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DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

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: 00895)

**CONTINUING CONNECTED TRANSACTION
FINANCIAL SERVICES AGREEMENT**

The Board announces that on 13 December 2016, the Company entered into the Financial Services Agreement with Rising Finance Company, in relation to the provision of Deposit Services, Settlement Services and Other Financial Services by Rising Finance Company to the Company. The term commences from 13 December 2016 and ends on 31 March 2017.

As at the date of this announcement, Rising Finance Company is a direct wholly owned subsidiary of Guangdong Rising Assets (which holds about 14.19% voting rights of the Company as at the date of this announcement), thus pursuant to the Rule 14A.07(4) of the Listing Rules, Rising Finance Company is a connected person of the Company. As such, entering into the Financial Services Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the deposit services, settlement services and other financial services under the Financial Services Agreement on an annual basis is or are higher than 0.1% but less than 5%, entering into the Financial Services Agreement is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but is exempted from the independent shareholders' approval requirement.

BACKGROUND

On 13 December 2016, the Company entered into the Financial Services Agreement with Rising Finance Company, in relation to the provision of Deposit Services, Settlement Services and Other Financial Services by Rising Finance Company to the Company. The term commences from 13 December 2016 and ends on 31 March 2017.

FINANCIAL SERVICES AGREEMENT

(a) Major Terms

The major terms of the Financial Services Agreement are summarized as follows:

Date	13 December 2016
Parties	(a) the Company; and (b) Rising Finance Company
Duration	13 December 2016 to 31 March 2017
Pricing policy and pricing principle of the transaction	<p>Deposit Services: The deposit rate of the deposit services provided by Rising Finance Company to the Company is determined based on the RMB deposit benchmark rate promulgated by the People's Bank of China, and shall not be lower than the same level deposit rate available to the Company from major national commercial banks for the same period</p> <p>Settlement Services: The settlement fees charged by Rising Finance Company for the provision of Settlement Services to the Company shall not be higher than the same level service fees standard available to the Company from national financial institutions of PRC</p> <p>Other Financial Services: The fees charged for the provision of other financial services shall be in compliance with the fees standard prescribed by the People's Bank of China or the China Banking Regulatory Commission in respect of such services.</p>

(b) Major Contents:

Rising Finance Company will provide the above mentioned non-exclusive financial services for the Company based on the following terms of the Financial Services Agreement:

1. Cooperation principle

As the Company is in non-exclusive cooperation with Rising Finance Company, the Company is entitled to be at liberty to choose any other financial services provided by other financial institutions. Under the same terms, the Company shall give preference in choosing the financial services provided by Rising Finance Company.

2. Deposit services

- (1) The Company will open a deposit account at Rising Finance Company, and deposits its funds into the deposit account opened at Rising Finance Company based on the principle of free access to the account, Deposit can be in the form of current deposit, time deposit, call deposit, agreement savings and etc.;
- (2) The deposit rate of the Deposit Services provided by Rising Finance Company to the Company is determined based on the RMB deposit benchmark rate promulgated by the People's Bank of China, and shall not be lower than the same level deposit rate available to the Company from major national commercial banks for the same period;
- (3) Rising Finance Company guarantees the safety of the funds deposited by the Company, and the Company shall withdraw the deposit according to the procedural requirement of Rising Finance Company and any such deposit will be withdrawn on the date on which instruction is given.

3. Settlement Services

- (1) Rising Finance Company will provide payment service and collection service, as well as other ancillary services related to settlement business for the Company;
- (2) The settlement fees charged by Rising Finance Company for the provision of above Settlement Services to the Company shall not be higher than the same level service fees standard available to the Company from national financial institutions.

4. Other Financial Services

- (1) Rising Finance Company will provide other financial services within its operation scope to the Company according to the instructions and requirements of the Company, and before Rising Finance Company provides other financial services for the Company, both parties shall negotiate and enter into independent agreements;
- (2) The fees charged by Rising Finance Company for the provision of Other Financial Services shall be in compliance with the fees standard prescribed by the People's Bank of China or the China Banking Regulatory Commission in respect of such services.

Conditional upon the compliance with the Financial Services Agreement, the Company and Rising Finance Company shall enter into further specific contracts or agreements in respect of the provision of relevant specific financial services projects respectively to specify the detailed rights and duties of both parties.

5. Transaction limits

Considering financial risk control and transaction reasonableness, the financial services transactions between the Company and Rising Finance Company will be limited as follows, and the Company shall assist Rising Finance Company in supervising the implementation of the following limits:

- (1) Deposit Services: Within the validity of the Financial Services Agreement, the maximum daily outstanding balances of deposit deposited with Rising Finance Company by the

Company shall not exceed RMB132 million;

- (2) Settlement Services: Within the validity of the Financial Services Agreement this agreement, the Settlement Services provided by Rising Finance Company to the Company are charged according to relevant requirements.

(c) Proposed Annual Caps:

For the period ended 31 March 2017, the proposed annual caps of the transactions under the Financial Services Agreement are as follows:

Period	Maximum daily outstanding balances of deposit (RMB)	Fees paid to Rising Finance Company for Settlement Services and other financial services (RMB)
Year ended 31 December 2016	132,000,000	200,000
Three months ending 31 March 2017	132,000,000	800,000

The arrival of the above proposed caps is subject to the current market of such services and the financial demand of the Company.

