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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Dongjiang Environmental Company Limited* (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 (the "Reporting Period"), together with the comparative figures of the year ended 31 December 2012 are as follows:

(Unless specified otherwise, the financial information of the Group in this announcement is stated in Renminbi ("RMB"))

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013**	2012
Total operating revenue	*3*	**1,582,936,364.20**	1,521,517,728.17
Total operating costs		**1,378,911,762.92**	1,217,647,208.58
Cost of operation		**1,100,398,704.00**	959,814,473.64
Sales tax and levies		**9,421,694.40**	14,873,057.13
Selling expenses		**38,287,887.95**	34,011,655.63
Administrative expenses		**221,405,603.84**	207,692,583.06
Finance costs	*7*	**1,469,229.49**	3,192,383.07
Impairment loss for assets		**7,928,643.24**	(1,936,943.95)
Add: Gain on fair value changes		**(1,049,660.00)**	237,660.00
Investment income		**35,875,929.19**	11,671,538.33
Including: Share of profit of associates and jointly controlled entity		**22,427,932.85**	11,562,993.33

	Note	**2013**	2012
Operating profits		**238,850,870.47**	315,779,717.92
Add: Non-operating income		**38,108,156.35**	19,255,546.88
Including: Disposal income on non-current assets		**556,188.45**	476,571.68
Less: Non-operating expenses		**5,481,719.48**	2,307,017.56
Including: Loss on disposal of non-current assets		**2,442,601.41**	1,099,770.97
Total profit	*6*	**271,477,307.34**	332,728,247.24
Less: Income tax expenses	*8*	**27,839,095.95**	38,711,278.72
Net profit		**243,638,211.39**	294,016,968.52
Net profit attributable to shareholders of the Company		**208,282,106.18**	266,705,803.99
Minority interests		**35,356,105.21**	27,311,164.53
Earnings per share	*9*		
Basic earnings per share		**0.92**	1.23
Diluted earnings per share		**0.92**	1.23
Other comprehensive income		**(346,913.01)**	606,146.94
Items cannot be reclassified to profit and loss when qualified in future accounting period		**–**	–
Items can be classified in the future accounting period		**(346,913.01)**	606,146.94
Total comprehensive income		**243,291,298.38**	294,623,115.46
Total comprehensive income attributable to shareholders of the Company		**207,935,193.17**	267,311,950.93
Minority interests		**35,356,105.21**	27,311,164.53

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	**2013**	2012
Current assets			
Cash and bank balances		**946,887,455.89**	1,027,814,556.38
Financial asset at fair value through profit and loss		**2,007,400.00**	3,748,980.00
Bills receivable	*11*	**54,051,330.29**	31,778,542.16
Accounts receivable	*11*	**179,584,250.23**	207,393,388.94
Prepayments	*11*	**102,659,646.18**	164,693,996.63
Other receivables	*11*	**53,359,463.07**	43,961,746.66
Inventories		**244,452,387.59**	258,488,536.56
Non-current assets due within one year	*11*	**28,680,000.00**	28,680,000.00
Other current assets		**15,000,000.00**	59,108.33
Total current assets		**1,626,681,933.25**	1,766,618,855.66
Non-current assets			
Long-term receivables	*11*	**56,310,000.00**	44,815,000.00
Long-term equity investments		**103,556,310.18**	81,255,271.82
Investment properties		**53,630,900.00**	53,630,900.00
Fixed assets		**587,882,227.61**	572,193,605.20
Construction in progress		**288,345,767.66**	239,146,012.43
Intangible assets		**439,039,924.10**	298,560,475.42
Goodwill		**99,534,307.16**	42,789,715.19
Long-term prepayments		**1,882,667.43**	1,152,733.51
Deferred income tax assets		**10,593,534.90**	9,443,444.07
Total non-current assets		**1,640,775,639.04**	1,342,987,157.64
Total assets		**3,267,457,572.29**	3,109,606,013.30
Current liabilities			
Short-term borrowings		**265,724,000.00**	38,109,000.00
Accounts payables	*12*	**157,926,908.55**	209,740,096.74
Receipts in advance	*12*	**38,376,562.90**	58,671,791.40
Accrued staff salaries		**33,478,555.80**	24,454,789.68
Tax payable		**(109,901.02)**	13,538,793.58
Other payables	*12*	**46,631,782.14**	114,873,450.85
Non-current liabilities repayable within one year portion		**57,619,088.61**	160,371,838.90
Other current liabilities		**6,073,444.20**	3,656,883.08
Total current liabilities		**605,720,441.18**	623,416,644.23

	2013	2012
Non-current liabilities		
Long-term borrowings	**124,713,278.43**	110,996,248.67
Long-term payables	**19,079,554.71**	30,947,203.20
Deferred income tax liabilities	**1,721,720.00**	1,870,895.79
Other non-current liabilities	**66,259,084.20**	69,428,999.87
Total non-current liabilities	**211,773,637.34**	213,243,347.53
Total liabilities	**817,494,078.52**	836,659,991.76
Shareholders' equity		
Share capital	**225,714,561.40**	150,476,374.40
Capital reserve	**855,365,333.07**	930,603,520.07
Surplus reserve	**110,735,300.43**	93,173,237.74
Undistributed profits	**1,050,279,781.79**	919,750,287.90
Exchange difference on translation of financial statements in foreign currency	**(327,356.22)**	19,556.79
Total equity attributable to shareholders of the Company	**2,241,767,620.47**	2,094,022,976.90
Minority interests	**208,195,873.30**	178,923,044.64
Total shareholders' equity	**2,449,963,493.77**	2,272,946,021.54
Total liabilities and shareholders' equity	**3,267,457,572.29**	3,109,606,013.30
Net current assets	**1,020,961,492.07**	1,143,202,211.43
Total assets less current liabilities	**2,661,737,131.11**	2,486,189,369.07

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2013

	2013						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Others	Minority interest	Total shareholders' equity
I. Balance at end of previous year	**150,476,374.40**	**930,603,520.07**	**93,173,237.74**	**919,750,287.90**	**19,556.79**	**178,923,044.64**	**2,272,946,021.54**
II. Balance at beginning of the year	**150,476,374.40**	**930,603,520.07**	**93,173,237.74**	**919,750,287.90**	**19,556.79**	**178,923,044.64**	**2,272,946,021.54**
III. Change for the year	**75,238,187.00**	**(75,238,187.00)**	**17,562,062.69**	**130,529,493.89**	**(346,913.01)**	**29,272,828.66**	**177,017,472.23**
1. Net profit				**208,282,106.18**		**35,356,105.21**	**243,638,211.39**
2. Other comprehensive income					**(346,913.01)**		**(346,913.01)**
Sub-total of 1 and 2				**208,282,106.18**	**(346,913.01)**	**35,356,105.21**	**243,291,298.38**
3. Shareholder's capital injection and capital reduction	–	–				**12,404,223.45**	**12,404,223.45**
1) Capital injection from shareholders						**4,900,000.00**	**4,900,000.00**
2) Equity settled share expenses charged to equity							
3) Others						**7,504,223.45**	**7,504,223.45**
4. Profit distribution			**17,562,062.69**	**(77,752,612.29)**		**(18,487,500.00)**	**(78,678,049.60)**
1) Transfer to surplus reserve			**17,562,062.69**	**(17,562,062.69)**			
2) Transfer to general risk provision							
3) Distribution to shareholders				**(60,190,549.60)**		**(18,487,500.00)**	**(78,678,049.60)**
4) Others							
5.Transfer	**75,238,187.00**	**(75,238,187.00)**					
1)Transfer of capital reserve to share capital	**75,238,187.00**	**(75,238,187.00)**					
2)Transfer of undistributed profits to share capital							
3)Making good of losses by surplus reserves							
4) Others							
IV. Balance at the end of year	**225,714,561.40**	**855,365,333.07**	**110,735,300.43**	**1,050,279,781.79**	**(327,356.22)**	**208,195,873.30**	**2,449,963,493.77**

	2012						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Others	Minority interest	Total shareholders' equity
I. Balance at end of previous year	125,476,374.40	–	70,754,552.84	750,701,355.81	(586,590.15)	103,337,513.73	1,049,683,206.63
II. Balance at beginning of the year	125,476,374.40	–	70,754,552.84	750,701,355.81	(586,590.15)	103,337,513.73	1,049,683,206.63
III. Change for the year	25,000,000.00	930,603,520.07	22,418,684.90	169,048,932.09	606,146.94	75,585,530.91	1,223,262,814.91
1. Net profit				266,705,803.99		27,311,164.53	294,016,968.52
2. Other comprehensive income					606,146.94		606,146.94
Sub-total of 1 and 2				266,705,803.99	606,146.94	27,311,164.53	294,623,115.46
3. Shareholder's capital injection and capital reduction	25,000,000.00	930,603,520.07				57,094,366.38	1,012,697,886.45
1) Capital injection from shareholders	25,000,000.00	987,225,849.86				48,800,000.00	1,061,025,849.86
2) Equity settled share expenses charged to equity							
3) Others		(56,622,329.79)				8,294,366.38	(48,327,963.41)
4. Profit distribution			22,418,684.90	(97,656,871.90)		(8,820,000.00)	(84,058,187.00)
1) Transfer to surplus reserve			22,418,684.90	(22,418,684.90)			
2) Transfer to general risk provision							
3) Distribution to shareholders				(75,238,187.00)		(8,820,000.00)	(84,058,187.00)
4) Others							
IV. Balance at the end of year	150,476,374.40	930,603,520.07	93,173,237.74	919,750,287.90	19,556.79	178,923,044.64	2,272,946,021.54

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is a joint stock limited company incorporated in the People's Republic of China (the "PRC"). Its H shares and A shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and China Shenzhen Stock Exchange, respectively. The address of the registered office and principal place of business of the Company is 1st Floor, 3rd Floor, North of 8th Floor, 9th-12th Floor, Dongjiang Environmental Building, No.9 Langshan Road, North Zone of Hi-tech Industrial Park, Nanshan District, Shenzhen, the PRC.

