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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**  
**SUPPLEMENTAL AGREEMENT ON PURCHASE AND SALE OF**  
**INDUSTRIAL AND MINING PRODUCTS**  
**AND**  
**SUPPLEMENTAL AGREEMENT ON PURCHASE AND SALE OF**  
**COPPER SULFATE**

On 17 August 2018, Qingyuan Xinlv, a non wholly-owned subsidiary of the Company, (as the Supplier) and Danxia Smelter of Zhongjin Lingnan (as the Purchaser) entered into the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products to determine the annual caps for the transactions contemplated under the Purchase and Sale Agreement on Industrial and Mining Products entered into between the Company and Danxia Smelter of Zhongjin Lingnan on 5 January 2018. Pursuant to the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products, the parties agreed that Qingyuan Xinlv (a non-wholly owned subsidiary of the Company) supplied copper sulphate to Danxia Smelter (a non-wholly owned subsidiary of Zhongjin Lingnan).

In addition, on 17 August 2018, the Company (as the Supplier) and Fankou Lead-Zinc Ore of Zhongjin Lingnan (as the Purchaser) entered into the Supplemental Agreement on Purchase and Sale of Copper Sulfate to determine the annual caps for the transactions contemplated under the Purchase and Sale Agreement on Copper Sulfate entered into between the Company and Zhongjin Lingnan on 20 December 2017. Pursuant to the Supplemental Agreement on Purchase and Sale of Copper Sulfate, the parties agreed that the Company supplied copper sulphate to Fankou Lead-Zinc Ore (a non-wholly owned subsidiary of Zhongjin Lingnan).

As Zhongjin Lingnan is a non-wholly owned subsidiary of Guangdong Rising Assets Management Co., Ltd., a substantial shareholder of the Company, Zhongjin Lingnan is a connected party of the Company as defined by the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate constitute a continuing connected transaction of the Company under the Listing Rules.

The total amount of completed transactions of the continuing connected transaction under the Purchase and Sale Agreement on Industrial and Mining Products and the Purchase and Sale Agreement on Copper Sulfate was RMB2.765 million (as at 7 August 2018 and unaudited), which is a transaction that meets the minimum exemption level and may be exempt from the requirement of announcement. As the applicable percentage ratios (other than the profit ratio) calculated by the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate are higher than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate are subject to the reporting, announcement and annual review requirements pursuant to Rule 14A.76 of the Listing Rules, but are exempted from independent shareholders' approval requirement.

### **Supplemental Agreement on Purchase and Sale of Industrial and Mining Products**

The Board announces that on 17 August 2018, the Company (on behalf of Qingyuan Xinlv and as the Supplier) and Zhongjin Lingnan (on behalf of Danxia Smelter and as the Purchaser) entered into the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products to determine the annual caps for the transactions contemplated under the Purchase and Sale Agreement on Industrial and Mining Products entered into between Qingyuan Xinlv and Danxia Smelter on 5 January 2018. Pursuant to the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products, the parties agreed that Qingyuan Xinlv shall supply copper sulphate to Danxia Smelter.

The principal terms of the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products are as follows:

#### **Date**

17 August 2018

#### **Parties**

- (i) the Company (on behalf of Qingyuan Xinlv and as the Supplier); and
- (ii) Zhongjin Lingnan (on behalf of Danxia Smelter and as the Purchaser)

#### **Principal terms and pricing principles**

Pursuant to the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products, Qingyuan Xinlv supplies copper sulphate to Danxia Smelter in accordance with Danxia Smelter's quality requirements and relevant international technical standards.

Pricing method: The price of copper sulphate in the respective calendar month is based on the costs and linked to the average price of copper on the website of Shanghai Metals Market ([www.smm.cn](http://www.smm.cn)) of the previous calendar month, plus a markup.

### **Proposed annual caps**

It is agreed under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products that the annual transaction cap of the copper sulfate base on the monthly supply of approximately 45 tons by the Company to Danxia Smelter in 2018 shall not exceed RMB10,000,000. The annual cap was determined on an arm's length basis with reference to a number of factors including: (i) the unit price of copper sulphate; (ii) Danxia Smelter's demand for copper sulphate; and (iii) the Company's forecast on the relevant market price of copper.

