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 2017

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 2017 (the "**Reporting Period**"), together with the comparative figures of the year ended 31 December 2016 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 2017

Items	*Note*	**2017**	2016
Total operating revenue	3	**3,099,658,647.44**	2,617,076,763.36
Total operating costs		**2,623,511,664.13**	2,212,750,690.89
Including: Cost of operation		**1,987,509,300.10**	1,671,757,249.99
Fee and commission expenses		**–**	4,248.41
Sales tax and levies		**41,986,351.40**	38,107,000.05
Selling expenses		**68,630,471.74**	57,847,413.77
Administrative expenses		**415,278,552.29**	339,798,493.78
Finance costs	7	**98,676,710.50**	96,085,768.38
Impairment loss for assets		**11,430,278.10**	9,150,516.51
Add: Gain on fair value changes		**380,473.53**	1,144,046.00
Investment income		**23,689,636.99**	178,841,427.09
Including: Share of profit of associates and jointly controlled entity		**22,434,846.72**	16,085,160.64
Asset disposal income		**-4,600,814.83**	-17,333,353.95
Other income		**110,137,172.44**	–

Items	*Note*	**2017**	2016
Operating profits		**605,753,451.44**	566,978,191.61
Add: Non-operating income		**23,191,759.79**	117,366,306.10
Less: Non-operating expenses		**6,372,067.57**	10,639,082.03
Total profit		**622,573,143.66**	673,705,415.68
Less: Income tax expenses	*8*	**69,217,094.23**	96,569,564.69
Net profit		**553,356,049.43**	577,135,850.99
Net profit in continued operation		**553,376,531.67**	–
Net profit in discontinued operation		**-20,482.24**	–
Net profit attributable to shareholders of the Company		**473,375,978.13**	533,813,817.46
Minority interests		**79,980,071.30**	43,322,033.53
Earnings per share	*9*		
Basic earnings per share		**0.55**	0.62
Diluted earnings per share		**0.55**	0.62
Other comprehensive income		**-496,036.13**	4,024,656.12
Other comprehensive income to shareholders of the Company, net of tax		**-496,036.13**	4,024,656.12
Items to be reclassified to profit and loss in the future		**-496,036.13**	4,024,656.12
Exchange difference on translation of financial statement in foreign currency		**-496,036.13**	514,954.92
Other		**–**	3,509,701.20
Total comprehensive income		**552,860,013.30**	581,160,507.11
Total comprehensive income attributable to shareholders of the Company		**472,879,942.00**	537,838,473.58
Total comprehensive income attributable to minority		**79,980,071.30**	43,322,033.53

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

Items	*Note*	2017	2016
Current Assets:			
Cash and bank balances		**1,242,430,230.43**	1,160,073,128.47
Financial assets at fair value through profit and loss		**–**	1,667,820.00
Bills receivable	*11*	**86,366,871.17**	43,826,934.87
Accounts receivable	*11*	**694,636,069.79**	493,350,206.69
Prepayments	*11*	**49,245,646.02**	58,626,629.51
Interest receivable		**–**	612,851.17
Other receivables	*11*	**296,097,793.32**	250,742,693.80
Inventories		**312,588,190.52**	267,170,579.55
Loans		**254,980,000.00**	274,275,000.00
Non-current asset due within one year		**11,084,380.33**	16,930,533.96
Other current assets		**88,979,559.41**	144,416,881.51
Total current assets		**3,036,408,740.99**	2,711,693,259.53
Non-current assets:			
Available-for-sale financial assets		**13,431,700.00**	14,931,700.00
Held-to-maturity investment		**20,000,000.00**	–
Long-term accounts receivable		**194,929,785.02**	225,111,058.25
Long-term equity investments		**243,310,020.04**	138,075,173.33
Investment properties		**89,685,173.20**	66,388,962.20
Fixed assets		**1,649,540,887.90**	1,397,225,395.38
Construction in progress		**1,605,701,931.03**	1,455,607,111.76
Intangible assets		**912,308,605.74**	828,345,528.78
Development expenditure		**10,741,736.70**	9,887,422.97
Goodwill		**1,235,994,451.48**	1,118,860,359.88
Long-term prepayments		**19,979,692.84**	5,027,895.31
Deferred income tax assets		**15,222,949.45**	20,565,246.42
Other non-current assets		**192,891,698.08**	197,429,402.27
Total non-current assets		**6,203,738,631.48**	5,477,455,256.55
Total assets		**9,240,147,372.47**	8,189,148,516.08

Items	Note	2017	2016
Current liabilities:			
Short-term borrowings		**1,872,637,100.25**	1,735,862,188.25
Accounts payable	*12*	**705,134,001.34**	713,257,454.13
Receipts in advance	*12*	**139,360,367.89**	122,667,701.18
Accrued staff salaries		**62,977,562.92**	49,024,619.72
Tax payable		**61,811,293.24**	94,270,901.66
Interest payables		**891,381.67**	492,344.62
Dividend payables		**6,593,410.01**	2,240,850.00
Other accounts payables	*12*	**307,227,675.19**	386,376,361.66
Non-current liabilities repayable within one year		**6,131,610.36**	296,546,305.45
Other current liabilities		**7,384,032.79**	7,063,249.92
Total current liabilities		**3,170,148,435.66**	3,407,801,976.59
Non-current liabilities:			
Long-term borrowings		**292,554,335.54**	397,910,986.99
Bonds payables		**1,289,727,036.55**	357,165,749.95
Long-term payables		**1,691,598.24**	2,047,313.05
Specific payables		**2,075,259.49**	–
Deferred income tax liabilities		**155,897,737.22**	152,709,774.72
Deferred income		**3,391,543.77**	3,005,865.08
Other non-current liabilities		**2,813,900.00**	2,813,900.00
Total non-current liabilities		**1,748,151,410.81**	915,653,589.79
Total Liabilities		**4,918,299,846.47**	4,323,455,566.38
Shareholders' equity:			
Share capital		**888,237,102.40**	887,152,102.40
Capital reserve		**505,827,372.67**	518,915,703.92
Less: treasury stock		**124,677,510.00**	210,095,760.00
Other comprehensive income		**2,564,766.23**	3,060,802.36
Special reserve		**3,128,442.22**	1,912,526.46
Surplus reserve		**199,255,721.44**	190,854,508.48
General risk provision		**4,114,125.00**	4,114,125.00
Undistributed profits		**2,250,645,463.83**	1,892,980,408.00
Total equity attributable to shareholders of the Company		**3,729,095,483.79**	3,288,894,416.62
Minority interests		**592,752,042.21**	576,798,533.08
Total shareholders' equity		**4,321,847,526.00**	3,865,692,949.70
Total liabilities and shareholders' equity		**9,240,147,372.47**	8,189,148,516.08
Net current assets	*13*	**-133,739,694.67**	-696,108,717.06
Total assets less current liabilities	*14*	**6,069,998,936.81**	4,781,346,539.49