The functional reporting currency of the Company is RMB. The functional currency for the overseas subsidiaries is the currency of the country in which they operate. The consolidated financial statements are presented in RMB.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in environmental protection industry. The operation scope mainly includes: collection, disposal and recycling of industrial waste, treatment of wastewater, waste gas and noise; design, construction and operation of environmental protection facilities; sales of chemicals; production and trading of environmental materials, recycled products, environmental equipments; development, promotion and application of new environmental products and technologies; investment in industrial enterprises; import and export of goods and technique.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statement of the Group is made based on the going concern and the transaction and trade actually occurred and in line with Accounting Standards for Enterprises – Basic Standards issued by Ministry of Finance, 40 Specific Accounting Standards (including the 5 standards issued and modified in January and February of 2014), Application Guide for Accounting Standard for Business Enterprises, Interpretation for Accounting Standard of Enterprises and other relevant regulations (hereinafter referred to as Accounting Standard for Business Enterprises), and Information Disclosure Rule for the Companies Public Offering Securities, No.15 – General Provisions for Financial Statement (revised in 2010) issued by China Securities Regulatory Commission, The rules governing the listing of securities of the Stock Exchange (the "Listing Rules") and Hong Kong Companies Ordinance.

3. TOTAL OPERATING REVENUE

Total operating revenue, which is also the Group's turnover, represents the net amounts received and receivables for processing and sale of goods and rendering of services by the Group to external customers, less trade discounts during the year ended 31 December 2013.

Analysis of the total operating revenue is as follows:

	2013	2012
Industrial waste recycling	**1,003,746,274.10**	938,595,848.97
Industrial waste treatment and disposal	**243,497,232.44**	200,398,516.89
Municipal waste treatment and disposal	**135,163,624.22**	126,413,101.88
Renewable energy utilization	**65,476,857.26**	57,006,523.65
Environmental engineering and services	**95,850,397.86**	165,745,981.99
Trading and others	**39,201,978.32**	33,357,754.79
Total	**1,582,936,364.20**	1,521,517,728.17

4. SEGMENT INFORMATION

The reportable segments are determined based on the structure of its internal organization, management requirements and internal reporting system. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies. The Group has the following reportable segments:

Reportable segment	Major activities
Industrial waste recycling	Processing and sale of recycled products
Industrial waste treatment and disposal	Collection, treatment and disposal of industrial waste
Municipal waste treatment and disposal	Collection, treatment and disposal of municipal waste
Renewable energy utilization	Operation of methane-to-energy power plants
Environmental engineering and services	Construction contract work as a main contractor or subcontractor system and services in respect of environmental services, such as design and construction of environmental projects; operation of environment protection facilities, assessment of environmental impact segments, environment monitoring and consulting
Trading and others	Sales of chemical products and leasing activities

The financial information of the different segments is regularly reviewed by the Group's management in order to make decisions about resources allocation for each segment and assess segments performance.

Segment reporting information is disclosed in accordance to the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting policies and measurement basis for preparing financial statements.

Transfer price between each reportable segment is measured as the price selling to third parties, and indirect expenses are allocated to each segment based on revenue.

Segment results, assets and liabilities

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables, receipts in advance and bank borrowings attributable to the individual segments.

Segment operating results is the total revenue of all segments (including revenue from external transactions and intra-segment transactions), net of expenses attributable to each segment, depreciation, amortization and impairment losses to assets of each segment, and net interest expenses arising from bank deposits and borrowings attributable to one segment. The transfer pricing of revenue from intra-segment transactions is calculated on terms similar to those used in external transactions. Non-operating income and expenses and tax expenses are not allocated to individual segments.

Information regarding the Group's reportable segments set out below is provided to the Group's management regularly, and part of the information is used in measuring profit (loss), assets and liabilities of reportable segments.

The segment information for 2013

	Industrial waste recycling	Industrial waste treatment and disposal	Municipal waste treatment and disposal	Renewable energy utilization	Environmental engineering and services	Trading and others	Unallocated amounts	Elimination	Total
Revenue from external transactions	1,003,746,274.10	243,497,232.44	135,163,624.22	65,476,857.26	95,850,397.86	39,201,978.32	–	–	1,582,936,364.20
Revenue from intra-segment transactions	93,827,855.60	–	1,325,095.96	–	3,317,372.50	17,759,927.42	–	(116,230,251.48)	–
Segment revenue	1,097,574,129.70	243,497,232.44	136,488,720.18	65,476,857.26	99,167,770.36	56,961,905.74	–	(116,230,251.48)	1,582,936,364.20
Total operating costs	(913,313,328.86)	(209,613,943.41)	(165,244,975.38)	(55,733,425.30)	(80,739,302.01)	(49,445,532.31)	3,286,182.79	91,892,561.56	(1,378,911,762.92)
Loss on changes in fair value	–	–	–	–	–	–	(1,049,660.00)	–	(1,049,660.00)
Investment income	1,341,234.48	–	–	–	77,448.17	–	52,682,604.48	(18,225,357.94)	35,875,929.19
Segment operating profit	185,602,035.32	33,883,289.03	(28,756,255.20)	9,743,431.96	18,505,916.52	7,516,373.43	54,919,127.27	(42,563,047.86)	238,850,870.47
Non-operating income	18,830,405.44	980,000.00	1,714,392.34	8,908,634.39	13,079.92	7,661,644.26	–	–	38,108,156.35
Non-operating expenses	2,583,057.77	120,759.80	592,011.46	100,950.00	27.72	2,084,912.73	–	–	5,481,719.48
Total profit	201,849,382.99	34,742,529.23	(27,633,874.32)	18,551,116.35	18,518,968.72	13,093,104.96	54,919,127.27	(42,563,047.86)	271,477,307.34
Total assets	2,829,657,946.02	534,019,287.60	745,102,214.07	235,812,177.23	105,078,376.42	85,396,147.60	620,281,805.18	(1,887,890,381.83)	3,267,457,572.29
Total liabilities	358,476,376.34	38,967,138.09	86,097,390.77	67,071,010.43	21,039,327.92	18,990,621.52	1,169,454,624.91	(942,602,411.46)	817,494,078.52
Supplementary information									
Depreciation and amortization	40,524,180.68	20,760,289.20	11,796,640.80	18,553,357.59	542,013.26	1,143,343.92	–	–	93,319,825.45
Capital expenditure	214,679,924.89	52,810,830.84	51,276,755.29	5,736,679.67	455,283.00	961,175.83	–	–	325,920,649.52
Assets impairment losses	632,187.77	4,264,500.37	921,859.49	18,661.35	(1,096,125.37)	135,540.49	–	3,052,019.14	7,928,643.24

The segment information for 2012:

	Industrial waste recycling	Industrial waste treatment and disposal	Municipal waste treatment and disposal	Renewable energy utilization	Environmental engineering and services	Trading and others	Unallocated amounts	Elimination	Total
Revenue from external transactions	938,595,848.97	200,398,516.89	126,413,101.88	57,006,523.65	165,745,981.99	33,357,754.79			1,521,517,728.17
Revenue from intra-segment transactions	34,857,467.05	4,913,259.92			5,981,371.45	40,147,169.48		(85,899,267.90)	
Segment revenue	973,453,316.02	205,311,776.81	126,413,101.88	57,006,523.65	171,727,353.44	73,504,924.27		(85,899,267.90)	1,521,517,728.17
Total operating costs	(816,120,891.74)	(80,715,690.14)	(107,599,829.03)	(48,390,823.52)	(146,215,415.70)	(56,388,108.28)	(45,801,620.50)	83,585,170.33	(1,217,647,208.58)
Gain on changes in fair value							237,660.00		237,660.00
Investment income			(3,336.39)	(690,510.60)			21,545,385.32	(9,180,000.00)	11,671,538.33
Segment operating profit	157,332,424.28	124,596,086.67	18,809,936.46	7,925,189.53	25,511,937.74	17,116,815.99	(24,018,575.18)	(11,494,097.57)	315,779,717.92
Non-operating income							19,255,546.88		19,255,546.88
Non-operating expenses							(2,307,017.56)		(2,307,017.56)
Total profit	157,332,424.28	124,596,086.67	18,809,936.46	7,925,189.53	25,511,937.74	17,116,815.99	(7,070,045.86)	(11,494,097.57)	332,728,247.24
Total assets	2,159,920,281.94	246,821,137.83	226,083,704.46	253,033,421.88	227,063,662.35	33,912,963.62	2,095,243,449.72	(2,132,472,608.50)	3,109,606,013.30
Total liabilities	479,358,830.20	73,187,766.34	194,486,494.50	117,801,597.52	187,932,263.60	8,629,030.90	1,060,063,252.46	(1,284,799,243.76)	836,659,991.76
Supplementary information									
Depreciation and amortization	49,901,371.17	9,066,565.52	10,252,380.61	15,503,392.20	1,036,017.47	259,415.41	5,473,062.72		91,492,205.10
Capital expenditure	175,884,205.24	48,614,892.81	26,562,656.25	3,629,733.73	768,973.00	722,084.24	29,905,460.81		286,088,006.08
Assets impairment losses	(2,287,764.54)	(368,455.62)	324,011.15	(11,808.19)	4,949,009.72	(4,541,936.47)			(1,936,943.95)

