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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)

INSIDE INFORMATION
LITIGATION IN RELATION TO DISPUTE ON SHAOYANG DOMESTIC WASTE LANDFILL CONCESSION

This announcement is made by Dongjiang Environmental Company Limited* (the "**Company**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

Reference is made to the Company's 2025 third quarterly report announcement dated 29 October 2025, 2025 annual report published on 27 April 2026, 2026 interim results announcement dated 27 August 2026, 2026 interim report published on 4 September 2026 and 2026 third quarterly report announcement dated 23 October 2026 in relation to the dispute on the Shaoyang Municipal Domestic Waste Sanitary Landfill (the "**Shaoyang Domestic Waste Landfill**") Concession.

SUMMARY OF THE CASE

(1) Parties to the Litigation

1st Plaintiff:	Dongjiang Environmental Company Limited*
2nd Plaintiff:	Hunan Dongjiang Environmental Investment and Development Co., Ltd.* (湖南東江環保投資發展有限公司, "**Hunan Dongjiang**")

Defendant: Shaoyang Municipal People's Government (邵陽市人民政府, the "**Shaoyang Municipal Government**")

Third Parties: Shaoyang Urban Administration Bureau* (邵陽市城市管理局), Xinshao County People's Government* (新邵縣人民政府), Xinshao County Housing and Urban-Rural Development Bureau* (新邵縣住房和城鄉建設局)

(2) Summary of the Litigation

On 27 February 2008, Shaoyang Municipal Government and its authorized unit Shaoyang Municipal Administration and Law Enforcement Bureau* (邵陽市城市管理行政執法局, currently known as "Shaoyang Municipal Administration and Comprehensive Law Enforcement Bureau*" (邵陽市城市管理和綜合執法局), the "**Shaoyang Municipal Administration Bureau**", together with Shaoyang Municipal Government, the "**Defendant**") entered into the "Shaoyang Municipal Domestic Waste Sanitary Landfill Construction and Concession Contract" (the "**Contract**") with the Company and its authorized unit Hunan Dongjiang (collectively, the "**Plaintiff**"). It was agreed that the Defendant would grant the Plaintiff the Shaoyang Domestic Waste Landfill Concession for a term of 30 years (June 2011 to June 2041), commencing from the opening date of the landfill.

During the performance of the Contract, due to policy changes, the treatment of domestic waste in Shaoyang was changed from landfill to incineration. On 29 February 2024, a letter was issued by the Shaoyang Municipal Government to the Company to terminate the Contract and revoke the concession on the ground of major public interest such as energy saving and emission reduction. The Company had negotiated with the Shaoyang Municipal Government in respect of compensation for the government's unilateral termination of contract, and had completed the handover of assets and operational maintenance of the Shaoyang Domestic Waste Landfill and its leachate treatment facilities on 18 April 2024. In view that the two parties failed to reach a consensus following multiple rounds of negotiations after the handover, on 29 September 2024, the Company and Hunan Dongjiang initiated an administrative litigation, demanding the Shaoyang Municipal Government to pay liquidated damages, investment amount and various damages etc. in respect of the project in an aggregate sum of RMB314,117,903.49. The case was heard in court on 21 November 2024. On 9 October 2025, the Company received the Administrative Judgment ((2024) Xiang 05 Xingchu No.125) served by the Intermediate People's Court of Shaoyang* (邵陽市中級人民法院), and a summary of the first instance judgment is as follows: (1) the defendant, the Shaoyang Municipal Government, shall make a decision on compensation to the plaintiff, the Company and Hunan Dongjiang, within 60 days from the effective date of the judgment; (2) the other claims of the plaintiff, the Company and Hunan Dongjiang, be dismissed.

The Company and Hunan Dongjiang, aggrieved by the first-instance judgment, filed an appeal with the High People's Court of Hunan* (湖南省高級人民法院) ("**Hunan High Court**"). On 26 February 2026, the Administrative Judgment (Case No. (2025) Xiang Xing Zhong No. 1088, the "**Effective Judgment**") served by the Hunan High Court was received, and the second-instance judgment was: The appeal be dismissed and the original judgment be upheld. The Company received the Compensation Notice served by the Shaoyang Municipal Administration Bureau on 28 April 2026 (without expressly stating the specific amount of compensation), and has reverted its response, representations, arguments and comments thereto. Subsequently, in August 2026, the Company filed an application for retrial with the Supreme People's Court of the People's Republic of China* (中華人民共和國最高人民法院) (the "**Supreme Court**"), which was accepted (Case No.: (2026) Zui Gao Fa Xing Shen No. 10417) on 21 August 2026 (the "**Case**").