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

Items	2017									
	Attributable to shareholders of the Company									
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance as at the end of previous year	**887,152,102.40**	**518,915,703.92**	**210,095,760.00**	**3,060,802.36**	**1,912,526.46**	**190,854,508.48**	**4,114,125.00**	**1,892,980,408.00**	**576,798,533.08**	**3,865,692,949.70**
II. Balance as at the beginning of the year	**887,152,102.40**	**518,915,703.92**	**210,095,760.00**	**3,060,802.36**	**1,912,526.46**	**190,854,508.48**	**4,114,125.00**	**1,892,980,408.00**	**576,798,533.08**	**3,865,692,949.70**
III. Change for the year	**1,085,000.00**	**-13,088,331.25**	**-85,418,250.00**	**-496,036.13**	**1,215,915.76**	**8,401,212.96**		**357,665,055.83**	**15,953,509.13**	**456,154,576.30**
1. Total comprehensive income				**-496,036.13**				**473,375,978.13**	**79,980,071.30**	**552,860,013.30**
2. Shareholders' capital injection and capital reduction	**1,085,000.00**	**-13,088,331.25**	**-85,418,250.00**						**-10,076,562.17**	**63,338,356.58**
1) Comment shares invested by shareholder									**300,000.00**	**300,000.00**
2) Capital injection from shareholders	**1,085,000.00**	**30,041,455.14**	**-85,418,250.00**							**116,544,705.14**
3) Others		**-43,129,786.39**							**-10,376,562.17**	**-53,506,348.56**
3. Profit distribution						**8,401,212.96**		**-115,710,922.30**	**-53,950,000.00**	**-161,259,709.34**
1) Transfer to surplus						**8,401,212.96**		**-8,401,212.96**		
2) Distribution to shareholders								**-107,309,709.34**	**-53,950,000.00**	**-161,259,709.34**
4. Special reserve					**1,215,915.76**					**1,215,915.76**
1) Extraction in the year					**3,124,876.10**					**3,124,876.10**
2) Use in the year					**1,908,960.34**					**1,908,960.34**
IV. Balance as at the end of the year	**888,237,102.40**	**505,827,372.67**	**124,677,510.00**	**2,564,766.23**	**3,128,442.22**	**199,255,721.44**	**4,114,125.00**	**2,250,645,463.83**	**592,752,042.21**	**4,321,847,526.00**

For the year ended 31 December 2016

Items	2016									
	Attributable to shareholders of the Company									
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance as at the end of previous year	869,382,102.40	360,917,434.35	99,934,300.00	-963,853.76	146,004.53	153,885,483.70	2,473,635.00	1,467,253,273.48	466,375,762.07	3,219,535,541.77
II. Balance as at the beginning of the year	869,382,102.40	360,917,434.35	99,934,300.00	-963,853.76	146,004.53	153,885,483.70	2,473,635.00	1,467,253,273.48	466,375,762.07	3,219,535,541.77
III. Change for the year	17,770,000.00	157,998,269.57	110,161,460.00	4,024,656.12	1,766,521.93	36,969,024.78	1,640,490.00	425,727,134.52	110,422,771.01	646,157,407.93
1. Total comprehensive income				4,024,656.12				533,813,817.46	43,322,033.53	581,160,507.11
2. Shareholders' capital injection and capital reduction	17,770,000.00	157,998,269.57	110,161,460.00						81,646,727.52	147,253,537.09
1) Capital injection from shareholders	17,770,000.00	145,920,662.06	110,161,460.00							53,529,202.06
2) Others		12,077,607.51							81,646,727.52	93,724,335.03
3. Profit distribution						36,969,024.78	1,640,490.00	-108,086,682.94	-14,545,990.04	-84,023,158.20
1) Transfer to surplus reserve						36,969,024.78		-36,969,024.78		
2) Transfer to general risk provision							1,640,490.00	-1,640,490.00		
3) Distribution to shareholders								-69,477,168.16	-14,545,990.04	-84,023,158.20
4. Special reserve					1,766,521.93					1,766,521.93
1) Extraction in the year					2,609,474.34					2,609,474.34
2) Use in the year					842,952.41					842,952.41
5. Others										
IV. Balance as at the end of the year	887,152,102.40	518,915,703.92	210,095,760.00	3,060,802.36	1,912,526.46	190,854,508.48	4,114,125.00	1,892,980,408.00	576,798,533.08	3,865,692,949.70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 waste; 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 and other relevant regulations (hereinafter referred to as Accounting Standard for Business Enterprises), as well as Information Disclosure Rule for the Companies Public Offering Securities, No.15 – General Provisions for Financial Statement (revised in 2014) issued by China Securities Regulatory Commission, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Hong Kong Companies Ordinance. The financial statement of the Group is also made based on the Accounting Policies and Estimates applied for the Group.

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 Reporting Period.