5. GROSS PROFIT

	2013	2012
Total operating revenue	**1,582,936,364.20**	1,521,517,728.17
Less: Cost of operations	**1,100,398,704.00**	959,814,473.64
	482,537,660.20	561,703,254.53

6. TOTAL PROFIT

	2013	2012
Total profit has been arrived at after charging (crediting):		
Staff costs (including directors' emolument)		
– Wages, salaries and other benefits	**193,878,945.68**	149,184,028.80
– Retirement scheme contribution	**12,357,690.31**	12,007,335.15
Total staff costs	**206,236,635.99**	161,191,363.95
Amortisation of intangible assets	**17,677,963.10**	10,578,484.87
Auditors remuneration	**800,000.00**	800,000.00
Recognised cost of inventories	**1,100,398,704.00**	959,814,473.64
Depreciation on fixed assets	**74,316,347.74**	63,782,505.49
Provision (reversal of provision) for bad debts	**1,222,929.13**	(1,478,379.59)
Impairment loss on inventories	**3,653,694.97**	(458,564.36)
Impairment loss on goodwill	**3,052,019.14**	–
Minimum lease payment in respect of office, plant and staff quarter	**9,812,404.93**	11,932,680.00
Research and development expenses	**30,195,956.50**	29,527,209.99
Loss on disposal of fixed assets, net	**1,886,412.96**	623,199.29
(Increase) Decrease in fair value of held for financial assets at fair value through profit and loss	**1,049,660.00**	(154,760.00)
(Increase) Decrease in fair value of investment properties	**–**	(82,900.00)
Government grants	**(36,714,829.11)**	(14,876,810.33)

7. FINANCE COSTS

	2013	2012
Interest expense	**17,934,737.84**	20,164,822.45
Less: Interest income	**17,564,930.12**	17,362,467.16
Add: Exchange difference	**(11,970.86)**	(192,810.31)
Add: Other expenses	**1,111,392.63**	582,838.09
Total	**1,469,229.49**	3,192,383.07

Breakdown of interest expenses is as follows:

	2013	2012
Interest on bank loans wholly repayable within 5 years	**23,710,992.73**	26,576,665.32
Finance leases charges	**2,102,472.93**	3,099,244.67
	25,813,465.66	29,675,909.99
Less: Amount capitalised	**7,878,727.82**	9,511,087.54
Total	**17,934,737.84**	20,164,822.45

Borrowing cost capitalized during the year ended 31 December 2013 is calculated by applying a capitalization rate of 6.4% (2012: 6.72%) per annum to expenditure on qualifying assets.

8. INCOME TAX

(1) Income tax expenses comprise:

	2013	2012
Current income tax	**29,273,137.79**	39,726,287.74
Deferred income tax	**(1,434,041.84)**	(1,015,009.02)
Total	**27,839,095.95**	38,711,278.72

(2) Current income tax

	2013	2012
Current income tax		
– PRC	**29,150,768.36**	42,691,769.39
– Hong Kong	**391,359.89**	173,476.80
Over-provision in prior years		
– PRC	**(268,990.46)**	(3,138,958.45)
Total	**29,273,137.79**	39,726,287.74

The Company, Kunshan Qiandeng Three Wastes Treatment Company Limited ("Qiandeng Three Wastes"), Shenzhen Dongjiang Heritage Technologies Co., Limited were classified as new technology enterprises, and were subject to the PRC enterprise income tax ("EIT") at a rate of 15%. Also, only 90% of the revenue from sale of recycling products was charged for EIT from the Company, Qiandeng Three Wastes Qingyuan Xinlv Environmental Technology Limited and Huizhou Dongjiang Environmental Technology Company Limited. The Company and Qiandeng Three Wastes were allowed for an extra 50% of the research and development expenses to be deducted from the income charging for EIT; Shenzhen Longgang Dongjiang Industrial Waste Treatment Company Limited was enjoying preferential tax incentive for enterprises engaging in projects satisfying environmental protection and conservation of energy and water conditions of full exemption of EIT commencing from 2012 to 2014 and followed by a 50% tax reduction from 2015 to 2017. Shenzhen Dongjiang Renewable Energy Limited is enjoying EIT transitional preferential policy and preferential tax incentive for production enterprises of full exemption of EIT commencing from 2008, full exemption of tax for 2009, and followed by a 50% tax reduction from 2010 to 2012.

The subsidiaries incorporated and operated in the PRC are subject to the PRC enterprise income tax at a rate of 25%.

The subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%.

9. EARNINGS PER SHARE

The earnings per share for the year is calculated based on the net profit for the year ended 31 December 2013 attributable to shareholders of the Company of RMB208,282,106.18 (2012: RMB266,705,803.99), and the weighted average of approximately 225,714,561 (2012: 217,381,228) ordinary shares in issue during the year ended 31 December 2013.

Diluted earnings per share was same as basic earnings per share for the two years ended 31 December 2013 as there were no diluting events during both years.

10. DIVIDENDS

Dividends attributable to the year are as follows:

	2013	2012
Interim dividend declared and distributed of RMB0 per share (2012: RMB0.50)	–	75,238,187.00
Final dividend proposed after the balance sheet date of RMB0.30 per share (2012: RMB0.40)	**69,469,368.30**	60,190,549.60
Total	**69,469,368.30**	135,428,736.60

The Board recommends the payment of a final dividend of RMB0.3 per share of the Company (inclusive of tax) (2012:RMB0.4) to all shareholders of the Company based on the total number of shares of 231,564,561 shares of the Company, with the total amount of dividend to be paid be RMB69,469,368.30, subject to approval by the shareholders of the Company at the 2013 annual general meeting ("AGM") to be convened and held. In addition, the Board proposes to offer to all shareholders of the Company 5 ordinary shares for each 10 ordinary shares held by shareholders of the Company by way of conversion of capital reserve, thereby issuing 115,782,280 shares (including 26,685,000 H shares and 89,097,280 A shares) based on the total number of 231,564,561 shares of the Company. Following the aforesaid conversion of capital reserve, the Company shall have a total of 347,346,841 shares (including 80,055,000 H shares and 267,291,841A shares). The aforesaid conversion of capital reserve is subject to, among other things, having obtained the approval by shareholders of the Company at the AGM, the class meeting for holders of H shares and the class meeting for holders of A shares to be convened and held, and the Stock Exchange granting approval for the listing of the 26,685,000 H shares to be issued on the Main Board of the Stock Exchange. The Company will make further announcement in accordance with the Listing Rules upon the record date to ascertain holders of H shares and holder of A shares entitled to the final dividends and the conversion of capital reserve is determined.