PROGRESS OF THE CASE

The Company recently received the Compensation Decision of the Shaoyang Municipal Government (Shao Shi Zheng Letter [2026] No. 71), under which the Shaoyang Municipal Government has made the following compensation decision (the "**Compensation Decision**") pursuant to the Effective Judgment:

(1) Basis of Compensation

Pursuant to Clause 3.7.1(3) of the Contract, "where the Project is nationalised and expropriated through statutory procedures for major public interest, the Plaintiff shall handover all assets (including the concession and asset use rights) and ancillary facilities to the Defendant, and the Defendant shall compensate the Plaintiff for the residual value of all assets of the domestic waste sanitary landfill (including the concession, asset use rights and the investment amount invested by the Plaintiff which has not been repaid by the Defendant) and its ancillary facilities as mutually agreed by both parties. The appraisal of all assets and residual value shall be subject to the appraisal conducted by the Shaoyang Investment Review Centre* (邵陽市投資評審中心). If the Plaintiff disagrees, the Plaintiff may propose a revaluation by a qualified appraisal institution agreed by both parties, which shall be the final appraisal result."

(2) Confirmation of Investment

According to the Audit Statement on the Completion of Investment in Phase I of the Shaoyang Municipal Domestic Waste Sanitary Landfill Project (Shao Shen Cheng [2016] No. 2) issued by the Shaoyang Municipal Audit Bureau* (邵陽市審計局) on 18 January 2016, the aggregate investment of the Company in the Shaoyang Municipal Domestic Waste Landfill was audited and confirmed at RMB113,171,156. The Company's subsequent capital contributions constituted operating inputs and did not form part of the construction investment. During the construction of the Shaoyang Municipal Domestic Waste Landfill, the Shaoyang Municipal Government completed construction investment of RMB106,145,013.01. Accordingly, the total construction investment in the Shaoyang Municipal Domestic Waste Landfill Project amounted to RMB219,316,169.01; the proportion of capital contribution being: 48.40% from the Shaoyang Municipal Government and 51.60% from the Company.

(3) Amortised Value

As agreed under the Contract, on 18 November 2024 the Shaoyang Investment Review Centre* (邵陽市投資評審中心) issued the Valuation Report on the Amortised Value of the Assets of the Shaoyang Municipal Domestic Waste Landfill (邵陽市生活垃圾填埋場資產攤餘價值評估報告) (Shao Tou Ping [2024] No. 462), which concluded that "the amortised value of all assets and ancillary facilities of the Shaoyang Municipal Domestic Waste Landfill as at the valuation reference date of 20 February 2024 was RMB94,908,558, of which the amortised value of the Phase I construction investment was RMB94,701,770". As the amortised value of all assets and ancillary facilities of the Shaoyang Municipal Domestic Waste Landfill was RMB94,701,770, based on the proportion of capital contribution by the two parties, the Company shall be entitled to an amortised value of RMB48,867,846.06, and the Shaoyang Municipal Government shall be entitled to an amortised value of RMB45,833,923.94.

In view of the above, the total residual value of the assets and ancillary facilities of the Shaoyang Municipal Domestic Waste Landfill for which the Shaoyang Municipal Government shall compensate the Company and Hunan Dongjiang is RMB48,867,846.06.

If aggrieved by the Compensation Decision, an application for administrative review may be submitted to the People's Government of Hunan Province* (湖南省人民政府) within 60 days from the date of receipt of the Compensation Decision, or an administrative litigation may be instituted in accordance with the law before the Shaoyang Intermediate People's Court (邵陽市中級人民法院) within six months from the date of receipt of the Compensation Decision.

IMPACT ON THE COMPANY

Based on the prudence principle, the Company proposes to make an impairment provision in the amount of RMB84,199,196.13 in respect of the amount involved in the case in accordance with the Accounting Standards for Business Enterprises and relevant accounting policies, which is expected to reduce the net profit attributable to shareholders of the listed company for year 2026 by RMB79,989,236.32.

Given the substantial disagreement between the two parties on the determination of the scope of compensation, the Company has filed an application for retrial with the Supreme Court to safeguard the legitimate rights and interests of the Company. As there are uncertainties in relation to the retrial proceedings, the final and actual impact on the Company's profits for year 2026 or profits for future period(s) are subject to subsequent court judgment or enforcement outcome. The Company will assess and adjust the impairment provision in accordance with the accounting standards taking into account the progress of the Case.

MISCELLANEOUS

The Company does not accept the Compensation Decision of the Shaoyang Municipal Government and will maintain an ongoing dialogue with it. Meanwhile, to safeguard the interests of the Company and public investors, the Company will continue to take actively steps in pursuing the retrial of the Case and take appropriate legal measures in respect of the Compensation Decision .

The Company will make further announcement(s) in respect of material progress of the Case as and when appropriate in accordance with the requirements under the Listing Rules and the SFO.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Shenzhen, the PRC
24 November 2026

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Bi'an, Mr. Li Xiangli and Mr. Zhu Lintao; two non-executive Directors, being Mr. Liu Xiaoxuan and Ms. Hu Ruifang; and three independent non-executive Directors, being Mr. Lee Kwok Tung Louis, Mr. Li Jinhui and Ms. Xiang Ling.

** For identification purposes only*