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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 FACILITY AGREEMENT

FACILITY AGREEMENT

On 28 May 2024, Wosen Environmental (a wholly-owned subsidiary of the Company) entered into the Facility Agreement with Rising Finance, pursuant to which Rising Finance has agreed to provide a recurring facility in the principal amount of up to RMB30,000,000 in aggregate to Wosen Environmental.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Rising Finance is a subsidiary of Guangdong Rising Holdings Group (a substantial shareholder of the Company) and is therefore a connected person of the Company. The Facility 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 relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the Facility Agreement and the transactions contemplated thereunder exceed 0.1% but all are less than 5%, the Facility Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FACILITY AGREEMENT

The principal terms of the Facility Agreement are as follows:

- Date** : 28 May 2024
- Parties** : (a) Wosen Environmental (as borrower); and
(b) Rising Finance (as lender).
- Principal amount** : An aggregate principal amount of up to RMB30,000,000. The Facility is a revolving loan.
- Repayment** : In any event, the repayment date for each loan or other facility (including loan, financing interest and fees chargeable on relevant transactions) under the Facility shall be no later than 31 December 2026.
- Purpose** : Principally for day-to-day working capital, issuing finance company acceptance bills, discounts, non-financing letters of guarantee, refinancing of bank loans etc.
- Interest rate** : The parties will enter into individual agreements with respect to each of the loan arrangements under the Facility pursuant to the Facility Agreement.
- Security** : The Facility is secured by a charge over the property rights of Wosen Environmental located at Shixi Motorway, Baixiantan District, Kelamayi City, Xinjiang Uygur Autonomous Region, the PRC* (新疆維吾爾自治區克拉瑪依市白城灘區石西公路).

PRICING PRINCIPLES AND PROCEDURES

Preferential interest rate(s) shall be provided for loans to be provided by Rising Finance to Wosen Environmental under the Facility.

Before entering into individual agreement(s) with respect to each of the financing arrangement(s) under the Facility, the Group will compare the interest rate(s) and term(s) available to Wosen Environmental from Rising Finance with at least two quotations available to the Group from other major commercial banks and financial institutions in the PRC having established a business relationship with the Group for loans of the similar period and of similar nature.

If the interest rate(s) and term(s) offered by Rising Finance are no less favourable than the interest rates available to the Group from other major commercial banks and financial institutions in the PRC, the senior management authorised by the Group will approve the loan arrangement(s) under the Facility.

In the event that the interest rate(s) and term(s) offered by Rising Finance are less favourable to Wosen Environmental than the interest rate(s) and term(s) available to the Group from other major commercial banks and financial institutions in the PRC, the Group will not proceed with the loan arrangement(s) and will at its best effort further negotiate with Rising Finance for more favourable terms so as to comply with the pricing principles above and to ensure that the interest rate(s) and term(s) will be on normal commercial terms to the Group.

ANNUAL CAPS

The annual caps for the transactions contemplated under the Facility Agreement are as follows:

	From 28 May 2024 to 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2026
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Maximum amount under the Facility to be utilized by the Group pursuant to the Facility Agreement	30,000,000	30,000,000	30,000,000

The annual caps above were determined with reference to the maximum principal amount of RMB30,000,000 to be borrowed by the Group under the Facility and the business development plans and funding needs of Wosen Environmental.

INTERNAL CONTROL MEASURES

In accordance with the Listing Rules, the Group will comply at all times with the applicable provisions under Rules 14A.34 and 14A.51 to 14A.59 of the Listing Rules in respect of the transactions contemplated under the Facility Agreement. In addition, in order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following guidelines and principles in monitoring the transactions between the Group and Rising Finance, namely:

- the Company's management and finance department will closely monitor the transactions under the Facility Agreement, including conducting regular review and inspection to monitor and ensure that the amount of the Facility utilized remains within the annual caps.