### **Supplemental Agreement on Purchase and Sale of Copper Sulfate**

The Board also announces that, on 17 August 2018, the Company (as the Supplier) and Zhongjin Lingnan (on behalf of Fankou Lead-Zinc Ore and as the Purchaser) entered into the Supplemental Agreement on Purchase and Sale of Copper Sulfate to determine the annual caps for the transactions contemplated under the Purchase and Sale Agreement on Copper Sulfate entered into between the Company and Fankou Lead-Zinc Ore on 20 December 2017. Pursuant to the Supplemental Agreement on Purchase and Sale of Copper Sulfate, the parties agreed that the Company shall supply copper sulphate to Fankou Lead-Zinc Ore.

The principal terms of the Supplemental Agreement on Purchase and Sale of Copper Sulfate are as follows:

#### **Date**

17 August 2018

#### **Parties**

- (i) the Company (as the Supplier); and
- (ii) Zhongjin Lingnan (on behalf of Fankou Lead-Zinc Ore and as the Purchaser)

#### **Principal terms and pricing principles**

Pursuant to the Supplemental Agreement on Purchase and Sale of Copper Sulfate, the Company supplies copper sulphate to Fankou Lead-Zinc Ore in accordance with Fankou Lead-Zinc Ore's quality requirements and PRC national technical standards.

Pricing method: The Company and Fankou Lead-Zinc Ore settle payment monthly. The price of copper sulphate in the respective calendar month is based on the costs and linked to the average price of copper as stated on the website of Shanghai Metals Market ([www.smm.cn](http://www.smm.cn)) of the previous calendar month plus a markup.

### **Proposed annual caps**

It is agreed under the Supplemental Agreement on Purchase and Sale of Copper Sulfate that the annual transaction cap of the copper sulfate in 2018 shall not exceed RMB14,000,000 (base on the monthly supply of approximately 75 tons by the Company to Fankou Lead-Zinc Ore). The annual cap was determined on an arm's length basis with reference to a number of factors including: (i) the unit price of copper sulphate; (ii) Fankou Lead-Zinc Ore's demand for copper sulphate; and (iii) the Company's forecast on the relevant market price of copper.

### **Historical annual caps**

As the Purchase and Sale Agreement on Industrial and Mining Products and the Purchase and Sale Agreement on Copper Sulfate are the first agreements entered into between the Group and Zhongjin Lingnan group in respect of the supply of copper sulphate, historical annual caps are not available. As at 7 August 2018, the total transaction amount in respect of copper sulphate supplied by Qingyuan Xinv to Danxia Smelter, and the Company to Fankou Lead-Zinc Ore in 2018 was approximately RMB2.765 million (unaudited).

### **Reasons and benefits of carrying out the continuing connected transactions**

The continuing connected transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate are required for the Company's normal production and operation, which is in compliance with the Company's business development needs, bringing reasonable income and benefits to the Company.

The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate are entered into on normal commercial terms in the ordinary course of business of the Company and are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

### **Information of the parties of the transaction**

The Company is a joint stock limited company incorporated in the PRC. The Company 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.

Zhongjin Lingnan is a joint stock limited company incorporated in the PRC mainly engaging in (i) non-ferrous metal mineral products, smelting products, processing products, comprehensive utilization products (including sulfuric acid, oxygen, sulfur, gallium, antimony, electric furnace zinc powder production), packaging materials and containers; and (ii) building materials, mechanical equipment and pipeline installation and maintenance.

Danxia Smelter is a branch of joint-stock company incorporated in the PRC mainly engaging in the production, processing and sales of non-ferrous metal mineral products, smelting products, processing products, comprehensive utilization products (including sulfuric acid, oxygen, sulfur, gallium, antimony, electric furnace zinc powder production), packaging materials and containers.

Fankou Lead-Zinc Ore is a branch of joint-stock company incorporated in the PRC mainly engaging in lead and zinc mines, sulfur concentrate mining, cement manufacturing, mechanical equipment maintenance, civil engineering construction and building materials.

### **Compliance with the requirements of the Listing Rules**

As Zhongjin Lingnan is a non wholly-owned subsidiary of Guangdong Rising Assets Management Co., Ltd., a substantial shareholder of the Company, Zhongjin Lingnan and its subsidiaries are connected parties of the Company as defined under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate therefore constitute a continuing connected transaction of the Company under the Listing Rules.