Circular containing, among other things, the distribution of final dividend and the capital increase by way of conversion of capital reserve, together with the notice of the annual general meeting, class meeting for holders of H shares and class meeting for holders of A shares, will be published and despatched to the shareholders in due course.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
Accounts receivable	**190,364,856.98**	225,191,559.54
Less: Provision for bad debts for accounts receivable	**10,780,606.75**	17,798,170.60
	179,584,250.23	207,393,388.94
Bills receivable	**54,051,330.29**	31,778,542.16
Prepayments	**102,659,646.18**	164,693,996.63
Other receivables	**60,728,375.64**	54,500,372.25
Less: Provision for bad debts for other receivable	**7,368,912.57**	10,538,625.59
Long term account receivable	**84,990,000.00**	73,495,000.00
Total	**474,644,689.77**	521,322,674.39

Prior to the acceptance of new customers, the Group applies internal credit assessment policies to assess the credit quality of potential customers and formulates credit limit. Apart from requiring new customers to pay in advance, the Group formulates different credit policies according to different customers. The credit period is generally three months, and can be extended to six months for major customers. The Group recognizes accounts receivable and operating revenue at the time point of outbound and acceptance of products, when calculation of the ages of the account begins. The Group does not hold any collateral over trade receivables. Aging analysis of accounts receivable, net of provision for bad debts, presented based on the recognition date is as follows:

	2013	2012
Aged		
Within 90 days	**137,868,783.93**	145,044,585.87
91-180 days	**31,164,256.77**	28,506,013.00
181-365 days	**3,615,411.20**	17,343,548.09
1-2 years	**4,396,811.63**	13,212,542.88
2-3 years	**1,288,986.70**	3,267,469.10
Over 3 years	**1,250,000.00**	19,230.00
Total	**179,584,250.23**	207,393,388.94

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of reporting period, based on recognition date:

	2013	2012
Aged		
Within 90 days	**121,189,350.35**	131,809,808.75
91 to 180 days	**13,161,233.71**	16,138,764.91
181 to 365 days	**3,437,137.15**	45,249,625.15
Over 1 year	**20,139,187.34**	16,541,897.93
Accounts payable	**157,926,908.55**	209,740,096.74
Receipts in advance	**38,376,562.90**	58,671,791.40
Other payables	**46,631,782.14**	114,873,450.85
Total	**242,935,253.59**	383,285,338.99

13. NET CURRENT ASSETS

	2013	2012
Current assets	**1,626,681,933.25**	1,766,618,855.66
Less: Current liabilities	**605,720,441.18**	623,416,644.23
Net current assets	**1,020,961,492.07**	1,143,202,211.43

14. TOTAL ASSETS LESS CURRENT LIABILITIES

	2013	2012
Total assets	**3,267,457,572.29**	3,109,606,013.30
Less: Current liabilities	**605,720,441.18**	623,416,644.23
Total assets less current liabilities	**2,661,737,131.11**	2,486,189,369.07

15. LEASE COMMITMENTS

As at 31 December 2013, the Group as a lessee, had commitments for future minimum lease payments under non-cancellable operating leases and financial leases in respect of office building, plant and machinery and motor vehicles are as follows:

	Operating leases	**Finance leases**
Within 1 year	**6,264,462.24**	**14,019,748.78**
In 1 to 2 years	**5,293,854.24**	**13,831,825.76**
In 2 to 3 years	**2,322,524.24**	**5,407,920.66**
After 3 years	**7,781,678.58**	**1,164,063.56**
Total	**21,662,519.30**	**34,423,558.76**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Since 2012, the domestic and global economy have been sluggish in general and the market demand was weak, the Company has been facing an unfavourable situation of continuous fall in product prices, rising purchase costs of raw materials, and it is expected that the trend may last for a prolonged period of time. The Company had to undergo strategic adjustment and upgrading, strived to eliminate unfavourable market factors, facilitated the driving effects of those factors controllable by the Company towards better results. During the Reporting Period, the Company mainly focused on strategic adjustment and upgrading to set the layout of the whole year's work, including increasing the detoxification disposal of waste business and market exploration, promoting strategies for new products, implementing technological changes and reducing costs as well as to increase efficiency through regulated management. During the Reporting Period, the principal activities of the Group – Industrial waste treatment and disposal maintained stable growth, but the prices of industrial waste resource products were more affected by metal price fluctuations, and the overall results of the Group were affected to a larger extent.

During the Reporting Period, the Group achieved an operating revenue of approximately RMB1,582,936,400, representing an increase of approximately 4.04% as compared to that of the corresponding period in 2012; total profit of approximately RMB271,477,300, representing a decrease of approximately 18.41% as compared to that of the corresponding period in 2012; net profit attributable to owners of the parent company achieved was approximately RMB208,282,100, representing a decrease of approximately 21.91% as compared to that of the corresponding period in 2012; equity attributable to owners of the parent company was approximately RMB2,241,767,600, representing a year-on-year increase of approximately 7.06%; net assets per share were approximately RMB9.93.

Industrial Waste Treatment

During the Reporting Period, industrial waste treatment business achieved an operating revenue of approximately RMB1,247,243,500, representing an increase of approximately 9.50% as compared to that of the corresponding period in 2012. The recycled products recorded sales revenue of approximately RMB1,003,746,300, representing an increase of approximately 6.94% as compared to that of the corresponding period in 2012; and the industrial waste treatment and disposal recorded service revenue of approximately RMB243,497,200, representing an increase of approximately 21.51% as compared to that of the corresponding period in 2012. In summary, during the Reporting Period, operating revenue from the industrial waste treatment business of the Group generated a growth, but since it was more affected by the fluctuating prices of metals and additional new projects and the related increases in costs etc, the gross profit margin of this business fell approximately 6.47% as compared with the previous year.

Regarding market expansion, with the promulgation and implementation of the "Supreme People's Court and Supreme People's Procuratorate's Interpretation of Several Issues Related to Laws Applicable to Criminal Cases of Environmental Pollution" ("Two Explanations"), the demand for detoxification disposal of hazardous substances and wastes has surged, market competition will tend to be more regulated and disciplined. The Group seized the opportune timing, with the support of two treatment platforms, namely Guangdong Integrated Hazardous Waste Treatment Demonstration Centre and Shenzhen Longgang Hazardous Waste Disposal Base, it fully utilise the advantages of uniform work, refined management and centralized allocation, expanded the detoxification disposal business, and therefore achieved remarkable benefits. At the same time, it entered into the market in Dongguan, Guangdong Province through equity acquisition, and added the capability of handling wastes containing cooper 50,000 tonnes per year, and made a breakthrough in the regional expansion, and effectively reduced the pressure of the limitation of our ability to handle hazardous waste. In addition, all the treatment bases of the Group fully carried out work to increase efficiency, technological upgrade measures. The actual waste treatment ability of Shajing treatment base reached 200,000 tonnes per year through continuous environmental protection facilities optimization, upgrading and transformation, in this regard, Shajing treatment base already started the application for an environmental impact assessment, it is expected it will be completed in the second half of 2014. During the trial operation period of Shenzhen Longgang Hazardous Waste Disposal Base, it continued to foster the improvement of all functions and optimization of techniques and skills, currently it has achieved an operation at full loading, and achieved a revenue of approximately RMB74,055,500 for the Reporting Period.

Regarding waste recycling, as the waste collection and transportation market size increased, the sales volume of recycled products of the Group increased approximately 13.29% during the Reporting Period as compared to that of the same period last year, however due to substantial fluctuation of the negotiable metal market, profitability fell. In order to cope with the uncertain factors brought by the environment of that market, the Group actively launched the product refinement strategy, set up and launched the pilot-scale base of high-end copper salt project. With the strategy of promoting the upgrading of recycled products, the Group implemented the debate of brand creation special work of electrolysis grade sulfuric cooper acid during the Reporting Period, and it lay the foundation for creating brand marketing model.

In order to implement the strategic transformation and upgrading of the Group, the Group actively developed new businesses and extended the industry chain. During the Reporting Period, Qingyuan Waste Electrical Appliance Dismantling Treatment Base and Comprehensive Utilization expanded from 10,000 tons to 30,000 tons, and the handling qualifications of 30,000 tons was obtained in February 2014. After more than one year's operation, the operation model of the waste electrical appliance collection and transportation market has initially been formed, 390,000 electric waste objects were dismantled during the Reporting Period, achieving a revenue of approximately RMB41,154,700. The Group will continue to strengthen the scale of the construction of the waste electrical appliance dismantling and treatment business, and to set up and improve the collection and transportation systems of waste electrical appliances, enhance the competitiveness of the Group in the market. Besides, the Group entered into the soil recovery domain by investing in and setting up a soil recovery company, it will start the soil recovery business step by step according to the most feasible method, the Board believes that through continuous market expansion and technological breakthrough, it will enhance the market competitiveness of the Group in the soil recovery domain and contribute economic benefits to the Group.

During the Reporting Period, the Group continued to foster the construction of new projects. It is expected that the hazardous waste incineration project of the North Guangdong Hazardous Waste Centre (10,000 tons/year), the construction project of Jiangmen Industrial Waste Treatment (198,500 tons/year) and Jiaxing Deda moving and expansion project (60,000 tons/year) will be constructed and in operation in the 2nd half of 2014. After the commencement of the production of the above projects, it will better solve the problem of inadequate ability of processing Industrial hazardous wastes, and to cope with the increase in demand of the market, and create room for rapid expansion in the future.

Municipal solid waste treatment business

The municipal solid waste treatment business is another pillar business of the Group. Faced with the sluggish economic situation of the non-ferrous metal market, the Group reasonably adjusted the business structure, enhanced the strategic position of the municipal solid waste treatment business. After having gradually accumulated mature operation management experience over a few years, the integrated model of municipal waste treatment and recyclable energy utilization has tended to be stable and maintain a good growth trend. During the Reporting Period, the municipal solid waste treatment business achieved an operating revenue of approximately RMB135,163,600, representing an increase of approximately 6.92% as compared to the same period of 2012.

As for renewable energy utilization, three landfill gas power generation projects have already implemented standardized operation gradually, implemented real time reporting of electricity generation production data, machinery and facilities repair and coordination and allocation of resources, the overall operation efficiency was remarkably improved. During the Reporting Period, the on-grid volume of electricity of the landfill gas power generation projects was about 95,931,600 watt, and achieved an operating revenue of approximately RMB58,930,300, representing an increase of approximately 3.37% as compared to the same period of 2012.