Analysis of the total operating revenue is as follows:

	2017	2016
Business segment		
Industrial waste recycling	**1,181,528,804.30**	791,230,577.75
Industrial waste treatment and disposal	**1,167,436,763.04**	843,267,265.74
Municipal waste treatment and disposal	**192,959,514.67**	305,774,583.08
Renewable energy utilization	**92,982,463.50**	91,864,323.28
Environmental engineering and services	**279,820,620.98**	245,432,137.01
Trading and others	**127,619,567.07**	118,872,828.69
Waste Electrical Appliance Dismantling Treatment	**57,310,913.88**	220,635,047.81
Total	**3,099,658,647.44**	2,617,076,763.36

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 main contractor or subcontractor of system and services in respect of environmental services, such as design and construction of environmental projects; operation of environment protection facilities, and assessment of environmental impact segments, environment monitoring and consulting
Trading and others	Sales of chemical products and leasing activities
Waste Electrical Appliance Dismantling Treatment	Collection, disassembling, treatment and recycling of waste electrical appliances

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.

Segment information for 2017

Unit: Yuan

Items	Industrial waste recycling	Industrial waste treatment and disposal	Municipal waste treatment and disposal	Renewable energy utilization	Environmental engineering and services	Trading and others	Waste Electrical Appliance Dismantling Treatment	Unallocated amounts	Elimination	Total
Operation revenue	1,181,528,804.30	1,179,753,954.40	192,959,514.67	92,982,463.50	310,436,624.92	239,806,659.16	57,310,913.88	–	-155,120,287.39	3,099,658,647.44
Including:										
Revenue from external transactions	1,181,528,804.30	1,167,436,763.04	192,959,514.67	92,982,463.50	279,820,620.98	127,619,567.07	57,310,913.88	–	–	3,099,658,647.44
Revenue from intra-segment transactions		12,317,191.36	–	–	30,616,003.94	112,187,092.09	–	–	-155,120,287.39	–
Operating costs	859,206,068.70	622,401,495.46	168,293,339.43	58,960,461.94	238,474,168.61	147,879,890.35	47,414,163.00	41,986,351.40	-155,120,287.39	2,029,495,651.50
Period Charge	191,328,636.03	166,198,023.83	21,040,621.19	5,303,716.15	17,886,423.40	24,942,089.47	10,165,901.29	179,148,282.17	-33,427,959.00	582,585,734.53
Total profit for segment (total loss)	189,771,555.64	448,526,800.95	5,841,951.07	38,601,412.10	69,148,038.34	67,309,579.12	818,803.02	-197,444,996.58	–	622,573,143.66
Total assets	2,746,642,549.64	2,213,140,946.95	436,005,258.28	248,886,728.70	542,213,262.64	1,042,578,547.97	406,608,291.64	4,176,577,555.95	-2,572,505,769.30	9,240,147,372.47
Total liabilities	300,445,317.40	980,864,610.73	468,700,272.20	34,943,333.19	283,318,349.87	105,007,347.13	158,708,211.86	2,773,585,032.55	-187,272,628.46	4,918,299,846.47
Capital expenditure	157,046,678.89	451,769,636.75	12,129,565.28	14,538,275.85	23,231,971.40	204,107,195.18	12,188,107.40	–	–	875,011,430.75
Recognized loss of impairment	2,492,232.24	3,290,014.43	-146,576.17	-16,469.86	-120,517.49	746,937.53	-68,490.56	6,027,038.98	-773,891.00	11,430,278.10
Including: Goodwill impairment apportionment										
Depreciation and amortization	81,658,591.55	108,301,816.70	27,688,063.66	26,514,273.88	4,867,576.51	4,706,744.19	6,127,852.24	–	–	259,864,918.73
Non-cash expenses other than loss of impairment, depreciation and amortization	2,011,442.54	2,095,141.81	–	36,700.00	–	782,787.55	–	–	–	4,926,071.90

Segment information for 2016

Unit: Yuan

Items	Industrial waste recycling	Industrial waste treatment and disposal	Municipal waste treatment and disposal	Renewable energy utilization	Environmental engineering and services	Trading and others	Waste Electrical Appliance Dismantling Treatment	Unallocated amounts	Elimination	Total
Operation revenue	791,230,577.75	853,769,649.82	305,774,583.08	91,864,323.28	310,557,158.52	176,612,988.97	220,635,047.81	35,903,556.17	-169,271,122.04	2,617,076,763.36
Including:										
Revenue from external transactions	791,230,577.75	843,267,265.74	305,774,583.08	91,864,323.28	245,432,137.01	118,872,828.69	220,635,047.81	–	–	2,617,076,763.36
Revenue from intra-segment transactions	–	10,502,384.08	–	–	65,125,021.51	57,740,160.28	–	35,903,556.17	-169,271,122.04	–
Operating costs	531,562,961.60	434,845,961.30	250,507,159.06	59,889,550.32	236,691,252.37	90,208,670.18	209,663,090.58	1,994,038.64	-105,494,185.60	1,709,868,498.45
Period Charge	164,045,616.58	143,400,760.45	39,838,812.87	7,255,529.00	12,802,168.93	26,910,789.91	18,901,605.20	130,739,727.66	-50,163,334.67	493,731,675.93
Total profit for segment (total loss)	109,581,667.22	316,112,622.95	23,290,084.99	34,808,953.09	63,838,560.46	70,335,805.22	-4,956,693.39	228,090,844.52	-167,396,429.38	673,705,415.68
Total assets	2,305,642,930.91	2,005,046,511.27	413,920,780.84	243,044,843.88	478,398,873.96	964,649,383.65	365,521,124.77	3,792,790,929.32	-2,379,866,862.52	8,189,148,516.08
Total liabilities	371,857,568.69	818,103,031.23	106,634,778.46	47,988,782.31	294,829,606.42	379,564,088.65	145,822,593.27	2,301,971,149.00	-143,316,031.65	4,323,455,566.38
Capital expenditure	181,416,949.50	805,164,385.19	25,508,326.56	12,890,489.19	13,775,643.37	123,719,917.86	9,918,770.75	–	–	1,172,394,482.42
Recognized loss of impairment	1,765,953.90	5,535,744.61	-759,793.99	-515.08	891,325.93	69,456.17	84,966.36	1,563,378.61	–	9,150,516.51
Depreciation and amortization	63,406,407.61	91,072,754.99	57,928,596.95	31,265,865.78	16,561,603.88	9,757,361.33	16,288,847.83	–	–	286,281,438.37
Non-cash expenses other than loss of impairment, depreciation and amortization	1,018,121.20	2,649,355.63	557,685.69	–	400,000.00	605,516.69	–	–	–	5,230,679.21

