corporate Governance of Listed Companies” (《上市公司治理準則》) dated 7 January 2002 jointly issued by the CSRC and the former National Economic and Trade Commission (國家經濟貿易委員會), the Company proposed to make certain amendments to the Articles, including without limitation, amendments relating to the submission of resolutions at the Shareholders’ general meetings, the rights and obligations of the Shareholders, the procedures of appointment of Directors and supervisors of the Company, as well as other amendments in relation to the Issue of A Shares as required by the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be).

In case there are discrepancies in the requirements according to the rules governing the listing of the securities on the Stock Exchange and the those according to the listing rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be), the Company shall apply the stricter articles in the Articles. The proposed amendments to the Articles will improve and enhance the corporate governance structure of the Company.

The Company also proposed to make certain amendments to the Articles in relation to the Change of Company Name.

Details regarding the proposed amendments to the Articles will be set out in the circular to be despatched to the Shareholders.

The proposed amendments to the Articles are subject to Shareholders’ approval at the EGM, and special resolutions to consider and approve the amendments to the Articles will be proposed at the EGM. The proposed amendments to the Articles in relation to the Issue of A Shares are also subject to the obtaining of any required approval or endorsement from or the registration with relevant regulatory authorities, and shall come into effect upon completion of the Issue of A Shares, while the proposed amendments to the Articles in relation to the Change of Company Name shall take effect upon the effective date of the Change of Company Name.

(IV) PROPOSED ADOPTION OF AND AMENDMENTS TO THE RULES OF PROCEDURES AND THE INTERNAL RULES

As a result of the aforesaid amendments to the Articles in relation to the Issue of A Shares, the Company proposed to adopt and amend the Rules of Procedures and the Internal Rules pursuant to the requirements of the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be).

Details regarding the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules will be set out in the circular to be despatched to the Shareholders.

Adoption of and amendments to the Rules of Procedures and the Internal Rules are subject to Shareholders' approval at the EGM. Special resolutions to consider and approve the adoption of and amendments to the Rules of Procedures and the Internal Rules will be proposed at the EGM. The proposed adoption of and amendments to the Rules of Procedures and the Internal Rules shall come into effect upon the completion of the Issue of A Shares.

(V) PROPOSED APPOINTMENT OF ACCOUNTANT FOR THE PROPOSED ISSUE OF A SHARES

The Company proposed to appoint SHINEWING CPA Limited as the Company's accountant for the Issue of A Shares for a term commencing from the approval of its appointment by the Shareholders at the EGM to the completion of the Issue of A Shares. It is further proposed that the Board be authorised at the EGM to fix the remuneration of SHINEWING CPA Limited with reference to the prevailing market conditions and the negotiation between the parties.

(VI) PROPOSED CHANGE OF COMPANY NAME

The Company proposed to change the Chinese name of the Company from “深圳市東江環保股份有限公司” to “東江環保股份有限公司” and to adopt “Dongjiang Environmental Company Limited” as its English name for identification purpose only.

The Change of Company Name is subject to, among other things, the satisfaction of the following conditions:

- (i) the passing of special resolutions by the Shareholders at the EGM approving the Change of Company Name and the relevant amendments to the Articles; and
- (ii) all relevant approval, authorities, licences and consents have been obtained from the relevant authorities in the PRC, and all filings and registration procedures in the PRC have been completed for the use of the proposed Chinese name of “東江環保股份有限公司”.

The Change of Company Name will take effect after satisfaction of the conditions mentioned above. The Company will carry out the necessary filing procedures.

Reasons for the Change of Company Name

The Board considers that the new names proposed would remove the geographical limitation under the existing names of the Company. The Board believes that the Change of Company Name will be beneficial to the business development of the Group, and is in the interests of the Company and its Shareholders as a whole.

Effects of Change of Company Name

The Change of Company Name will not affect any of the rights of the holders of securities of the Company. The existing share certificates of the Company in issue bearing the present names of the Company shall continue to be evidence of title to such securities and shall continue to be valid for trading, settlement, and registration purposes. There will not be any arrangement for exchange of the existing share certificates.

Upon the Change of Company Name becoming effective, new share certificates of the Company will be issued under the new names of the Company. The Company will not change its stock short names and stock code.

GENERAL

The Company will convene the EGM for the purpose of, among other things, seeking Shareholders' approval on the Issue of A Shares, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name. The Issue of A Shares and the Share Consolidation will also be put forward to the Shareholders for approval at the respective Class Meetings.

A circular containing, among other things, further details of the Issue of A Shares, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name, as well as the notices of the EGM and the Class Meetings respectively, will be despatched to the Shareholders as soon as possible.

There is no assurance that the Issue of A Shares and the Share Consolidation will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Share, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the relevant rules governing the listing of securities on the Stock Exchange.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

“A Share(s)”	the share(s) with a nominal value of RMB0.10 each (or RMB1.00 each if the Share Consolidation is implemented) in the share capital of the Company to be allotted, issued and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (to be decided by the Board depending on the requirements of relevant regulatory authorities in the PRC)
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Change of Company Name”	the proposed change of the Chinese name of the Company from “深圳市東江環保股份有限公司” to “東江環保股份有限公司” and adoption of “Dongjiang Environmental Company Limited” as the English name of the Company for identification purpose only
“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the EGM, and the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, or any adjourned meeting thereof respectively
“Company”	深圳市東江環保股份有限公司 (Shenzhen Dongjiang Environmental Company Limited*), a joint stock limited company incorporated in the PRC and the issued H Shares of which are currently listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the relevant rules governing the listing of securities on the Stock Exchange
“Consolidated Share(s)”	the Consolidated Domestic Share(s) and the Consolidated H Share(s)
“Consolidated Domestic Share(s)”	ordinary domestic share(s) of the Company with a nominal value of RMB1.00 each after the Share Consolidation becomes effective
“Consolidated H Share(s)”	ordinary H share(s) of the Company with a nominal value of RMB1.00 each after the Share Consolidation becomes effective
“CSRC”	China Securities Regulatory Committee (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company

“Domestic Share(s)”	domestic share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are subscribed for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Issue of A Shares, the Share Consolidation, the proposed amendments to the Articles, the proposed adoption of and amendments to the Rules of Procedures and the Internal Rules, the proposed appointment of accountant for the Issue of A Shares and the Change of Company Name
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are listed on the Stock Exchange and are subscribed for and traded in HK\$
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue of A Shares”	the proposed issue of not more than 250,000,000 A Shares with a nominal value of RMB0.10 each or, subject to the implementation of the Share Consolidation, 25,000,000 A Shares with a nominal value of RMB1.00 each (subject to any adjustment resulting from any change to the issued share capital of the Company up to the completion of the Issue of A Shares) to natural persons, legal persons and other institutional investors recognised by the CSRC, who maintain A Share account with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as the case may be) (except those prohibited by PRC laws and regulations and other regulatory requirements to which the Company is subject to)
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Rules of Procedures and Internal Rules”	the rules of procedures of the Company in relation to meetings of the Shareholders, meetings of the Board, meetings of the supervisors of the Company, the terms of reference of the Company for independent non-executive Directors, the decision making system of the Company for conduct of connected transactions, the management principles of the Company on external guarantee and the management principles of the Company on use of proceeds
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Share Consolidation”	the proposed consolidation of every 10 ordinary shares with a nominal value of RMB0.10 each in the issued or unissued share capital of the Company into one ordinary share with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Shenzhen Dongjiang Environmental Company Limited*
ZHANG WEI YANG
Chairman

Shenzhen, the PRC, 20 September 2010

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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

** For identification purpose only*