On the municipal waste treatment and disposal aspect, the operation was the Xiaping household landfill site operation and management project and Shaoyang domestic waste landfill project was stable, and they achieved an operating revenue of approximately RMB76,249,500 during the Reporting Period. The Phase II of Fuyong sludge treatment project entered into the production stage in September 2013, given the more mature sludge treatment techniques of the Group, the daily sludge treatment has already reached 1,100 tonnes, and achieved an operating revenue of approximately RMB19,420,200 during the Reporting Period. The implementation of that project is beneficial to the further work and expansion of the Group in the research of technologies, like deep dehydration and anaerobic fermentation etc, and serves as a testing field for the development of the Group in the municipal sludge treatment domain in the future. Besides, the Group fostered the construction of Shenzhen Luohu District Kitchen Waste Recycling Project, the collection and transportation system was gradually improved, it is expected that that project will be fully completed in 2014. The construction of the Hunan Shaoyang domestic waste landfill site Phase II expansion project was in normal progress, it is expected that it will be in service in December 2014, after it is in service, the landfill capacity of that project will be increased to over 2 million m^3.

In order to strengthen the subsequent continuous development momentum of municipal waste treatment business, the Group actively seeks new projects and expands into new domains, including the landfill gas power generation project and household waste incineration domains. At the same time, through gradual improvement of the industry chain of the municipal solid waste treatment business, the Group stresses on creating a new model of urban waste comprehensive treatment so as to increase the market competitiveness of that business.

Environmental protection services business

In order to cooperate and create a comprehensive and one-stop environmental services platform, the Group actively explored the environmental engineering and services business, integrated the resources, such as environmental engineering design, construction, equipment installment and testing, operation, in an efficient way to provide one-stop services of design, construction, operation environmental protection facilities projects for different types of clients.

During the Reporting Period, the environmental protection services business used the "Two Explanations" regarding the strengthening of management of pollutant discharge, increased the development of the environmental engineering operation business market, optimized the client structure and optimized the industrial sewage project operation model. Since the disposal of equity in a subsidiary and the majority of projects were still in the negotiation or initial stage, the business achieved an operating revenue of approximately RMB95,850,400 during the Reporting Period, representing a decrease of approximately 42.17% as compared to the same period of 2012.

In November 2013, the Group, Shenzhen Environmental Protection Association and some Hungarian environmental protection enterprises signed a memorandum of cooperation in respect of an energy saving, environmental protection and environmental protection technology innovation headquarters base project pave the way to attract and introduce Hungarian technologies and experience. During the Reporting Period, the Group successfully won the tender of Heyuan Southern City Sewage Treatment Plant target enhancement, upgrade and transformation project, it was the first time to introduce and apply the Hungarian FBR stereoscopic ecological treatment technology, the operation conditions were good, the ammonia and nitrogen removal rate over 99%, it laid the foundation for the Group to undertake more urban sewage treatment projects in the future. The environmental protection engineering and services business accepted and operated 54 clients with contracts for the Reporting Period, the contract amount for the Reporting Period was approximately RMB210,000,000, representing an increase of approximately 45% as compared to the same period of 2012 and relied on its good reputation in the market and operation advantages, it expanded the market layout to eastern China like Zhejiang and Jiangsu.

After the recent year of development, testing operation management system, testing quality and efficiency of the environment monitoring services of the Group were largely enhanced. During the Reporting Period, 70 CMA qualifications were added, over 500 projects were certified, approximately 280,000 counts of services were provided for the product testing, laboratory planning and construction and external testing. During the Reporting Period, encouraging results were obtained for that business, it achieved an operating revenue of approximately RMB6,681,500, representing an increase of approximately 101.63% as compared to the same period of 2012.

Research and Development

In 2013, the R&D of the Company focused on the operation concepts of production and market, strived to foster the construction work of the interaction mechanism of technological R&D, production, and market, emphasized technological innovation, and strengthened the monitoring of R&D projects and government project-creation projects.

After the building up of technological talents and technology research reserve in earlier periods, the technological R&D of the Group, in 2013, the Group focused technology services on production, market concepts, strived to foster the construction work of the interaction mechanism of technological R&D and production and market to form a joint coordination management mechanism of "overall interaction, coordination among departments, implementation of responsibilities", to provide technology support to all treatment bases, fully show the development mindset of transforming R&D technologies into productivity. At the same time, in order to enhance the ability to convert technology into results, the Group launched pilot-scale projects during the Reporting Period, such as the pilot-scale study on project of prepesation of secondary zinc oxide into alkaline zinc chloride (次氧化鋅製備碱式氯化鋅), pilot-scale study on project of kitchen waste and sludge anaerobic digestion gasification and deep dehydration of sludge (Fuyong) small industrialized production projects, to provide scale production of projects and provide mature, ancillary production skills and technological equipments.

During the Reporting Period, technological results management work of the Group was remarkable, it applied for 21 state patents, it was granted 23 patents (5 inventions, 18 practical new models); 4 results passed the evaluation and registration of Shenzhen Technology Innovation Commission, and were awarded "Enterprise Technology Research & Development Centre" and "Engineering Technology Research & Development Centre". During the Reporting Period, the Group obtained approximately RMB38,914,600 of subsidy from the government for the projects and technological research of the Group.

Corporate Development

Year 2013 is the first complete year after the Group has entered into the A-share capital market. The requirements of a dual listing on the regulated operation of the Group were higher. In this regard, the Group actively pursued the setting up of an internal control regulated system, set up a standardized management and system, fully streamlined and identified the defects of all businesses and management, facilitated the standardization and uniformity of all the processes of production, operation and management, further enhanced the operation management level and risk prevention ability of the Group, facilitated the sustainable development of the Company. As to the human resources aspect, the Group fully utilized the capital market and implemented the Restricted A Share Incentive Scheme, it granted 5,850,000 shares to 104 senior management and core employees, and such grant was completed in 2014. The implementation of that project effectively motivated the subjective mobility of senior management and core employees of the Company, provide them with the motivation needed to implement the strategic adjustment and upgrade plans thoroughly, and facilitated staff to actively expand business markets, start technology innovation, push forward the smooth implementation of new projects, control costs and expenditure, achieve the enhancement of management level and reverse operating results.

During the Reporting Peiod, the Group started the public issuance of corporate bond project, and planned to issue RMB700 million corporate bonds to reduce the finance costs, optimize the financing structure of the company and meet the capital requirement of production and operation. Approval for the project was granted by China Securities Regulatory Commission in January 2014, the Group will base on the related requirements and the related authorization of the shareholders' meeting of the Company to choose a good timing to handle the relevant matters of corporate bond issuance.

Analysis on core competitiveness

1. ***Brand qualification strength***

   As a leader in the domestic solid waste treatment and disposal field, the Group has accumulated industrial experience and brand qualification strength in the hazardous waste field over many years' growth, the Group has developed into a larger comprehensive domestic environmental service provider of waste treatment with all-round qualifications and extensive business scopes locally. At present, the Group possesses over 72 qualification certificates, including operation of hazardous waste, pollution control, environmental engineering, environmental monitoring and worn-out electronic product treatment, and during the Reporting Period, it obtained 16 new qualification certificates.

2. ***Perfection of the industry chain strength***

   The Group's business of the Group covers two major areas, namely industrial and municipal. The Group has built a perfect business chain for tailor-made "reduction, bio-safety, recycling" treatment for an small enterprise up to a large city. Leveraging on the all-round waste treatment service platform and comprehensive and fast one-stop service, the Group satisfied customer's requirements as much as possible in compliance with the development trend of the industrial "Entire Solution" service model.

3. ***Technology innovation strength***

   Technology innovation is the major driving force for the future development of the Group, and the Group places much importance on technology innovation, and has its technology research department and an independent research and development center, which consists of many laboratories, such as heavy metal recycling laboratory, industrial waste treatment and recycling laboratory, and laboratories are facilitated with a series of experimental system and testing instruments. Besides, a major means of promoting independent innovation capability is to communicate and collaborate with domestic and international enterprise and universities. The R&D Centre has conducted over 100 research projects and obtained approximately 67 patents. During the Reporting Period, 23 new invention patents were added, of which 5 were invention patents.

4. Operation experience strength

As the earliest participant in the domestic environmental protection industry, the Group accumulated rich experience in the industry, with over 30 subsidiaries and operation of over 20 industrial projects, it possesses professional management ability and experience. Among them, Guangdong Hazardous Waste Comprehensive Treatment and Disposal Centre built and operated by our joint venture with Veolia of France, and Shenzhen Xiaping household waste landfill site operated and managed by the Group were of leading standard in China.

Financial Budget for 2014

I. Explanation for preparation of budget

This budget is prepared based on the principle of prudence, in light of market needs and the business expansion plan, based on the Company's budget, according to the requirements of consolidated statements and based on the business expansion plan and production plan of waste collection volume, treatment capacity, sales volume and categories as well sales price as budgeted for 2014. This budget is prepared on the following basis: assuming the supply and purchase contract entered into by the Company is performed as planned.