The Directors (including the independent non-executive Directors) consider that the Financial Services Agreement is entered into on an arm's length basis and is on normal commercial terms, and the terms of the Financial Services Agreement, the proposed caps of the Deposit Services, Settlement Services and Other Financial Services contemplated under the Financial Services Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Risk Assessment and Risk Prevention

Rising Finance Company has obtained legal and effective qualification, established the corresponding corporate governance structure and internal control system, set up the organization structure aligned with its operation, appointed various required professionals with corresponding competence, and adopted the corresponding risk management and control measures, which are in compliance with the provisions under the Administrative Measures on Finance Companies of Corporate Groups. As Rising Finance Company maintains normal operation, and has sufficient funds, sound internal control, healthy asset quality, high capital adequacy, and adequate provision, the risk of conducting financial services business with it is controllable.

To effectively prevent, timely control and resolve the risk of the deposit deposited with Rising Finance Company by the Company, and to guarantee the safety of the funds, and also to protect the interests of the Shareholders of the Company, the Company formulated the Risk Assessment Report on Developing Financial Business Including Deposit at Guangdong Rising Finance CO., Ltd. by combining the relevant requirements of regulatory institutions including the CSRC.

(d) Reasons for Entering into the Financial Services Agreement

The non-banking financial business of Rising Finance Company is part of the national financial system, and is subject to continuing and strict regulation by the national regulatory department. The Financial Services Agreement entered into between the Company and Rising Finance Company specifies that the pricing of various financial services provided by Rising Finance Company to the Company shall: follow the relevant requirements, if any, the same level financial services fees standard promulgated by the People's Bank of China or the China Banking Regulatory Commission, or under the same conditions, be not higher than the same level financial services fees from major national commercial banks for the same period.

When Rising Finance Company handles deposit, settlement and other financial services for the Company, both parties conduct the business on an equal and voluntary, complementary, mutually beneficial, as well as cooperative and win-win basis. The implementation of such connected transaction is conducive to meet the operational business development demand of the Company, and to optimize the financial management of the Company, increase capital management gains, and expand financial cooperation institutions scope, as well as provide capital support to the sustainable and sound development of the Company. And it will not prejudice the interests of the Company and its Shareholders, nor effect the independence of the Company.

(e) Information of Each party

The Company is a joint stock limited company incorporated in the PRC. The Company is primarily engaged in (i) disposal and treatment of waste; (ii) production and sales of recycled products and renewable energy; (iii) construction and provision of environmental systems and services; (iv) renewable energy utilization; and (v) trading of chemical products and others.

Rising Finance Company is a non-banking financial institution established under the approval of the China Banking Regulatory Commission, and the company legally holds the Financial License which is continuously effective. According to the laws and regulations related to finance companies of corporate groups, the company is qualified to provide financial services for Guangdong Rising Assets Management CO., Ltd and its member units. Rising Finance Company handles financial and financing consultancy, credit appraisal and relevant consultancy, agency business for the member units; assists member units in collection and payment of transactions amounts; approved insurance agency business; provides guarantee for member units; handles entrust loans between member units; handles bills acceptance and discounting for member units; handles internal transfer settlement and corresponding settlement, liquidation plans design among member units; attracts deposits from member units; handles loan and financing lease for member units; engages in inter-bank lending; other businesses approved by the China Banking Regulatory Commission.

(f) General Matters

As at the date of this announcement, Rising Finance Company is a direct wholly owned subsidiary of Guangdong Rising Assets (which holds about 14.19% voting rights of the Company as at the date of this announcement), thus pursuant to Rule 14A.07(4) of the Listing Rules, Rising Finance Company is a connected person of the Company. As such, entering into the Financial Services Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction under the Chapter 14A of the Listing Rules.

As executive Director Mr. Liu Ren, non-executive Director Mr. Deng Qian, non-executive

Director Mr. Liu Boren and non-executive Director Mr. Huang Yiming work at Rising Company and its subsidiary respectively, they shall and have abstained from voting on the relevant Board resolution for approval of the Financial Services Agreement.

As one or more of the applicable percentage ratio(s) (as defined under the Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Deposit Services, Settlement Services, and Other Financial Services under the Financial Services Agreement on an annual basis is or are higher than 0.1% but less than 5%, entering into the Financial Services Agreement is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but is exempted from the independent shareholders' approval requirement.

DEFINITIONS

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

“Board”	the Board of Directors of the Company
“Company”	東江環保股份有限公司 (Dongjiang Environmental Company Limited*), a joint stock limited company incorporated in the PRC, whose H Shares and A Shares are listed on the Stock Exchange and on the Shenzhen Stock Exchange, respectively
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the deposit of money by the Company with Rising Finance Company pursuant to the Financial Services Agreement
“Director(s)”	the director(s) of the Company
“Financial Services Agreement”	the Financial Services Agreement entered into between the Company and Rising Finance Company on 13 December 2016 in respect of the provision of financial services by Rising Finance Company to the Company
“Guangdong Rising Assets”	Guangdong Rising Assets Management CO.,Ltd, a limited company incorporated in the PRC which holds about 14.19% voting rights of the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Other Financial Services”	all such other financial services which may be provided by Rising Finance Company to the Company pursuant to the Financial Services Agreement other than the Deposit Services and the Settlement Services
“Settlement Services”	the payment service and collection service and other ancillary services related to settlement business of the Company provided by the Finance Company to the Company pursuant to the Financial Services Agreement
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Rising Finance Company”	Guangdong Rising Finance CO.,Ltd, a limited company incorporated in the PRC and, a direct wholly owned subsidiary of Rising Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holders of share(s)
“%”	percentage

By order of the Board

Dongjiang Environmental Company Limited*

Liu Ren

Chairman

Shenzhen, the PRC, 13 December 2016

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Liu Ren, Mr. Chen Shu Sheng and Mr. Li Yong Peng; three non-executive Directors, being Mr. Liu Boren, Mr. Deng Qian and Mr. Huang Yiming; and three independent non-executive Directors, being Mr. Wong Hin Wing, Mr. Qu Jiu Hui and Mr. Zhu Zhengfu.

* *For identification purpose only*