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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 CAPITAL REDUCTION ANNOUNCEMENT

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

At the 68th meeting of the 5th session of the board of directors and the 33rd meeting of the 5th session of the supervisory committee of Dongjiang Environmental Company Limited (hereinafter referred to as the “Company”) held on 29 March 2017, the “Resolution in relation to the repurchase and cancellation of granted but not yet unlocked restrictive shares held by former incentive participants of 2013 Restricted A Shares Incentive Schemes” and “Resolution in relation to the repurchase and cancellation of granted but not yet unlocked restrictive shares held by former incentive participants of 2016 Restricted A Shares Incentive Schemes” were passed. The Resolutions were also passed at the 2016 annual general meeting and the class meetings. Since six of the former incentive participants of the Company have resigned and are no longer qualified under the conditions of “2013 Restricted Share Incentive Scheme of Dongjiang Environmental Company Limited (Revised Draft)” and “2016 Restricted Share Incentive Scheme of Dongjiang Environmental Company Limited (Revised Draft)”, the Company has decided to repurchase and cancel a total of 295,000 restrictive A Shares granted to them but not yet unlocked. Therefore, the total capital of the Company will decrease to 886,857,102 shares (comprising 686,719,602 A shares and 200,137,500 H shares) from 887,152,102 shares (comprising 687,384,602 A shares and 200,137,500 H shares), while the registered capital of the Company will decrease from RMB 887,152,102 to RMB 886,857,102. For details, please refer to the “Announcement on the repurchase and cancellation of granted but not yet unlocked restrictive shares held by former incentive participants” published on the Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and the website of Cninfo at www.cninfo.com.cn on 30 March 2017.

According to the requirements of relevant laws and regulations, including the Company Law of the People's Republic of China, the Company hereby notifies its creditors that they are entitled to request the Company to repay relevant debts or provide corresponding guarantee within 45 days from the date of this announcement.

Methods of declaring debts:

Creditors of the Company who intend to claim the above rights may present the contracts, agreements and originals and copies of other proofs evidencing the existence of the creditor-debtor

relationship to the Company for declaring the debts. For a legal entity creditor, it is required to bring along both the originals and copies of the business license and the identity document of the legal representative; for other authorised declarers, in addition to the aforementioned documents, he is required to bring along the original of the power of attorney of the legal representative and the original and copy of the valid identity document of the authorised declarer. For a natural person creditor, he is required to bring along both the original and copy of the valid identity document; for other authorised declarers, in addition to the aforementioned documents, he is required to bring along the original of the power of attorney and the original and copy of the valid identity document of the authorised declarer.

1. By mail (postmark date as the date of declaration), please send the claims information to the following address:

Mailing address: 10th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China

Attention: Finance Department, Dongjiang Environmental Company Limited*

Postal code: 518057

Note: Please mark "Debts declaration" on the envelope

2. By facsimile, please send the claims information to the following fax no.:

Fax no.: (+86) 0755-86676002

Note: Please mark "Debts declaration" on the cover page

Tel no.: (+86) 0755-86676092

Investors and shareholders are advised by the board of directors to exercise caution when dealing in the shares of the Company.

By order of the Board
Dongjiang Environmental Company Limited*
Liu Ren
Chairman

Shenzhen, the PRC, 26 June 2017

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Liu Ren, Mr. Li Yong Peng and Mr. Zhang Kai; three non-executive Directors, being Mr. Liu Boren, Mr. Deng Qian and Mr. Huang Yiming; and three independent non-executive Directors, being Mr. Zhu Zhengfu, Mr. Qu Jiu Hui and Mr. Wong Hin Wing.

** For identification purpose only*