This budget has taken into consideration the impacts on factors, including market environment, business expansion and sales prices on a full account based on summarization of the operation condition in 2013 and analysis of the budget period operating situation in 2014 and in light of the corporate development strategy during the budget period. This budget includes the parent company, its controlling subsidiaries and branches.

II. Basic assumptions

1. No material changes in the applicable current national and local laws, regulations and rules to which the Company comply.

2. No material changes in social and economic environment of the place of principal operations of the Company and relevant regions of businesses.

3. No material changes in the Company's industry situations and market conditions.

4. No material changes in the relevant market of wastes collection by the Company in 2014.

5. No material changes in the relevant market of products sold by the Company in 2014.

6. No adverse impacts will arise from material changes in objective factors from transportation, telecommunication, severe shortage in water and electricity and raw materials in production and operation of the Company in 2014.

7. Fluctuation of the credit interest rate, taxation policy and foreign exchange market regarding production and operation of the Company are within normal scope.

8. No material changes in the existing production organization structure of the Company and punctual completion of the planned investment projects and commencement for production.

9. No material adverse impacts on the Company due to other force majeure and unpredictable factors.

III. Statement of Profit Budget

Unit: RMB0'000

Item	Actual for 2013 (audited)	Prediction 2014	Percentage of changes
I. Total operating income	158,293.64	190,202.39	20.16%
II. Total operating costs	137,891.18	165,149.22	19.77%
III. Operating profit	23,885.09	28,150.17	17.86%
IV. Total profit	27,147.73	29,965.19	10.38%
V. Net profit	24,363.82	26,726.29	9.70%
Net profit attributable to shareholders of the Company	20,828.21	23,505.15	12.85%
Minority interests	3,535.61	3,221.14	-8.89%

Basis of budget: Operating income is based on the product sales plan for 2014 predicted by the Company's sales department; operating costs are based on net profits margin prediction of different product categories of the Company; business taxes and surcharges, cost of sales, and administrative expenses are based on the expense ratio of the Company in 2013, with due consideration to the prediction of management control objectives for 2014; financial expenses are based on due consideration to the impact of the Company's surplus proceeds earmarked for time deposit; corporate income tax is calculated on the tax rate actually executed by each company.

IV. Measures to ensure the performance of financial budget

1. To strengthen efforts in R&D, market expansion, and production to achieve stable increase of operating income.

2. To implement overall budget management, establish and perfect the system and institution of staff costs control.

3. To focus on economic benefits, explore the potential and reduce consumption, and primarily aim at reducing costs.

4. To raise the awareness of cost of capital, rationally arrange the use of capital, and enhance its utilization rate.

5. To intensify financial management, and put more effort in work including budget execution, cost control and capital operating regulation, and to establish an early warning system for budgets, reduce financial risk, identify problems in time and make continuous improvement, and ensure the achievement of financial targets.

FINANCIAL REVIEW

Total Operating Revenue

For the Reporting Period, the Group's total operating revenue increased by approximately 4.04% to approximately RMB1,582,936,364 (2012: approximately RMB1,521,517,728) as compared to the corresponding period in 2012. The main reasons for the increase are that the Group utilized the good situation of environmental protection industry policy, seized the new opportunity derived from the judicial interpretation of the superior court and the superior procuratorate; standardized the internal management; accelerated the construction to increase capability and actively explored the market. During the Reporting Period, except the environmental project and service income decreased by 42.17% compared with the same period of last year, the gross income of other businesses of the Group obtained a growth compared with that of 2012. Above all, the gross income of industrial waste treatment increased by approximately 21.51% compared with last year to approximately RMB243,497,232 (2012: approximately RMB200,398,517); the gross income renewable energy business increased by approximately 14.86% to approximately RMB65,476,857 (2012: approximately RMB57,006,524) due to the sufficient supplement of biogas.

Profit

For the Reporting Period, the Group's gross profit was decreased by approximately 14.09% to approximately RMB482,537,660 (2012: approximately RMB561,703,255). During the Reporting Period, except the gross margin of industrial solid waste treatment, trade and other business increased slightly compared with last year, the gross margin of other businesses declined as compared to that of 2012. The first reasons for this decline is that the domestic economical situation did not live up to the expectation, and that the metal prices fell, and therefore led to the result that the sales revenue of industrial waste recycling resource did not increase pro rata with the sales volume; second is that affected by domestic inflation, both of the procurement cost of raw materials and overall labor cost rose, and the Group continued to increase the research and development investment in, these resulted in a greater increase of total operating cost than gross revenue of the Group.

For the Reporting Period, the Group's gross profit margin was approximately 30.48% (2012: approximately 36.92%), representing a decrease of approximately 6.44 percentage points as compared to the corresponding period in 2012.

For the Reporting Period, net profit attributable to shareholders of the Company decreased by approximately 21.91% to approximately RMB208,282,106 as compared to the corresponding period in 2012 (2012: approximately RMB266,705,804). The main reason for the decline is that the economical situation of non-ferrous industry remained depressed and the collecting and transportation expenses stayed at high level; the rise in procurement cost of raw material and overall labor cost resulted to the decline of integrated gross margin of the year; secondly, under the condition that the domestic economical situation is inferior to the expectation, the Group intensified the efforts on market development and continued to make research and development investment to improve core competence.

Sales Expenses

For the Reporting Period, the Group's sales expenses was approximately RMB38,287,888 (2012: approximately RMB34,011,656), representing approximately 2.42% (2012: approximately 2.24%) of the total operating revenue. The increase in selling expense is mainly due to that the Group intensified the efforts on market development under the condition that the domestic economical situation is inferior to the expectation, and the incorporation and accounting calculation of the subsidiaries, such as Qingyuan Xinlv, Jiaxing Deda and Zhuhai Qingxin, in the second half of the year.

Administrative Expenses

For the Reporting Period, the Group's administrative expenses was RMB221,405,604 (2012: RMB207,692,583), representing approximately 13.99% (2012: approximately 13.65%) of the Group's total operating revenue. The increase in administration expenses is mainly due to that the Group continued to make research and development investment. Besides this, the incorporation and accounting calculation of the subsidiaries, such as Qingyuan Xinlv, Jiaxing Deda and Zhuhai Qingxin, etc in the latter half of the year is also a reason for the above increase.

Finance Costs

For the Reporting Period, the Group's finance cost was approximately RMB1,469,229 (2012: approximately RMB3,192,383), representing approximately 0.09% (2012: approximately 0.21%) of the Group's total operating revenue. Decrease in finance costs is mainly because following the receipt of proceeds from the listing of A shares, bank loans decreased.

Income Tax Expenses

For the Reporting Period, the Group's income tax expenses was approximately RMB27,839,096 (2012: approximately RMB38,711,279), representing approximately 10.25% of the Group's total profit before tax (2012: approximately 11.63%). The decrease in income tax expenses was mainly due to the reduce of total profits of the Group.

Financial Resources and Liquidity

As at 31 December 2013, the Group had net current assets of approximately RMB1,020,961,492 (2012: approximately RMB1,143,202,211), including cash and cash equivalent of approximately RMB934,877,456 (2012: approximately RMB1,016,889,376).

As at 31 December 2013, the Group's total liabilities was approximately RMB817,494,079 (2012: approximately RMB836,659,992). The Group's gearing ratio was approximately 25.02% (2012: approximately 26.91%) which is calculated based on the Group's total liabilities and total assets. The current liabilities of the Group was approximately RMB605,720,441 (2012: approximately RMB623,416,644). As at 31 December 2013, the Group had outstanding bank loans of approximately RMB434,036,619 (2012: approximately RMB295,505,249).

The Board believes that the Group has a stable and strong financial position and will have sufficient liquidity to meet the needs of its operations and future business development.

Substantial Investments, Acquisitions and Disposals of Subsidiaries and Associates

In January 2013, the Company invested RMB50,000,000 from surplus proceeds to the registered capital of Shaoguan Green Development Co.,Ltd.* (韶關綠然再生資源發展有限公司), a wholly-owned subsidiary owned of the Company.

In February 2013, the Company invested RMB24,000,000 from surplus proceeds to the registered capital of Huizhou Dongjiang Logistic Limited* (惠州市東江運輸有限公司), a wholly-owned subsidiary of the Company.

In February 2013, the Company entered into an equity transfer agreement to transfer the 55% equity interest in Beijing Novel Environmental Protection Co., Ltd.* (北京永新環保有限公司) at the consideration of RMB3,300,000 to an independent third party.

In August 2013, the Company entered into a subscription agreement to acquire 100% equity interest in Dongguan Hengjian Environmental Technology Co., Ltd.* (東莞市恒建環保科技有限公司)("Dongjiang Hengjian") at a consideration of RMB76,083,405. Upon completion of the transaction, Dongjiang Hengjian became a wholly-owned subsidiary by the Company.

