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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)

CONNECTED TRANSACTION WASTE PROCESSING SERVICE AGREEMENT

WASTE PROCESSING SERVICE AGREEMENT

On 24 October 2022, Jieyang ALBA and Shaoguan Sustainable Resources have entered into the Waste Processing Service Agreement, pursuant to which Jieyang ALBA has agreed to engage Shaoguan Sustainable Resources for the Services of the transportation and non-hazardous processing of ash residues. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be up to 600 tonnes.

LISTING RULES IMPLICATIONS

As the Waste Processing Service Agreement, Supplemental April 2021 Waste Processing Service Agreement, 2nd Supplemental April 2021 Waste Processing Service Agreement and Dec 2021 Waste Processing Service Agreement are entered into by the Group within a 12-month period, they are aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

As Jieyang ALBA is considered to be a subsidiary of a jointly controlled entity the equity interest in which is indirectly held as to 50% by Guangdong Rising Group, a substantial shareholder of the Company, Jieyang ALBA is considered to be an associate of Guangdong Rising Group and is therefore deemed to be a connected person of the Company. The Waste Processing Service Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Waste Processing Service Agreement, Supplemental April 2021 Waste Processing Service Agreement, 2nd Supplemental April 2021 Waste Processing Service Agreement and Dec 2021 Waste Processing Service Agreement and the transactions contemplated thereunder, on an aggregate basis, are more than 0.1% but all are less than 5%, the Waste Processing Service Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements, but are exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that on 24 October 2022, Jieyang ALBA and Shaoguan Sustainable Resources have entered into the Waste Processing Service Agreement, pursuant to which Jieyang ALBA has agreed to engage Shaoguan Sustainable Resources for the Services of the transportation and non-hazardous processing of ash residues. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be up to 600 tonnes.

WASTE PROCESSING SERVICE AGREEMENT

The principal terms of the Waste Processing Service Agreement are as follows:

- Date** : 24 October 2022
- Parties** : (a) Jieyang ALBA; and
(b) Shaoguan Sustainable Resources.

Subject Matter

Jieyang ALBA has agreed to engage Shaoguan Sustainable Resources for the provision of the Services, which involves the transportation and non-hazardous processing of ash residues arising from household wastages incineration.

The Services shall be conducted in compliance with national rules and regulations in respect of the transportation and handling of ash residues arising from household waste incineration.

Term

The term of the Waste Processing Service Agreement is 12 months commencing from the effective date of the Waste Processing Service Agreement.

Amount

During the term of the Waste Processing Service Agreement, the total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be up to 600 tonnes.

Service fee

Based on 600 tonnes of ash residues to be processed, the estimated total service fee payable by Jieyang ALBA to Shaoguan Sustainable Resources under the Waste Processing Service Agreement shall be RMB954,000.

The service fee under the Waste Processing Service Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms through a tendering process and was determined with reference to (a) the costs of waste processing; (b) the amount of the Services to be provided; (c) historical rate of service fees; and (d) the prevailing market price in respect of the Services.

Payment terms

The service fee for the Services under the Waste Processing Service Agreement shall be paid by Jieyang ALBA to Shaoguan Sustainable Resources on a quarterly basis in cash. Jieyang ALBA shall pay the service fees to Shaoguan Sustainable Resources within 30 days after the receipt of relevant payment application information, which should be provided by Shaoguan Sustainable Resources to Jieyang ALBA within five days after the end of each quarter.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE SERVICES

The Company believes that the Waste Processing Service Agreement and the Services contemplated thereunder are conducive to the further exploration of the domestic waste processing business and expansion of market share. At the same time, it would increase the income of Shaoguan Sustainable Resources generated from waste processing and further improve the economic efficiency of Shaoguan Sustainable Resources, which is in line with the business model and strategic development needs of the Group. The provision of the Services by the Group is in the ordinary and usual course of business, which is consistent with the business development needs of the Company and would bring reasonable income and benefits to the Company.

In light of the above, the Directors (including the independent non-executive Directors) believe that the Waste Processing Service Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Services contemplated

thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As Mr. Tang Yi, a non-executive Director, holds position in Guangdong Rising Group, he is considered to be materially interested in and has therefore abstained from voting on the relevant Board resolutions approving the Waste Processing Service Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company is a joint stock limited company incorporated in the PRC. The Group 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.

Information on Jieyang ALBA

Jieyang ALBA is a company established in PRC with limited liability. It is considered to be a subsidiary of a jointly controlled entity the equity interest in which is indirectly held as to 50% by Guangdong Rising Group, a substantial shareholder of the Company. Guangdong Rising Group is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會).