5. GROSS PROFIT

	2017	2016
Total Operating Revenue	**3,099,658,647.44**	2,617,076,763.36
Less: Cost of operations	**1,987,509,300.10**	1,671,757,249.99
	1,112,149,347.34	945,319,513.37

6. TOTAL PROFIT

	2017	2016
Total profit has been arrived at after charging (crediting):		
Staff costs (including directors' emolument)		
– Wages, salaries and other benefits	**464,401,022.22**	383,382,464.51
– Retirement scheme contribution	**32,288,607.85**	26,224,263.64
Total staff costs	**496,689,630.07**	409,606,728.15
Amortisation of intangible assets	**61,256,415.78**	107,737,514.34
Auditors remuneration	**1, 350, 000.00**	1,250,000.00
Recognised cost of inventories	**1,987,509,300.10**	1,671,757,249.99
Depreciation on fixed assets	**194,526,993.19**	175,363,546.31
Provision (reversal of provision) for bad debts	**11,430,278.10**	9,150,516.51
Impairment loss on inventories	**–**	–
Impairment loss on goodwill	**–**	–
Minimum lease payment in respect of office, plant and staff quarter	**16,917,963.07**	16,690,198.94
Research and development expenses	**64,696,266.82**	37,668,604.08
Loss on disposal of fixed assets, net	**4,600,814.83**	17,333,353.95
(Increase) Decrease in investment fair value of financial assets at fair value recorded as profit and loss	**–**	-120,870.00
(Increase) Decrease in fair value of investment properties	**-380,473.53**	-1,023,176.00
Government grants	**18,510,113.16**	122,895,656.28

7. FINANCE COSTS

	2017	2016
Interest expense	**105,424,157.53**	102,061,330.71
Less: Interest income	**7,472,584.20**	8,334,989.24
Add: Exchange difference	**-491,322.24**	721,234.08
Add: Other expenses	**1,216,459.41**	1,638,192.83
Total	**98,676,710.50**	96,085,768.38

Breakdown of interest expenses is as follows:

	2017	2016
Interest on bank loans wholly repayable within 5 years	**108,372,421.55**	113,651,129.79
Bond interest based on the actual rate	**48,666,812.75**	23,542,500.69
Finance leases charges	**199,870.14**	229,424.58
	157,239,104.44	137,423,055.06
Less: Interest capitalised	**51,814,946.91**	35,361,724.35
Total	**105,424,157.53**	102,061,330.71

Borrowing cost capitalized during the year ended 31 December 2017 is calculated by applying a capitalization rate of 5.21% (2016: 5.36%) per annum to expenditure on qualifying assets.

8. INCOME TAX

(1) Income tax expenses comprise:

	2017	2016
Current income tax	**63,492,871.95**	98,056,297.59
Deferred income tax	**5,724,222.28**	-1,486,732.90
Total	**69,217,094.23**	96,569,564.69

(2) Current income tax

	2017	2016
Current income tax		
– PRC	**66,373,580.21**	102,213,894.85
– Hong Kong	**–**	–
Over-provision in prior years		
– PRC	**-2,880,708.26**	-4,157,597.26
Total	**63,492,871.95**	98,056,297.59

The Company, Huizhou Dongjiang Environmental Technology Co., Ltd. ("**Huizhou Dongjiang**"), Kunshan Qiandeng Wastes Treatment Co., Ltd. ("**Qiandeng Wastes Treatment**"), Qingyuan Xinlv Environmental Technology Ltd. ("**Qingyuan Xinlv**"), Shenzhen Dongjiang Heritage Technologies Co., Ltd. ("**Dongjiang Heritage**"), Jiaxing Deda Resource Recycling Ltd. ("**Jiaxing Deda**"), Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. ("**Longgang Dongjiang**"), Shenzhen Huabao Technology Ltd. ("**Huabao Technology**"), Karamay Wosen Environmental Technology Co., Ltd. ("**Wosen Environmental**") and Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd. ("**Zhuhai Yongxingsheng**"), Yancheng Coastal Solid Waste Disposal Co., Ltd. ("**Coastal Solid Waste**"), Jiangxi Dongjiang Environmental Technology Co., Ltd. ("**Jiangxi Dongjiang**") are listed as new and high technology enterprises and are entitled to tax incentives at 15% EIT tax rate; At the same time, Qiandeng Wastes Treatment, Jiaxing Deda, Qingyuan Xinlv, Baoan Dongjiang and Huizhou Dongjiang's revenue from resources recycling business enjoys 90% reduction on assessable total revenue of EIT tax; The Company, Qingyuan Xinlv, Huaxin Environmental, Dongjiang Heritage, Qiandeng Wastes Treatment, Huabao Technology, Jiaxing Deda, Costal Solid Waste, Zhuhai Yongxingsheng, Longgang Dongjiang, Baoan Dongjiang and Huizhou Dongjiang's research and development fees enjoy EIT reduction of 50% before tax.

