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**Integrated Waste Solutions Group Holdings Limited**  
**綜合環保集團有限公司**

*(Incorporated in the Cayman Islands with limited liability, stock code: 923)*

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**DISCLOSEABLE TRANSACTION**  
**EXTENSION OF MATURITY DATES OF SHAREHOLDER'S LOAN TO DUGONG IWS**  
**HAZ LIMITED**

**THE SUPPLEMENTAL SHAREHOLDER'S LOAN AGREEMENT**

On 17 March 2023 (after trading hours), the Target Company and IWS Engineering entered into the Supplemental Shareholder's Loan Agreement whereby, among others, IWS Engineering extended the respective maturity dates of Tranche One and Tranche Two of the Shareholder's Loan advanced by IWS Engineering to the Target Company by one year.

**LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the extension of the maturity dates of the Shareholder's Loan as contemplated by the Supplemental Shareholder's Loan Agreement exceed 5% but all of them are less than 25%, such extension constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

Reference is made to the 2019 Announcement and the 2019 Circular relating to, among others, the acquisition by IWS Engineering, a wholly owned subsidiary of the Company, from the Vendor of 40% of the total number of issued shares in the Target Company in accordance with the terms and conditions of the SP Agreement.

## **BACKGROUND**

As disclosed in the 2019 Announcement and the 2019 Circular, IWS Engineering would be assigned, among others, all the Vendor's rights, interests, title, claims and benefits in and to the Shareholder's Loan Agreement pursuant to the Deed of Assignment to be executed by IWS Engineering, the Vendor and the Target Company at Completion. Completion took place on 23 January 2020 and IWS Engineering was assigned such rights, interests, title, claims and benefits at Completion as a result of which IWS Engineering became the lender under the Shareholder's Loan Agreement.

Pursuant to the Shareholder's Loan Agreement, IWS Engineering advanced to the Target Company the Shareholder's Loan in two tranches in the total principal amount of RMB28,800,000 (equivalent to approximately HK\$32,832,000), comprising Tranche One in the principal amount of RMB14,400,000 (equivalent to approximately HK\$16,416,000) which was advanced on 16 March 2020 and Tranche Two in the principal amount of RMB14,400,000 (equivalent to approximately HK\$16,416,000) which was advanced on 28 September 2020. According to the terms of the Shareholder's Loan Agreement, each of Tranche One and Tranche Two, together interest accrued thereon and arising therefrom, shall mature and become due and repayable on the third anniversary from its date of drawdown. That is to say, Tranche One (together with interest accrued thereon and arising therefrom) shall be repaid on 16 March 2023 while Tranche Two (together with interest accrued thereon and arising therefrom) shall be repaid on 28 September 2023.

## **THE SUPPLEMENTAL SHAREHOLDER'S LOAN AGREEMENT**

On 17 March 2023, the Target Company and IWS Engineering entered into the Supplemental Shareholder's Loan Agreement whereby, among others, IWS Engineering extended the respective maturity dates of Tranche One and Tranche Two by one year.

The major terms of the Supplemental Shareholder's Loan Agreement are as follows:

**Date:** 17 March 2023 (after trading hours)

**Parties:** (i) the Target Company, as borrower  
(ii) IWS Engineering, a wholly owned subsidiary of the Company, as lender

To the best knowledge, information and belief of the Directors after making reasonable enquiries, save that IWS Engineering is holding 40% of the total number of issued shares of the Target Company, the Target Company and their respective ultimate beneficial owners (excluding IWS Engineering and those having indirect interest in the Target Company through IWS Engineering) are Independent Third Parties.

### **Subject matters**

The extension of the respective maturity dates of Tranche One and Tranche Two by one year, so that Tranche One (together with interest accrued thereon and arising therefrom) will mature on 16 March 2024 and Tranche Two (together with interest accrued thereon and arising therefrom) will mature on 28 September 2024.

During the extended period of one year, interest will continue to accrue on the Shareholder's Loan at 5% per annum as originally stipulated in the Shareholder's Loan Agreement.

### **Conditions**

The Supplemental Shareholder's Loan Agreement will take effect upon satisfaction of the following conditions, which may be waived in whole or in part by IWS Engineering:

- (a) that IWS Engineering having received from the Target Company by such means as is acceptable to IWS Engineering in immediate available fund all interest accrued on and arising from Tranche One in accordance with the terms of the Shareholder's Loan Agreement up to (and including) the date of actual payment (without any set-off, reduction and deduction whatsoever); and

- (b) that no event of default under the Shareholder's Loan Agreement (save in respect of the extension of the repayment of Tranche One (together with all interest accrued thereon or arising therefrom) as contemplated under the Supplemental Shareholder's Loan Agreement) shall have occurred on or before the date on which the Supplemental Shareholder's Loan Agreement is, without taking into account this condition, to take effect.

If the conditions are not satisfied (or waived by IWS Engineering) in full within seven Business Days from the date of the Supplemental Shareholder's Loan Agreement (or such longer period as may be approved by IWS Engineering), the Supplemental Shareholder's Loan Agreement shall be void and have no further effect.

