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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 COPPER RECYCLING PRODUCTS SALE AND PURCHASE FRAMEWORK AGREEMENT

SALE AND PURCHASE FRAMEWORK AGREEMENT

On 28 August 2024, the Company and Zhongjin Copper has entered into the Sale and Purchase Framework Agreement, pursuant to which the Group (as seller) has agreed to sell copper recycling products to the Zhongjin Copper Group (as purchaser), for a term from 28 August 2024 to 31 December 2024.

LISTING RULES IMPLICATIONS

As Zhongjin Copper is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual cap for the transactions contemplated under the Sale and Purchase Framework Agreement exceed 0.1% but all are less than 5%, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements, but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Sale and Purchase Framework Agreement are set out as follows:

Date

28 August 2024

Parties

1. Shandong Zhongjin Lingnan Copper Co., Ltd.* (山東中金嶺南銅業有限責任公司); and
2. Dongjiang Environmental Company Limited* (東江環保股份有限公司).

Subject matter

The Group (as seller) has agreed to sell copper recycling products to the Zhongjin Copper Group (as purchaser).

Members of the Group and members of Zhongjin Copper Group will, from time to time and as necessary, enter into separate implementation agreement(s) to set out the specific terms and conditions for the sale and purchase of copper recycling products.

Term

From 28 August 2024 to 31 December 2024.

Payment

Members of the Zhongjin Copper Group shall pay the consideration for the sale and purchase of copper recycling products to members of the Group by bank transfer in accordance with the provisions of the separate implementation agreement(s).

Pricing Principles

The pricing basis under the Sale and Purchase Framework Agreement is determined through arm's length negotiations and is on normal commercial terms, including, amongst others: (i) conducted on terms are no less favourable than those available to or from independent third parties or prevailing market terms in accordance with the pricing policies adopted by the Group; (ii) the transactions shall be conducted in the ordinary and usual course of business of the Group and negotiated on an arm's length basis; and (iii) the aggregate transaction amount shall not exceed the annual cap.

The unit price for the sale of copper recycling resource products by the Group to the Zhongjin Copper Group will be determined with reference to the price of comparable products in the price list generally applicable to all of the Company's customers, after considering the following factors: (i) cost of the Group; (ii) volume of procurement order(s); (iii) product specification(s); and (iv) prevailing market prices for copper recycling products.

The unit price and other terms for the sale of copper recycling products by the Group to the Zhongjin Copper Group shall be no less favourable than those offered to other independent third-party purchasers under the price list generally applicable to all customers. Before entering into any separate implementation agreement under the Sale and Purchase Framework Agreement with the Zhongjin Copper Group, a management personnel authorized to approve such relevant transaction(s) shall review and compare the unit price and terms offered by the Group to the Zhongjin Copper Group for the provision of copper recycling products with the price list and no less than two recent comparable transaction records in the Group's transaction database for the provision of comparable products by the Group to independent third-party customers. If the unit price and terms of copper recycling products offered by the Group to the Zhongjin Copper Group are less favourable than those of comparable products offered to independent third-party customers in the price list and/or transaction database, the Group will not proceed with the transaction and will use its best endeavour to further negotiate with the Zhongjin Copper Group for fair and reasonable terms in accordance with the Company's pricing principles.

Annual Cap

The annual cap for the transactions contemplated under the Sale and Purchase Framework Agreement for the year ending 31 December 2024 is RMB60 million. The annual cap is determined with reference to the following factors: (i) the estimated unit price of copper recycling products with reference to the Group's price list; (ii) the Zhongjin Copper Group's estimated procurement demand for copper recycling products; (iii) the anticipated production capacity of the Group for copper recycling products; and (iv) a buffer for estimated fluctuations in market prices and changes in demand.

There were no historical transactions between the Group and the Zhongjin Copper Group in relation to the sale and purchase of copper recycling products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE FRAMEWORK AGREEMENT

The Company believes that the entering into the Sale and Purchase Framework Agreement will enhance the Group's revenue, thereby further improving its economic efficiency, and is aligned with the Group's business model and strategic development needs. The transactions contemplated under the Sale and Purchase Framework Agreement are conducted in the ordinary course of business of the Group, meets its business development requirements, and are expected to generate reasonable income for and bring benefits to the Group.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Framework Agreement are on normal commercial terms and entered into in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF 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) transaction of chemical products and others.

Information on Zhongjin Copper

Zhongjin Copper is a limited liability company established in the PRC. It is principally engaged in production and sale of gold, silver, copper and nickel metal products, operation of chemical storage facilities, production and sale of chemical products (excluding hazardous chemicals) and import and export of various commodities on a self-operated and agency basis. As of the date of this announcement, Zhongjin Copper is a subsidiary of Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd.* (深圳市中金嶺南有色金屬股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000060), which is in turn a subsidiary of Guangdong Rising Holdings Group (a substantial shareholder of the Company). Guangdong Rising Holdings 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).

INTERNAL CONTROL MEASURES

The Company will, at all times, comply with the provisions under Rules 14A.34 and 14A.51 to 14A.59 of the Listing Rules. Furthermore, to safeguard the overall interests of the Company and its Shareholders, the Group will adopt the following guidelines and principles in monitoring the transactions with the Zhongjin Copper Group:

1. The Company will report the status of the transactions under the Sale and Purchase Framework Agreement to the independent non-executive Directors during each audit committee meeting (as appropriate);
2. The transactions under the Sale and Purchase Framework Agreement will be reviewed annually by the Company's auditors and independent non-executive Directors, and the findings will be reported in the Company's annual report(s) to ensure that the transactions are conducted on normal commercial terms, are fair and reasonable, and are in accordance with the terms of the Sale and Purchase Framework Agreement and the pricing principles stipulated under the Listing Rules;
3. The Company will regularly review the transactions with Zhongjin Copper Group to identify any transactions that may risk exceeding the annual cap and any actions that should be taken regarding such transactions. The Company has established a series of internal measures and policies to ensure that transactions are conducted in accordance with the terms of the Sale and Purchase Framework Agreement; and
4. The Group maintains a price list and transaction database containing historical transaction records and relevant terms and conditions. The information in the database is obtained in the course of the Group's operations, including details of transactions entered into with the Group's various divisions/departments. The Group will continue to develop and maintain the database to include relevant pricing information for products sold by the Group in the future. The database is maintained by designated personnel in the Group and is typically updated as soon as practicable after the execution or completion of transactions.

LISTING RULES IMPLICATIONS

As Zhongjin Copper is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, it is therefore a connected person of the Company. Accordingly, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual cap for the transactions contemplated under the Sale and Purchase Framework Agreement exceed 0.1% but all are less than 5%, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follow:

“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
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Rising Holdings 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Framework Agreement”	a framework agreement for the sale and purchase of copper recycling products entered into between the Group (as seller) and the Zhongjin Copper Group (as purchaser) on 28 August 2024
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Zhongjin Copper”	Shandong Zhongjin Lingnan Copper Co., Ltd.* (山東中金嶺南銅業有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd.* (深圳市中金嶺南有色金屬股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000060), which is in turn a subsidiary of Guangdong Rising Holdings Group (a substantial shareholder of the Company)
“Zhongjin Copper Group”	Zhongjin Copper and its subsidiaries
“%”	per cent

By order of the Board
Dongjiang Environmental Company Limited*
Wang Bi’an

Chairman

Shenzhen, the PRC

28 August 2024

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Bi'an, Mr. Li Xiangli and Mr. Yu Fan; two non-executive Directors, being Mr. Liu Xiaoxuan and Mr. Jin Yongfu; and three independent non-executive Directors, being Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi.

** For identification purposes only*