Longgang Dongjiang, Jiangxi Dongjiang, Jiangmen Dongjiang Environmental Technology Ltd. ("**Jiangmen Dongjiang**"), Wosen Environmental, Nantong Hui Tian Ran Solid Waste Landfills Co., Ltd. ("**Nantong Hui Tian Ran**"), Fujian Oasis Solid Waste Treatment Co., Ltd., a wholly-owned subsidiary of Xiamen Dongjiang ("**Fujian Oasis Solid Waste**"), Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd. ("**Tianyin Hazardous Waste**"), Hengshui Ruitao Environmental Technology Co., Ltd. ("**Hengshui Ruitao**"), Shaoxing Huaxin Environmental Technology Co., Ltd. ("**Huaxin Environmental**") are entitled to income tax incentive on environmental protection and energy saving and water saving projects that meet certain requirements.

Longgang Dongjiang enjoys full EIT exemption from 2012 to 2014, and 50% EIT reduction from 2015 to 2017. Jiangxi Dongjiang enjoys full EIT exemption from 2016 to 2018, and 50% EIT reduction from 2019 to 2021. Jiangmen Dongjiang enjoys full EIT exemption from 2015 to 2017, and 50% EIT reduction from 2018 to 2020. Wosen Environmental enjoys full EIT exemption from 2015 to 2017 and 50% EIT reduction from 2018 to 2020. Nantong Hui Tian Ran enjoys full EIT exemption from 2016 to 2018, and 50% EIT reduction from 2019 to 2021. Fujian Oasis Solid Waste enjoys full EIT exemption from 2014 to 2016, and enjoys full EIT exemption from 2017 to 2019. Tianyin Hazardous Waste enjoys full EIT exemption from 2017 to 2019, and 50% EIT reduction from 2020 to 2022. Hengshui Ruitao enjoys full EIT exemption from 2014 to 2016, and 50% EIT reduction from 2017 to 2019. Huaxin Environmental enjoys full EIT exemption from 2017 to 2019, and 50% EIT reduction from 2020 to 2022.

Zhuhai Yongxingsheng is entitled to tax incentives for new and high technology enterprises at 15% EIT tax rate from 2017 to 2019, and it enjoys full EIT exemption for revenue from engaging in incineration of hazardous wastes in line with environmental protection, and energy-saving and water-saving projects.

Pursuant to Cai Shui [2017] No. 43, qualified small and micro-enterprises with annual assessable revenue below RMB500,000 (inclusive) enjoy 50% reduction of assessable revenue and an EIT rate of 20% from 1 January 2017 to 31 December 2019. Zhuhai Qingxin Industrial Environment Ltd. ("**Zhuhai Qingxin**") is a small-scale enterprise with low profitability, hence it enjoys 50% reduction of its assessable revenue and an EIT rate of 20%.

Pursuant to Cai Shui [2015] No. 34, qualified small and micro-enterprises with annual assessable revenue below RMB200,000 (inclusive) enjoy 50% reduction of assessable revenue and an EIT rate of 20% from 1 January 2015 to 31 December 2017. Zhenjiang Dongjiang Environmental Technology Development Co., Ltd. ("**Zhenjiang Dongjiang**") is a small-scale enterprise with low profitability, hence it enjoys 50% reduction of its assessable revenue and an EIT rate of 20%.

Shenzhen Dongjiang Properties Service Co., Ltd. ("**Dongjiang Properties**") is a small-scale enterprise with low profitability, hence it enjoys 50% reduction of its assessable revenue and an EIT rate of 20%.

Subsidiaries established and operating in the PRC pay EIT at a rate of 25%. Subsidiaries established in Hong Kong pay Hong Kong profits tax at a tax 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 2017 attributable to shareholders of the Company of RMB473,375,978.13 (2016: RMB533,813,817.46), and the weighted average of approximately 865,497,102 shares (2016: 858,305,019 shares) ordinary shares in issue during the year ended 31 December 2017.

Diluted earnings per share was same as basic earnings per share for the two years ended 31 December 2017 as there were no diluting events during both years.

10. DIVIDENDS

Dividends attributable to the year are as follows:

	2017	2016
Interim dividend declared and distributed of RMB0 per share (2016: RMB0)	**–**	–
Final dividend proposed after the balance sheet date of RMB0.161 per share (2016: RMB0.121)	**142,823,116.42**	107,309,709.34
Total	**142,823,116.42**	107,309,709.34

The Board recommends the payment of a final dividend of RMB0.161per share of the Company (inclusive of tax) (2016: RMB0.121) to all the shareholders of the Company based on the total number of shares of 887,100,102 shares of the Company, Accordingly, the total amount of dividend to be paid is RMB142,823,116.42. No bonus share will be issued and no capital reserves will be converted into shares. The abovesaid proposal is subject to approval by the shareholders of the Company at the 2017 annual general meeting ("**AGM**") to be convened and held. 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 is determined.

A circular containing details of distribution of dividend together with the notice of the annual general meeting will be dispatch to the shareholders in due course.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
Accounts receivable	**715,484,041.65**	510,979,845.03
Less: Provision for bad debts for accounts receivable	**20,847,971.86**	17,629,638.34
	694,636,069.79	493,350,206.69
Bills receivable	**86,366,871.17**	43,826,934.87
Prepayments	**49,245,646.02**	58,626,629.51
Other receivables	**312,448,196.63**	260,166,909.36
Less: Provision for bad debts for other receivable	**16,350,403.31**	9,424,215.56
Long term accounts receivable	**206,014,165.35**	242,041,592.21
Total	**1,332,360,545.65**	1,088,588,057.08

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. Regarding sales, 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:

	2017	2016
Aged		
Within 90 days	**385,714,685.23**	327,893,784.81
91-180 days	**52,151,428.34**	28,891,692.23
181-365 days	**67,255,185.13**	25,416,046.24
1-2 years	**88,024,980.10**	107,795,487.03
2-3 years	**100,378,831.43**	3,353,196.38
Over 3 years	**1,110,959.56**	–
Total	**694,636,069.79**	493,350,206.69