In December 2013, the Company invested RMB5,100,000 to establish a 51% owned subsidiary of the Company, namely Guangdong (Province) Dongjiang-Suntime Environmental Remediation Co., Ltd* (廣東東江上田環境修復有限公司).

Save as disclosed in this announcement, the Group does not have any substantial investments, acquisitions and disposals of subsidiaries and associates during the Reporting Period.

Details of Future Plans for Material Investments or Capital Assets

Saved as disclosed in this announcement, the Group does not have other future plans for material investments or capital assets.

Interest Rate and Exchange Risk

Interest Rate Risk

The Group is exposed to fair value interest rate risk due to fixed interest rate bank borrowings. Currently, the Group does not have any interest rate hedging policy. However, the interest rate risk is monitored by the management, and in case of any expected material risk, the management will consider taking any other necessary actions.

The Group is also exposed to cash flow interest rate risk due to floating interest rate bank borrowings. The Group's policy is to maintain the floating interest rate bank borrowings in order to reduce the risk of cash flow interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark interest rate announced by the People's Bank of China generated from the Group's borrowings in RMB.

Foreign Exchange Risk

The Group's working currency is RMB and most of its transactions are denominated in RMB. However, certain bank balances tradings and other receivables and payables are denominated in currencies other than RMB. The expenses of the Group's overseas business are also settled in foreign currencies.

Pledge of Assets

As at 31 December 2013, certain assets of the Group were pledged to secure bank borrowings, guarantees and letters of credit facilities granted to the Group, as follows:

	2013	2012
Fixed assets	–	6,100,812
Cash and bank balances	**12,010,000**	10,925,180
Total	**12,010,000**	17,025,992

Information on Employees and Remuneration Policies

As at 31 December 2013, the number of full-time employees stood at 2,455 (2012: 2,530) with a total staff cost of approximately RMB206,236,636 (2012: approximately RMB161,191,364). The Group offered continual training, remuneration package of additional benefits to its employees, including retirement benefits, housing fund and medical insurance.

Contingent Liabilities

The Group provided financial guarantee to a bank for securing banking facilities granted to a jointly controlled entity, Huizhou Dongjiang Veolia Environmental Services Company Limited* (惠州東江威立雅環境服務有限公司). The balance of these financial guarantees have not yet expired as at 31 December 2013 (2012: RMB40,000,000). The maximum amount of these financial guarantee during the Reporting Period was RMB40,000,000 (2012: RMB40,000,000).

Due to the existing method of collection and processing of industrial waste adopted by the Group, the Group has not incurred any significant expenditure on environmental rehabilitation since its establishment. There is, however, no assurance that stringent environmental policies and/or standards on environmental rehabilitation will not be implemented by the relevant authorities in the PRC in the future which will require the Group to undertake environmental measures. The financial position of the Group may be adversely affected by any environmental liabilities which may be imposed under such new environmental policies and/or standards.

Save as disclosed above, the Group had no significant contingent liabilities for the years ended 31 December 2012 and 2013.

Capital Commitment

As at 31 December 2013, the capital commitment of the Group was as follows:

	2013	2012
Project		
Capital expenditures contracted for but not provided for in the financial statements		
– Construction in progress	**100,715,550.52**	21,408,671.43
– Acquisition of land use rights		–
– Acquisition of equipments	**8,382,100.00**	14,879,563.00
Total	**109,097,650.52**	36,288,234.43

FUTURE PROSPECTS

(1) DEVELOPMENT TREND OF THE INDUSTRY

To tackle the environmental problems such as smog, sewage, solid waste etc, since the "Eleventh Five-year Plan", China has greatly promoted energy saving and emission reduction, developed a circular economy, and aimed at building a resource saving and environmental friendly society. In August 2013, the State Council issued the Opinion on Accelerating the Development of Energy Saving Environmental Protection Industry, it proposed to position the energy saving environmental protection industry as a new pillar industry of the domestic economy, to further enhance the strategic position of the energy saving environmental protection industry in the market economy, in the Eighteenth Three Plenary Meeting, it was proposed that it should deepen the system reform of ecological civilization by closely focusing on bringing beauty to China, fostering the setting up of ecological civilization system, and emphasizing the important role of market resource allocation on the operation development, the environmental protection industry will tend to follow the market mechanism, besides the promulgation and implementation of the "Two Supreme Explanation", these increased the market opportunities of merger and acquisition and reorganization, increased the industrial waste business volume to the environmental protection industry, under the circumstances of gradual change to market mechanism and the environmental protection industry, being more regulated, the environmental protection companies with financial and technological strength will definitely obtain more market resources and achieve rapid development.

(2) DEVELOPMENT STRATEGY AND ANNUAL OPERATION PLAN OF THE GROUP

Since 2012, the domestic and global economy have been sluggish in general and the market demand was weak, the Group has been facing an unfavourable situation of continuous fall in product prices, rising purchase costs of raw materials, and it is expected that the trend may prevail in 2014 and may even continue for a prolonged period. In order to guarantee the healthy development of the Group and to strengthen the overall risk resistance ability of the Group, the Group will adjust the development strategies and business development plans of the Group in the business structure, market expansion and product structure aspects of the Group in 2014.

1. To develop the industrial waste treatment and disposal business, continue to optimize business structure

Due to the excessive proportion of the industrial waste recycling utilization business of the Group and the fact that it is more affected by the fluctuation of economic cycle, and in order to seize the opportunities presented by the serious inadequacy of the treatment facilities of the state and its request to increase the scale of constructing hazardous waste ultimate disposal facilities, the Group will greatly develop the industrial waste treatment and disposal business. On top of the successful setting up of treatment disposal bases in places – Shenzhen Shanjing, Longgang, Huizhou, Kunshan, several treatment disposal bases acquired or newly constructed in Jiangmen, Dongguan, Zhuhai and Shaoguan etc will be in operation successively from 2014 to 2015, the scope of business coverage and waste disposal volume will be further increased. At the same time the Group will increase the acquisition and construction of waste treatment disposal base, explore the hazardous waste collection and transportation market, increase the proportion of the treatment and disposal business in the revenue and profit, optimize the business structure, strengthen the stability of revenue.

2. To improve the interactive mechanism of waste collection prices and metal prices, actively explore high end refined products

After several years of practice, the Group has accumulated rich market experience regarding this trading mechanism, and has controlled the impact of metal price fluctuations on gross profit margin within a certain limit, this effectively reduced the impact of metal price fluctuations on the results of the Group. In 2014, the Group will continue to adapt to market changes, improve the interactive mechanism of waste collection prices and metal prices, at the same time it will reasonably use hedging instruments of futures, as well as strengthen the analysis of product marketing environment, research and study of sales information, feedback of information, and integrate them with production allocation to reduce the operational risks brought by metal price fluctuations to the largest extent.

At the same time, the Group will speed up the construction of new product – cooper salt products of electrolysis grade, market development and creation of brands with advantages, through the implementation of upgrade and succession of recycled products to explore a diversified and refined product direction, optimize product structure, enhance the value-added of recycled products, enhance the market competitiveness and profitability level of products.

3. Actively explore the municipal waste treatment business which is less affected by the macro-economic operation

The Group will greatly develop the municipal waste treatment business, implement the "breakthrough in key points", strengthen the business layout, increase the investment scale and intensity of that business to realize the strategic transformation of the Group. In 2014, Fuyong sludge Phase II project, Luohu District Kitchen Waste Recycling Project and Hunan Shaoyang Domestic Waste Landfill Project Phase II will be in service successively. At the same time, the Group will actively seek new municipal waste projects, including household waste incineration, landfill gas power generation project etc, the municipal waste treatment business will become another pillar for the revenue of the principal activities of the Group.

(3) MAJOR RISK FACTORS AND CONTINGENCY MEASURES

1. Falling prices of non-ferrous metals. In 2014, the economic development of the non-ferrous metal market has a lot of uncertainty, the prices of non-ferrous metals are still worrisome. In 2014, while the Group set up and promote the production and sales of cooper salt high value-added products of electrolysis grade, it will carry out futures business for hedging in the hope of controlling the operating risk caused by falling metal prices.

2. Risk of delays in engineering projects. The Group has established and improved a series of project management system in 2013, however, the solid waste treatment and disposal projects, particularly those for hazardous waste, are complicated and involve many processes and long construction cycle. These projects are exposed to uncertainties, such as long legitimate approval process, which will affect the construction progress of the projects. As such, the Group implemented the project management accountability system to coordinate the management of newly established projects, and impose strict supervision on their progress, quality and fund investment aspects etc, and in second half of 2013, it started to launch and implement the preliminary technology proposal assessment mechanism to reduce the negative impact on the progress due to material technological changes which may occur at the later stage design or during the construction process.

3. Operation management risk. In 2013, in order to optimize, regulate the internal management, the Group adopted a series of measures, set up the internal control and standardized systems, improved the systems, but the number of new project systems of the Group were huge, under the situations of rapid market expansion, the corporate management must be further strengthened, the tasks of "Optimization of project investment and construction management", "Optimization of performance management system", "Innovative human resources management model" have been included in the ten key tasks of 2014 of the Group to facilitate the further improvement of systems, standardized management in the human resources, technology and project areas.