- Members of the Group are required to obtain internal approval(s) from relevant departments or personnel of the Company in accordance with the relevant systems and procedures of the Company before entering into any implementation agreement(s) under the Facility Agreement.
- The finance department of the Company will periodically monitor the prevailing market interest rates by way of offline or online enquires.
- Before implementing each transaction under the Facility Agreement, the finance department of the Company will check the total amount of such transaction so as to ensure that the annual caps for the Facility would not be exceeded.
- If the transaction amount under the Facility Agreement has reached or is expected to reach the relevant annual caps, the finance department of the Company will immediately follow up and make reports and recommendations to the management of the Company. In the event that the annual caps are required to be revised, the finance department of the Company will report the details to the management and the Board taking into account the operations and needs of the Group, so as to comply with the requirements under the Listing Rules.
- The Company will report the transactions under the Facility Agreement to the independent non-executive Directors during each of the audit and risk management committee meetings (if necessary).
- The transactions contemplated under the Facility Agreement will be reviewed by the auditors and the independent non-executive Directors every year and reported in the annual report(s) of the Company which provides a check and balance to ensure that the Facility is conducted in accordance with the terms of the Facility Agreement, on normal commercial terms (or terms no less favourable to the Group than terms available from the independent third parties), and in accordance with the pricing principles adopted by the Company pursuant to the Listing Rules.
- The Company will review the transactions with Rising Finance to identify any transactions that may be at risk of exceeding the proposed annual caps, and any measures to be taken in respect of such transactions. The Group has established a series of measures and policies to ensure that the transactions will be conducted in accordance with the terms of the Facility Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACILITY AGREEMENT

The Facility under the Facility Agreement would enable Wosen Environmental to obtain credit support at preferential interest rates, so as to satisfy its funding needs for project development and day-to-day working capital. The interest rate(s) and term(s) under the Facility will be no less favourable than the terms provided by other major banks or financial institutions in the PRC for similar term and of similar nature, which is beneficial to ensuring a stable source of funding for Wosen Environmental.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of Facility Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and the Facility Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As Mr. Huang Honggang, a non-executive Director, holds position in Guangdong Rising Holdings Group, he is considered to be materially interested in and has therefore abstained from voting on the relevant Board resolutions approving the Facility 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 Rising Finance

Rising Finance a limited company incorporated in the PRC, and a subsidiary of Guangdong Rising Holdings Group, 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). It is a non-banking financial institution established under the approval of the China Banking and Insurance Regulatory Commission, and the company legally holds the Financial License which is continuously effective. According to the laws and regulations related to finance companies of corporate groups, the company is qualified to provide financial services for Guangdong Rising Holdings Group and its member units.

Rising Finance handles financial and financing consultancy, credit appraisal and relevant consultancy, agency business for the member units; assists member units in collection and payment of transactions amounts; approved insurance agency business; provides guarantee for member units; handles entrust loans between member units; handles bills acceptance and discounting for member units; handles internal transfer settlement and corresponding settlement, liquidation plans design among member units; attracts deposits from member units; handles loan and financing lease for member units; engages in inter-bank lending; other businesses approved by the China Banking and Insurance Regulatory Commission

Information on Wosen Environmental

Wosen Environmental is a company established in the PRC with limited liabilities and a wholly-owned subsidiary of the Company. It is principally engaged in the treatment of hazardous waste and waste water and recycling and reuse of minerals wastages.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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
“Facility”		the facility of up to an aggregate principal amount of RMB30,000,000 granted by Rising Finance to Wosen Environmental in accordance with the Facility Agreement
“Facility Agreement”		the facility agreement dated 28 May 2024 entered into between Rising Finance and Wosen Environmental, pursuant to which Rising Finance has agreed to provide the Facility to Wosen Environmental
“Group”		the Company and its subsidiaries
“Guangdong Holdings Group”	Rising	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 of Hong Kong Limited

“PRC”	the People’s Republic of China
“Rising Finance”	Guangdong Rising Finance Co., Ltd.* (廣東省廣晟財務有限公司), a limited company established in the PRC and a subsidiary of Guangdong Rising Holdings Group
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Wosen Environmental”	Kelamayi Wosen Environmental Technology Co., Ltd.* (克拉瑪依沃森環保科技有限公司), a limited company established in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

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

Shenzhen, the PRC
28 May 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; three non-executive Directors, being Mr. Huang Honggang, 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*