12. TRADE AND OTHER PAYABLES

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

	2017	2016
Aged		
Within 90 days	**421,403,487.51**	502,093,003.85
91 to 180 days	**63,573,698.55**	34,813,625.89
181 to 365 days	**167,105,439.40**	17,598,104.95
Over 1 year	**53,051,375.88**	158,752,719.44
Accounts payable	**705,134,001.34**	713,257,454.13
Receipts in advance	**139,360,367.89**	122,667,701.18
Other payables	**307,227,675.19**	386,376,361.66
Total	**1,151,722,044.42**	1,222,301,516.97

13. NET CURRENT ASSETS

	2017	2016
Current assets	**3,036,408,740.99**	2,711,693,259.53
Less: Current liabilities	**3,170,148,435.66**	3,407,801,976.59
Net current assets	**-133,739,694.67**	-696,108,717.06

14. TOTAL ASSETS LESS CURRENT LIABILITIES

	2017	2016
Total assets	**9,240,147,372.47**	8,189,148,516.08
Less: Current liabilities	**3,170,148,435.66**	3,407,801,976.59
Total assets less current liabilities	**6,069,998,936.81**	4,781,346,539.49

15. LEASE COMMITMENTS

As at 31 December 2017, 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	**1,384,889.82**	**1,312,421.67**
In 1 to 2 years	**945,557.52**	**1,211,097.52**
In 2 to 3 years	**945,557.52**	**945,557.52**
After 3 years	**545,557.52**	**6,184,938.02**
Total	**3,821,562.38**	**9,654,014.73**

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Since 2017, as China entered into the critical period which focused on improving environmental quality during "13th Five-Year Plan", positive signal can be seen gradually in the development of the environmental protection industry. The implementation of key policies such as environmental protection taxes and pollutant discharge license and the continued normalization of environmental protection inspections effectively stimulated the release of governance demands and steadily promoted the healthy development of the industry. The environmental protection industry ushered in the golden development period of an accelerated process of "effect-orientation."

Against this background, in 2017, with the overall business policy of "professional operation, innovation drive, resources integration and leading development", the Company focused on the main business of hazardous waste treatment and optimized strategic planning, leveraged on various measures such as innovating business models, vigorously advancing project construction, quickly releasing production capacities through multiple channels and accelerating business expansion and layout, so as to achieve solid revenue and profit growth to maintain leading position in the industry and move forward with the goal of building a first-class enterprise with a prominent main industry, advanced management, leading technology, outstanding performance, and international competitiveness.

In 2017, the Company achieved an operating revenue of RMB3,099,658,600, representing an increase of 18.44% as compared to the same period of 2016; the net profit attributable to the shareholders of the listed Company was approximately RMB473,376,000, representing a decrease of approximately 11.32% as compared to the same period of last year; After deducting the non-recurring profit or loss, the net profit attributable to the shareholders of the listed Company was approximately RMB463,523,500, representing an increase of approximately 22.23% as compared to the same period of last year. As at the end of 2017, the total assets were approximately RMB9,240,147,400, representing an increase of approximately 12.83% as compared to the beginning of the Reporting Period; the equity interests attributable to the shareholders of the listed Company was approximately RMB3,729,095,500, representing an increase of approximately 13.38% as compared to the beginning of the Reporting Period.

(I) Optimize strategic planning and focus on the main business of hazardous waste treatment

According to years of development experience and advantages, combined with the national macro-policy, the development trend of environmental protection industry, industry competition, etc., the management team optimized the Company's development strategy for the next five years through in-depth research: adhered to the solid waste treatment as the core, made supporting development of two major areas of regional environmental governance and environmental protection services.

Solid waste treatment is the core business of the Company, and "focusing on hazardous waste treatment" will be the main task for the development of the Company during the current period. During the Reporting Period, the industrial waste treatment business of the Company achieved business revenue of RMB1.167 billion, representing an increase of 38.44%; the industrial waste resource utilization registered business revenue of RMB1.182 billion, an increase of 49.33%. Focusing on strategic development, the Company continued to increase its efforts to expand hazardous waste projects and signed several contracts for hazardous waste comprehensive treatment and disposal projects. After the completion of the project, the newly added qualifications totaled approximately 510,000 tons. On the other hand, the Company timely grasped the development trend of the industry and signed strategic cooperation agreements with Conch Venture and South Korea Deshan Industry Co., Ltd. respectively to give full play to its own strength and actively associate all parties' resources to lay a good foundation for follow-up sustained development.

The Company actively developed two major areas of regional environmental governance and environmental protection services, providing the conditions for the company to implement the innovative business model of technology + services by building the capacity of hazardous waste EPC general contracting and establishing a comprehensive service provider brand for hazardous waste treatment. During the Reporting Period, the environmental engineering and service business of the Company realized revenue of RMB280 million, representing an increase of 14.01%; the sum of singed contracts amounting to approximately RMB400 million, including several hazardous waste EPC projects, and the new business model gradually brought benefits.

(II) Vigorously promote project construction and quickly release production capacity through multiple channels

Accelerating project construction, expanding the business scale and promoting business growth are also the main ways for the Company to deepen its critical business on hazardous waste, optimize its business structure, and achieve leapfrog development. Especially in the current situation of intensified competition in the industry, vigorously promoting the construction of key projects is conducive to the rapid release of production capacity, solve client needs and consolidate the Company's leading position in the industry.