4. Technological innovation risk. The growth in environmental protection industry has a tendency towards marketization, the gradual strengthening of supervision over environmental protection is beneficial for the development of listed companies with regulated operation, under such circumstances, technological innovation appears to be more important, the technological innovation level of the Group needs to be further enhanced. In 2014, it will promote the transformation of technology management, attract, nurture professional R&D talents while improving the incentive mechanism for the R&D talents, enhance the technological innovation initiative of R&D staff.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.3 per share of the Company (inclusive of tax) (2012: RMB0.4) to all shareholders of the Company based on the total number of shares of 231,564,561 shares of the Company, with the total amount of dividend to be paid be RMB69,469,368.30, subject to approval by the shareholders of the Company at the 2013 annual general meeting ("AGM") to be convened and held. In addition, the Board proposes to offer to all shareholders of the Company 5 ordinary shares for each 10 ordinary shares held by shareholders of the Company by way of conversion of capital reserve, thereby issuing 115,782,280 shares (including 26,685,000 H shares and 89,097,280 A shares) based on the total number of 231,564,561 shares of the Company. Following the aforesaid conversion of capital reserve, the Company shall have a total of 347,346,841 shares (including 80,055,000 H shares and 267,291,841 A shares). The aforesaid conversion of capital reserve is subject to, among other things, the approval by shareholders of the Company at the AGM, the class meeting for holders of H shares and the class meeting for holders of A shares to be convened and held, and the Stock Exchange granting approval for the listing of the 26,685,000 H shares to be issued on the Main Board of the Stock Exchange. The Company will make further announcement in accordance with the Listing Rules upon the record date to ascertain holders of H shares and holder of A shares entitled to the final dividends and the conversion of capital reserve is determined.

ISSUE OF SHARES BY CONVERSION OF CAPITAL RESERVE

On 27 March 2013, the Company announced its proposals to issue 5 new shares for each 10 existing shares by way of conversion of capital reserve to all the shareholders of the Company. The proposed issue of shares of the Company was approved by the shareholders at the annual general meeting of the Company held on 14 June 2013, the class meeting of holders of H shares and the class meeting for holders of A shares held on 14 June 2013.

57,448,187 A shares and 17,790,000 H shares were issued on 26 June 2013 and 27 June 2013, respectively. The total number of issued shares of the Company increased to 225,714,561 shares (comprising 172,344,561 A shares and 53,370,000 H shares) as a result of such issue. The articles of association of the Company have been amended consequential to the completion of issue of shares by conversion of capital reserve on 27 June 2013.

For details of the issue of shares by conversion of capital reserve, please refer to the announcements of the Company dated 27 March 2013, 25 April 2013, 14 June 2013 and 26 June 2013, and the circular of the Company dated 26 April 2013.

ISSUE OF DOMESTIC CORPORATE BONDS

On 22 August 2013, the Board proposed the issue of domestic corporate bonds with an aggregate principal amount of not exceeding RMB700 million (inclusive of RMB700 million) in the PRC.

On 10 October 2013, the proposed issue of domestic corporate bonds was approved by the shareholders at the extraordinary general meeting of the Company held on 10 October 2013.

On 15 January 2014, the Issuance Examination Committee of China Securities Regulatory Commission of the PRC ("CSRC") approved the application for issuing corporate bonds to the public from the Company.

On 5 March 2014, the Company received the Approval of Public Issue of Corporate Bonds by Dongjiang Environmental Company Limited (ZJXK[2014] No.190) from CSRC, and the contents of the approval are as follows:-

1. The issuance of corporate bonds with a par value not exceeding RMB700 million by the Company to the public has been approved;

2. The corporate bonds shall be issued by instalments, and the par value of the first phase of issue of the corporate bond shall not be less than 50% of total par value of the corporate bonds, and the first phase of the issue shall be completed within 6 months from the date of approval; The issuance of the remaining instalments shall be completed within 24 months respectively from the date of approval;

3. The issuance of the corporate bonds shall be implemented in strict accordance with the offer documents and announcement in relation to the offer submitted to CSRC;

4. The approval shall be valid within 24 months from the date of approval.

For details of the issue of domestic corporate bonds, please refer to the announcements of the Company dated 22 August 2013, 10 October 2013, 15 January 2014 and 5 March 2014, and the circular of the Company dated 23 August 2013.

ADOPTION OF THE RESTRICTED A SHARE INCENTIVE SCHEME AND THE FIRST GRANT

On 26 November 2013, the Board considered and approved the proposal to adopt the Restricted A Share Incentive Scheme and the proposed grant thereunder.

The share incentive participants of the Restricted A Share Incentive Scheme include directors, senior management and key employees of the Group at the time of implementation of the Restricted A Share Incentive Scheme by the Company.

Pursuant to the Restricted A Share Incentive Scheme, the total number of restricted shares that may be granted shall not exceed 6,710,000 A shares. The Restricted A Share Incentive Scheme shall be effective within 48 months from the date of grant of the restricted shares.

On 8 November 2013, the Company was notified that CSRC has confirmed that it has no objection and has filed the registration about the initial draft of the Restricted A Share Incentive Scheme and its revised contents submitted by the Company.

The proposed adoption of the Restricted A Share Incentive Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 13 January 2014, the class meeting of holders of H shares and the class meeting for holders of A shares held on 13 January 2014.

On 23 January 2014, the first grant under the Restricted A Share Incentive Scheme (the "First Grant") was considered and approved by the Board. On the same date, an aggregate of 5,850,000 A shares have been issued and granted to the share incentive participants at the price of RMB19.37 per share pursuant to the Restricted A Share Incentive Scheme.

On 12 February 2014, all the relevant procedures (including the capital verification of the fund for subscription) concerning the First Grant in accordance with the relevant requirements of CSRC, the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited have been completed.

On 14 February 2014, 5,850,000 A shares commenced trading on the Shenzhen Stock Exchange. Some key information in respect of the listing of A shares is as follows:

Place of listing	:	Shenzhen Stock Exchange
Date of listing	:	14 February 2014
Stock name	:	DJE
Stock code	:	002672
Total number of issued shares of the Company immediately after the issue of A shares under the First Grant	:	231,564,561 (comprising 178,194,561 A shares and 53,370,000 H shares)

On 21 February 2014, the articles of association of the Company have been amended as a result of the completion of issue of A shares under the First Grant.

For details of the Restricted A Share Incentive Scheme and the First Grant, please refer to the announcements dated 19 September 2013, 26 September 2013, 8 November 2013, 27 November 2013, 28 November 2013, 27 December 2013, 13 January 2014, 23 January 2014, 12 February 2014 and 21 February 2014, and the circular of the Company dated 28 November 2013.

AMENDMENT TO THE TERMS OF REFERENCE OF NOMINATION COMMITTEE

The terms of reference of the nomination committee of the Company was amended on 16 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duty.

CHANGE OF FINANCIAL CONTROLLER OF THE COMPANY

On 8 November 2013, Mr. Cao Tingwu has resigned from the position of the financial controller of the Company. After his resignation, he remained his position as the vice president of the Company. On the same date, Mr. Tian Huachen was appointed as the financial controller in replace of Mr. Cao Tingwu in charge of the financial management of the Company.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited (the "Branch Share Registrar"), will change its address from 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with shareholders of the Company through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and profit.

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2013 and up to the date of this announcement.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS

The figures of the Group's financial results for the year ended 31 December 2013 contained in this announcement have been agreed by the Group's auditors, SHINEWING Certified Public Accountants, to the amounts set out in the Group's financial statements for the year ended 31 December 2013. The work performed by SHINEWING Certified Public Accountants in this respect did not constitute an assurance engagement in accordance with the PRC Accounting Standards issued by China Ministry of Finance and consequently, no assurance has been expressed by SHINEWING Certified Public Accountants on this announcement.

AUDIT COMMITTEE

The Company had set up an audit committee (the "Audit Committee") on 14 January 2003 with written terms of reference, for the purpose of reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, formulating and implementing policies in relation to the non-audit services provided by auditors, reviewing the Company's financial information and its disclosure, monitoring the Company's internal control system and its implementation, reviewing and providing supervision over the Group's financial reporting process and internal control of the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ye Ru Tang, Mr. Hao Ji Ming and Mr. Wang Ji De. Mr. Wang Ji De has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the Company's financial statements for the year ended 31 December 2013 and this announcement.

By order of the Board
Dongjiang Environmental Company Limited*
Zhang Wei Yang
Chairman

27 March 2014
Shenzhen, Guangdong Province, the PRC

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Zhang Wei Yang, Mr. Chen Shu Sheng and Mr. Li Yong Peng; three non-executive Directors, being Mr. Feng Tao, Mr. Feng Bo and Ms. Sun Ji Ping; and three independent non-executive Directors, being Mr. Ye Ru Tang, Mr. Hao Ji Ming and Mr. Wang Ji De.

In this announcement, the English names of the PRC entities are translation of their Chinese names and included for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

* *For identification purposes only*