Jieyang ALBA's scope of operations includes the design, construction, operation, maintenance and handover of centralised waste treatment and resources utilization plant; and the collection, shipment, transportation and terminal treatment of domestic waste, kitchen organic waste and urban solid waste., etc.

Information on Shaoguan Sustainable Resources

Shaoguan Sustainable Resources is a company established in the PRC with limited liabilities and a non-wholly-owned subsidiary of the Company. It is principally engaged in the business of collection and storage, processing and disposal, and integrated utilization of industrial wastages; storage, processing and sales of non-ferrous metals and precious and rare earth metals; import and export of goods or technologies.

LISTING RULES IMPLICATIONS

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As Jieyang ALBA is considered to be a subsidiary of a jointly controlled entity the equity interest in which is indirectly held as to 50% by Guangdong Rising Group, a substantial shareholder of the Company, Jieyang ALBA is considered to be an associate of Guangdong Rising Group and is therefore deemed to be a connected person of the Company. The Waste Processing Service Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Waste Processing Service Agreement, Supplemental April 2021 Waste Processing Service Agreement, 2nd Supplemental April 2021 Waste Processing Service Agreement and Dec 2021 Waste Processing Service Agreement and the transactions contemplated thereunder, on an aggregate basis, are more than 0.1% but all are less than 5%, the Waste Processing Service Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements, but are exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“April 2021 Waste Processing Service Agreement”	the transportation and processing service agreement in respect of ash residues arising from household wastage incineration entered into between Jieyang ALBA and Dongxiang Veolia on 26 April 2021
“A Share(s)”	A share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in RMB on the Shenzhen Stock Exchange
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Dec 2021 Waste Processing Service Agreement”	the transportation and processing service agreement in respect of ash residues arising from household wastage incineration entered into between Jieyang ALBA and Shaoguan Sustainable Resources on 13 December 2021
“Director(s)”	the director(s) of the Company
“Dongjiang Veolia”	Huizhou Dongjiang Veolia Environmental Services Limited* (惠州東江威立雅環境服務有限公司), a company established in the PRC with limited liability, the equity interest in which is held as to 50% by each of the Company and Veolia Hong Kong
“Group”	the Company and its subsidiaries
“Guangdong Rising Group”	Guangdong Rising Holdings Group Co., Ltd.* (廣東省廣晟控股集團有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company as at the date of this announcement, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會)
“Hong Kong”	the Hong Kong Special Administrative Region of

		the PRC
“H Share(s)”		the overseas listed foreign share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in HK\$ on the Stock Exchange
“HK\$”		Hong Kong dollars, the lawful currency of Hong Kong
“Jieyang ALBA”		ALBA Rising Green Fuel (Jieyang) Ltd.* (歐晟綠色燃料(揭陽)有限公司), a company established in PRC with limited liability
“Listing Rules”		the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”		the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”		Renminbi, the lawful currency of the PRC
“Services”		the transportation and processing services in respect of ash residues arising from household waste incineration to be provided by Shaoguan Sustainable Resources to Jieyang ALBA under the Waste Processing Service Agreement
“Share(s)”		A Share(s) and H Share(s)
“Shareholder(s)”		holder(s) of Share(s)
“Shaoguan Sustainable Resources”	Sustainable	Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.* (韶關東江環保再生資源發展有限公司), a company established in the PRC and a non-wholly-owned subsidiary of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental April 2021 Waste Processing Service Agreement”	the supplemental agreement to the April 2021 Waste Processing Service Agreement entered into between Jieyang ALBA, Dongjiang Veolia and Shaoguan Sustainable Resources on 3 August 2021
“Waste Processing Service Agreement”	the transportation and processing service agreement in respect of ash residues arising from household wastage incineration entered into between Jieyang ALBA and Shaoguan Sustainable Resources on 24 October 2022
“2nd Supplemental April 2021 Waste Processing Service Agreement”	the 2nd supplemental agreement to the April 2021 Waste Processing Service Agreement and Supplemental April 2021 Waste Processing Service Agreement entered into between Jieyang ALBA, Dongjiang Veolia and Shaoguan Sustainable Resources on 13 December 2021
“%”	per cent

By order of the Board
Dongjiang Environmental Company Limited*
Tan Kan
Chairman

Shenzhen, the PRC
24 October 2022

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Tan Kan, Mr. Yu Zhongmin and Mr. Lin Peifeng; three non-executive Directors, Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu; and three independent non-executive Directors, being Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi.

** For identification purpose only*