During the Reporting Period, the Company actively promoted the construction of key hazardous waste projects, of which, the completed projects include: 1) the incineration project with an annual capacity of 20,000 tons and the physical and chemical treatment project with an annual capacity of 10,000 tons and comprehensive utilization project with an annual capacity of 30,000 tons by Hubei Tianyin; 2) the incineration project with an annual capacity of 9,100 tons and the physical and chemical treatment project with an annual capacity of 950 tons by Zhuhai Yongxingsheng; 3) the physical and chemical treatment project with an annual capacity of 26,500 tons and comprehensive utilization project with an annual capacity of 96,500 tons by Dongguan Hengjian. It promoted the project construction of Jiangxi Dongjiang, Hengshui Ruitao, Weifang Lanhai, Xiantao lvyi, Fujian Quanzhou and Nanping. Secondly, it completed the optimization of technical innovation and qualification expansion projects such as Jiangmen Dongjiang and Yongxingsheng and started the technological renovation and expansion projects such as Shaoxing Huaxin, the coastal solid waste, Xiamen Dongjiang. Through comprehensive organization and optimization, the Company's capacity qualifications are effectively matched with market demand to avoid idled conforming equipment and maximize production efficiency.

In response to the rapid development of the environmental protection industry and the fierce competition in high-quality projects, the Company responded quickly and actively developed high-quality projects in accordance with business and regional layout planning. Through the acquisition of Foshan Fulong Environmental Protection Project and Dongguan Fengye Environmental Protection Project, it further consolidated the foundation for the development of the Pearl River Delta; acquired the Caofeidian project in Tangshan, Hebei, and improved the business coverage of Beijing-Tianjin-Hebei; and signed a strategic cooperation agreement with the government of Mianyang City, Sichuan Province so as to form strategic location of the radiation in the southwest region. This series of investments will not only help expand the scale of the primary industry of hazardous waste, establish a complete industrial chain, optimize the regional market layout, but also lay a good foundation for the Company's sustained and stable growth.

Through the above-mentioned series of key project construction, technological transformation, and qualification optimization measures, by the end of 2017, the Company's hazardous waste treatment capacity has reached 1,600,000 tons, which will help further strengthen the Company's development potential, cultivate a strategic supporting industry base, and effectively guarantee the continuous growth of performance.

(III) Establish a market management system centered on client needs

During the Reporting Period, the Company actively promoted the market business model, copied the mature experience in the Guangdong region to East China, Hubei, Jiangxi, North China, fully tapped the market potential of various regions and played a role in regional production capacity synergy by optimizing the structure of the market management organization, improving the distribution of marketing staff and improving business development strategies.

At present, the Company has established a market-oriented management system that meets client needs and has achieved remarkable results within the country's business coverage. Among them, through the establishment of a nationwide customer service call center, the Company has actively strengthened customer service standards and processes, refined the corresponding management mechanisms, and effectively enhanced customer identity and stickiness; at the same time, the Company steadily promoted the CRM system, contract approval system and widely promoted and applied them nationwide, effectively standardized, unified client and contract management, effectively enhanced the client service satisfaction. Benefiting from high-quality services and excellent customer experience, during the Reporting Period, the number of corporate customers exceeded 20,000, an increase of 40% as compared to the same period of last year, with the market share further increased.

(IV) Innovate financing methods and reduce financing costs

During the Reporting Period, the Company actively responded to the national policy call and fully utilized environmental protection financial policies, actively innovated financing models, and increased investment in the green industry. With excellent project quality, stable and standardized management, and rich capital operation experience, the Company has keenly grasped the opportunity to overcome the problems of hard tasks, tight schedules and heavy tasks and achieved rapid landing of financing projects. Among them:

1) The Company utilized the income right of sewage treatment fee of Humen Luyuan, the subsidiary of the Company, as the underlying assets to issue asset-backed securities and raised the proceeds of RMB300 million. This is the first listing for PPP+ABS business in Guangdong province and on the Shenzhen Stock Exchange;

2) The Company publicly issued the first tranche of green corporate bonds with the issuing size of RMB600 million. It is the first listed company to publicly issue green corporate bonds on the Shenzhen Stock Exchange;

3) The Company entered into the framework agreement of industry merger and acquisition fund with Guangdong Rising Finance Holding Co., Ltd. of Guangdong Province, with a total fund size of RMB3 billion and the size of parent fund of RMB550 million, of which the Company subscribed for RMB50 million;

4) The Company launched the project of non-public issuance of A shares to issue shares to not more than 10 qualified investors including Rising Company with a planned financing scale of RMB2.3 billion and obtained the approval of Guangdong SASAC and passed the deliberation of general meeting of shareholders.

The above financing projects will further optimize the Company's capital structure, reduce capital costs, and accumulate valuable experience for follow-up capital operations, consolidate the Company's leading position in the industry and at the same time effectively enhance the Company's influence in capital market. With the innovative operating capital project, the Company won the "Outstanding Solid Waste Recycling Issuer" award from the Shenzhen Stock Exchange.

(V) Reform the S&T innovation system and release driving force of innovation

The Company insists on implementing the development strategy guided by technological innovation. During the Reporting Period, the Company established the Dongjiang Environment Institution to deeply integrate the R&D resources through a clear positioning of functions and an optimized organizational structure, the Company has gradually established a new system of technological research and development with clear-cut tasks, and effective operations to effectively release the innovation driving force of technology and achieve remarkable results.

1) The number and level of technological awards obtained have increased substantially. In this year, the Company won three technology awards above the municipal level, an increase of 2 compared with 2016. In the 15th Shenzhen Enterprise Innovation Record Achievement Conference ("**Shenzhen Enterprise Innovation Record**"), the "New Process for Low Iron Electroplating Grade Copper Sulphate" of the Company obtained the innovation project award of process engineering from Shenzhen Enterprise Innovation Record.

2) New progress was made in technology research, development and introduction. The Company independently researched and developed the use of waste sulphuric acid to produce calcium sulfate dihydrate and the use of waste phosphoric acid to produce fertilizer-grade dicalcium phosphate has been successfully industrialized; the feed-grade calcium hydrogen phosphate, high-quality copper hydroxide and copper oxide prepared by the laboratory will gradually achieve industrialized application; In addition, the strategic cooperation between the Company and South Korea Deshan reached the electronic level of waste organic solvent recycling in the optoelectronics industry and it's expected to gradually resolve the major waste disposal problems in the optoelectronics industry.

