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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)

DISCLOSEABLE TRANSACTION

FURTHER EXTENSION OF MATURITY DATES OF SHAREHOLDER'S LOAN TO DUGONG IWS HAZ LIMITED

SUPPLEMENTAL SHAREHOLDER'S LOAN AGREEMENT II

On 15 March 2024 (after trading hours), the Target Company and IWS Engineering entered into the Supplemental Shareholder's Loan Agreement II whereby, among others, it was agreed that:

- (a) the respective maturity dates of Tranche One (together with interest accrued thereon and arising therefrom as from 17 March 2024) and Tranche Two (together with interest accrued thereon and arising therefrom as from 29 September 2024) be extended by one further year to 16 March 2025 and 28 September 2025 respectively;
- (b) interest rate on Tranche One and Tranche Two be adjusted from 5% to 5.46% per annum from the fourth (4th) anniversary date of their respective Drawdown Dates, being 16 March 2024 and 28 September 2024 respectively; and
- (c) all interest accrued on or arising from Tranche One that remains outstanding as of 16 March 2024 in the amount of RMB730,027.40 (equivalent to approximately HK\$803,030.14) be fully capitalized and added to the principal amount of Tranche One on 16 March 2024, while all interest accrued on or arising from Tranche Two that remains outstanding as of 28 September 2024 in the amount of RMB732,000.00 (equivalent to approximately HK\$805,200.00) be fully capitalized and added to the principal amount of Tranche Two on 28 September 2024. As a result, the principal amount of Tranche One and Tranche Two will become RMB15,130,027.40 (equivalent to approximately HK\$16,643,030.14) and RMB15,132,000.00 (equivalent to approximately HK\$16,645,200.00) respectively.

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 transactions contemplated by the Supplemental Shareholder's Loan Agreement II exceed 5% but all of them are less than 25%, such transactions constitute 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: (i) 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; and (ii) the 2023 Announcement relating to, among others, the extension of the respective maturity dates of Tranche One and Tranche Two.

BACKGROUND

As disclosed in the 2023 Announcement, IWS Engineering advanced to the Target Company the Shareholder's Loan in the total principal amount of RMB28,800,000.00 (equivalent to approximately HK\$31,680,000.00) pursuant to the Shareholder's Loan Agreement, comprising Tranche One in the principal amount of RMB14,400,000.00 (equivalent to approximately HK\$15,840,000.00) which was advanced on 16 March 2020 and Tranche Two in the principal amount of RMB14,400,000.00 (equivalent to approximately HK\$15,840,000.00) 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.

On 17 March 2023, the Target Company and IWS Engineering entered into the Supplemental Shareholder's Loan Agreement I whereby, among others, IWS Engineering extended the respective maturity dates of Tranche One and Tranche Two by one year. As a result, Tranche One and Tranche Two are due to be repaid on 16 March 2024 and 28 September 2024 respectively.

SUPPLEMENTAL SHAREHOLDER’S LOAN AGREEMENT II

On 15 March 2024 (after trading hours), the Target Company and IWS Engineering entered into the Supplemental Shareholder’s Loan Agreement II whereby, among others, it was agreed that:

- (a) the respective maturity dates of Tranche One (together with interest accrued thereon and arising therefrom as from 17 March 2024) and Tranche Two (together with interest accrued thereon and arising therefrom as from 29 September 2024) be extended by one further year to 16 March 2025 and 28 September 2025 respectively;
- (b) interest rate on Tranche One and Tranche Two be adjusted from 5% to 5.46% per annum from the fourth (4th) anniversary date of their respective Drawdown Dates, being 16 March 2024 and 28 September 2024 respectively; and
- (c) all interest accrued on or arising from Tranche One that remains outstanding as of 16 March 2024 in the amount of RMB730,027.40 (equivalent to approximately HK\$803,030.14) be fully capitalized and added to the principal amount of Tranche One on 16 March 2024, while all interest accrued on or arising from Tranche Two that remains outstanding as of 28 September 2024 in the amount of RMB732,000.00 (equivalent to approximately HK\$805,200.00) be fully capitalized and added to the principal amount of Tranche Two on 28 September 2024. As a result, the principal amount of Tranche One and Tranche Two will become RMB15,130,027.40 (equivalent to approximately HK\$16,643,030.14) and RMB15,132,000.00 (equivalent to approximately HK\$16,645,200.00) respectively.

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, 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. Due to the weak PRC domestic economy and unsatisfactory export performance in 2023, less hazardous waste quantity was generated in result. The entire PRC hazardous waste treatment industry was so negatively impacted and the Target Group continuously encountered a difficult operating environment due to keen market competition. Consequently, the Target Group’s operation was not able to generate sufficient cashflow to allow any profit distribution to the Target Company to serve its scheduled repayment of the

Shareholder's Loan and interest accrued. The extension of the repayment of the Shareholders' Loan and interest accrued will ease the Target Group's pressure on its cashflow which allows the Target Group to apply its currently available funds towards the development of its business operations. It is expected that its performance will be improved once the PRC economy regains its growth momentum with the government's economic stimulation policy.

Taking into account the above and the fact that the Shareholder's Loan will generate further interest income to the Group during the further extended period at an enhanced rate of 5.46% 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 II 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.

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.

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 transactions contemplated by the Supplemental Shareholder's Loan Agreement II exceed 5% but all of them are less than 25%, such transactions constitute 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 otherwise defined in this announcement or otherwise required by the context, terms defined in the 2019 Announcement, the 2019 Circular and the 2023 Announcement have the same meaning when used in this announcement and, in addition, the following terms have the meaning set out below:

“2023 Announcement”	the announcement of the Company dated 17 March 2023 relating to, among others, the extension of the respective maturity dates of Tranche One and Tranche Two
“Supplemental Shareholder’s Loan Agreement I”	the supplemental agreement dated 17 March 2023 between the Target Company and IWS Engineering to the Shareholder’s Loan Agreement
“Supplemental Shareholder’s Loan Agreement II”	the supplemental agreement II dated 15 March 2024 between the Target Company and IWS Engineering to the Shareholder’s Loan Agreement (as supplemented and revised by the Supplemental Shareholder’s Loan Agreement I)

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\$1.10, 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, 15 March 2024

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.