### **Undertaking from the Target Company**

The Target Company has given an undertaking in the Supplemental Shareholder's Loan Agreement in favour of IWS Engineering that the Target Company will on or before 28 September 2023 pay to IWS Engineering all interest accrued on and arising from Tranche Two in accordance with the terms of the Shareholder's Loan Agreement up to (and including) 28 September 2023 (without any set-off, reduction and deduction whatsoever). A breach of this undertaking by the Target Company will constitute an event of default under the Shareholder's Loan Agreement, upon the occurrence of which IWS Engineering will have the right to declare the Shareholder's Loan (together with all interest accrued thereon and arising therefrom) immediately due and payable.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL SHAREHOLDER'S LOAN AGREEMENT**

The Group is principally engaged in the trading of recovered paper and materials, provision of confidential materials destruction services, manufacturing of recycling plastic pellets, and provision of logistics services.

The Shareholder's Loan was provided to the Target Company for the financing requirements of further expansion of a hazardous waste handling and processing project in Jiangsu Province, the PRC run by Lvrun and/or any other hazardous waste handling and processing projects in the PRC. Since the outbreak of the COVID-19 pandemic in early 2020, the PRC's economic growth had been adversely impacted and almost all kinds of industries had suffered significant downturns in varying degrees. The "lockdown" of major cities had caused the domestic manufacturing industry to go into stagnation for a considerable period of time. The business of Lvrun had also been severely impacted by COVID-19, among other factors, and its results had deteriorated year-on-year throughout the period from 2020 to 2022. Consequently, its operation was not able to generate sufficient cashflow to allow any profit distributions to the Target Company to serve its scheduled repayment of the Shareholder's Loan. The extension of the repayment of the Shareholder's Loan will ease the Target Group's pressure on its cashflow in the short run, which allows the Target Group to apply its currently available funds towards the development of its business operations. As the PRC Government began easing most of the pandemic restrictions in the end of 2022, it is expected that the PRC economy will see an overall rebound in 2023 which will boost domestic economic activities. In addition, Kaifeng Dagong has commenced its operations in early 2023 which together should provide positive contributions to the Target Company's financial position.

Taking into account the above and the fact that the Shareholder's Loan will generate further interest income to the Group during the extended period at 5% per annum (which is comparable to or better than the prevailing market rate), the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Shareholder's Loan Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability on 15 April 2019. The principal activities of the Target Company is investment holding. As at the date of this announcement, the Target Company is held as to 60% by Dugong and 40% by IWS Engineering. The Target Company is accounted for as an associate of the Company.

As at the date of this announcement, the major investment held by the Target Company is 51% equity interest of Lvrun and 51% equity interest of Kaifeng Dagong. Please refer to the 2019 Announcement and the 2019 Circular for the principal businesses of Lvrun and Kaifeng Dagong.

## **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the extension of the maturity dates of the Shareholder's Loan as contemplated by the Supplemental Shareholder's Loan Agreement exceed 5% but all of them are less than 25%, such extension constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, terms defined in the 2019 Announcement and the 2019 Circular have the same meaning when used in this announcement and, in addition, the following terms have the meaning set out below:

“2019 Announcement”	the announcement of the Company dated 11 December 2019 relating to, among others, the acquisition by IWS Engineering, a wholly owned subsidiary of the Company, from the Vendor of 40% of the total number of issued shares in the Target Company in accordance with the terms and conditions of the SP Agreement
“2019 Circular”	the circular of the Company dated 31 December 2019 relating to, among others, the acquisition by IWS Engineering, a wholly owned subsidiary of the Company, from the Vendor of 40% of the total number of issued shares in the Target Company in accordance with the terms and conditions of the SP Agreement
“Shareholder's Loan”	the loan advanced by IWS Engineering to the Target Company in the total principal amount of RMB28,800,000 (equivalent to approximately HK\$32,832,000) pursuant to the terms of the Shareholder's Loan Agreement
“Supplemental Shareholder's Loan Agreement”	the supplemental agreement dated 17 March 2023 between the Target Company and IWS Engineering to the Shareholder's Loan Agreement

“Tranche One”	the first tranche of the Shareholder’s Loan in the principal amount of RMB14,400,000 (equivalent to approximately HK\$16,416,000)
“Tranche Two”	the second tranche of the Shareholder’s Loan in the principal amount of RMB14,400,000 (equivalent to approximately HK\$16,416,000)

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14, and vice versa. Such exchange rate has been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates or at all.*

By order of the Board  
**Integrated Waste Solutions Group Holdings Limited**  
**Cheng Chi Ming, Brian**  
*Chairman*

Hong Kong, 17 March 2023

*As at the date of this announcement, the Board comprises two Executive Directors, namely, Messrs. Lam King Sang and Tam Sui Kin, Chris; two Non-executive Directors, namely, Messrs. Cheng Chi Ming, Brian (Chairman) and Lee Chi Hin, Jacob; and three Independent Non-executive Directors, namely, Messrs. Chow Shiu Wing, Joseph, Wong Man Chung, Francis and Chan Ting Bond, Michael.*