The Purchase and Sale Agreement on Industrial and Mining Products and the Purchase and Sale Agreement on Copper Sulfate are continuing connected transactions carried out on normal commercial terms or favorable terms and the total transaction amount thereof in 2018 was approximately RMB2.765 million (up to 7 August 2018 and unaudited) and all applicable percentage ratios are below 0.1%. Therefore, such transactions are de minimis transactions and are fully exempted from shareholders' approval requirements, annual review requirements and all disclosure requirements under the Listing Rules. As the applicable percentage ratios of the annual caps (other than the profit ratio) in respect of annual caps of the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate, when aggregated, are higher than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the announcement and annual review requirements pursuant to Rule 14A.76(2) of the Listing Rules, but are exempted from relevant circular and shareholders' approval requirements.

As the executive Director Mr. Liu Ren, non-executive Director Mr. Deng Qian, non-executive Director Mr. Liu Boren and non-executive Director Mr. Huang Yiming are working at Guangdong Rising Assets and its subsidiaries respectively, they have abstained from voting on the relevant Board resolutions approving the transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate and their annual caps. Save as disclosed above, no Directors have significant interests in the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate and shall abstain from voting on the relevant Board resolutions approving the transactions contemplated under the Supplemental Agreement on Purchase and Sale of Industrial and Mining Products and the Supplemental Agreement on Purchase and Sale of Copper Sulfate and their annual caps.

## DEFINITIONS

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

|   |   |
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| “Board”   | the Board of Directors of the Company   |
| “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 party(s)”                            | has the meaning ascribed to it under the Listing Rules  |
| “Danxia Smelter”                                | Danxia Smelter of Shenzhen Zhongjin Lingnan Nonfemet Co. Limited is a limited company incorporated in the PRC and a subsidiary of Zhongjin Lingnan  |
| “Director(s)”                                   | the director(s) of the Company  |
| “Fankou Lead-Zinc Ore”                          | Fankou Lead-Zinc Ore of Shenzhen Zhongjin Lingnan Nonfemet Co. Limited, a limited company incorporated in the PRC and a subsidiary of Zhongjin Lingnan  |
| “Guangdong Rising Assets”                       | Guangdong Rising Assets Management Co., Ltd., a limited company incorporated in the PRC and a substantial shareholder of the Company as at the date of this announcement  |
| “Hong Kong”                                     | the Hong Kong Special Administrative Region of the PRC  |
| “Listing Rules”                                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”   | the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan   |
| “Purchase and Sale Agreement on Copper Sulfate” | the agreement entered into between the Company (as the Supplier) and Fankou Lead-Zinc Ore (as the Purchaser) in relation to the supply of copper sulphate to Fankou Lead-Zinc Ore by the Company dated 20 December 2017, with a term commencing from 1 January 2018 to 31 December 2018 |

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| “Purchase and Sale Agreement on Industrial and Mining Products”                 | the agreement entered into between Qingyuan Xinlv (as the Supplier) and Danxia Smelter (as the Purchaser) in relation to the supply of copper sulphate to Danxia Smelter by Qingyuan Xinlv dated 5 January 2018, with a term commencing from 5 January 2018 to 31 December 2018  |
| “Qingyuan Xinlv”  | Qingyuan Xinlv Environmental Technology Ltd. is a limited company incorporated in the PRC, in which the Company holds 62.50 % of the equity interest, and is a non wholly-owned subsidiary of the Company  |
| “Stock Exchange”  | The Stock Exchange of Hong Kong Limited  |
| “Supplemental Agreement on Purchase and Sale of Copper Sulfate”                 | the supplemental agreement entered into between the Company (as the Supplier) and Zhongjin Lingnan (on behalf of Fankou Lead-Zinc Ore as the Purchaser) dated 17 August 2018, to, among other things, determine the annual cap of the Purchase and Sale Agreement on Copper Sulfate  |
| “Supplemental Agreement on Purchase and Sale of Industrial and Mining Products” | the supplemental agreement entered into between the Company (on behalf of Qingyuan Xinlv as the Supplier) and Zhongjin Lingnan (on behalf of Danxia Smelter as the Purchaser) dated 17 August 2018, to, among other things, to determine the annual cap of the Purchase and Sale Agreement on Industrial and Mining Products |
| “Zhongjin Lingnan”  | Shenzhen Zhongjin Lingnan Nonfermet Co. Limited, a limited company incorporated in the PRC, and a non wholly-owned subsidiary of Guangdong Rising Assets   |
| “%”   | percentage   |

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

Shenzhen, Guangdong Province,  
The People’s Republic of China  
17 August 2018

*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. Wong Hin Wing, Mr. Qu Jiu Hui and Mr. Zhu Zhengfu.*

\* For identification purpose only