3) The patent application scales a new height. In 2017, the Group had an increase of 41 newly authorized patents, including 2 invention patents and 39 utility models. By the end of 2017, the Group had been granted 168 patents, including 38 invention patents and 130 utility models. "A method for the preparation of basic zinc chloride" has been authorized internationally, filling the Company's gap in the field of international patents.

(VI) Pay close attention to safety production and implement main responsibility

"We consolidate the root for further development". The Company always regards safe production as the primary prerequisite for the development of the Company. During the Reporting Period, the Company set up a leading Group for the special protection period for production safety, worked out a special protection period work plan, carried out a comprehensive investigation of hidden dangers, and implemented the responsibility of the general manager of each production base, so that "all areas have responsible person, all matters have responsible person" which strengthened the safety management of the production base. At the same time, the Company carried out a hundred days of safe production activities, through a variety of forms of propaganda and education activities, to create a safe production culture atmosphere, and ensure that the alarm bells of safe production are heard. In addition, the Company closely followed the development trend of the Internet, innovatively applied modern information technology, vigorously improved production process management and emergency response procedures, strengthened the introduction of new technologies and new equipment, effectively enhanced its own emergency response capabilities, further protected the staff personal safety and achieved a "zero occurrence" of the first-class accident.

Financial Budget for 2018

I. Explanation for preparation of budget

This budget (the "**Budget**") is prepared based on the principle of prudence, together with 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 as sales price estimated for the year 2018. This Budget is prepared based on the assumption that the supply and purchase contracts entered into by the Company are performed as planned.

Building upon summary of the operation condition in 2017 and analysis of the circumstances of the operation in 2018, as well as the Company's corporate development strategy, this Budget has taken into consideration the impacts of a number of factors, including market environment, business expansion and sales prices on a full account. 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 circumstances and market conditions.

4. No material changes in the relevant market of wastes collection by the Company in 2018.

5. No material changes in the relevant market of products by the Company in 2018.

6. No adverse impacts will arise from material changes in objective factors including transportation, telecommunication, severe shortage in water and electricity and raw materials which will affect production and operation of the Company in 2018.

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 and commencement for production of the planned investment projects will take place on schedule.

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

III. Explanation for the circumstances of the Budget of 2018

As the relevant plans and the standard of the national environment production industry, the recognition and investment of the government to the environment production industry is also increasing, which catalyzed the developed opportunities and competition of the industry. In this environment, the Company consisted on the developing strategy, holding on the industry opportunities, strengthening and developing the hazardous waste industry. Meanwhile, with complying to new trend of the government in vigorous developing the PPP mode, through M & A, construction and expansion of new project, expansion of new area and technical innovation, the Company enhanced the capability of Industrial waste treatment, lowered the disposal cost and enhance the added value of products, which achieved the optimization and upgrading of the business structure, and guaranteed the solid growth of profit the Company. It is expected that for the year of 2018, the Group will achieve a sales revenue of RMB4,100,000,000; net profit of RMB656,760,000; and excluding the non-recurring profit or loss, net profit attributable to shareholders of the Company of RMB574,540,000.

IV. Statement of Profit Budget

Unit: RMB0'000

Item		Actual for 2017 (audited)	Forecast for 2018	Changes	Percentage of changes
I.	Total operating income	**309,966**	410,000	100,034	32.27%
II.	Total operating costs	**198,751**	266,376	67,626	34.03%
III.	Operating profit	**60,575**	72,823	12,247	20.22%
IV.	Total profit	**62,257**	75,434	13,177	21.17%
V.	Net profit	**55,336**	65,676	10,341	18.69%
	Net profit attributable to shareholders of the Company	**47,338**	57,454	10,116	21.37%
	Minority interests	**7,998**	8,222	224	2.81%

Basis of the Budget: Operating income is based on the product sales plan for 2018 predicted by the Company's sales department; the market expansion plan of the market department and the engineering construction project plan of the engineering center; operating costs are based on prediction of gross profits margins of different products and business segments of the Company; taxes and surcharges, cost of sales, and administrative expenses are based on the expense ratio of the Company in 2017, with due consideration given to the prediction of key points of and management control objectives for 2018; financial expenses are based on demand of the fund need project and expected fund used cost of the Company. Corporate income tax is calculated on the tax rate actually executed by each company.

V. 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 control 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, put more effort in work including budget implementation, 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.

Special notice: The Budget is a control indicator for internal management for the Company's business plan in 2018 and is not representative of the Company's profit forecast in 2018. Whether the Budget could be realized depends on a number of factors including changes in market conditions and extent of efforts of the management team, which are subject to a high degree of uncertainty and investors should pay special attention to this.

FINANCIAL REVIEW

Total operating revenue

As of 31 December 2017, the Group's total operating revenue increased by 18.44% as compared with 2016 to approximately RMB3,099,658,647 (2016: approximately RMB2,617,076,763). The increase of the total operating revenue mainly because in the process of operation, the Company enhance the market shares of the industrial solid hazardous waste and resource production business by implementing corporate development strategy, adjusting the business structure and actively exploring the market, which insurance the increase of the operating income in the Reporting Period. The operating income of the industrial waste treatment and disposal increase approximately 38.44% to approximately RMB1,167,436,763 (2016: approximately RMB843,267,266) over the same period last year. The operating income of resource production business showed a year-on-year growth of approximately 49.33% to approximately RMB1,181,528,804 (2016: approximately RMB791,230,578), and the operating income of Waste Electrical Appliance Dismantling Treatment showed a decrease of approximately 74.02% to approximately RMB57,310,914 (2016: approximately RMB220,635,048) because the Company transferred the entire equity interest of Qingyuan Dongjiang and Hubei Dongjiang.

Profit

For the year ended 31 December 2017, the Group's integrated gross profit margin was 35.88% (2016: 36.12%). The integrated gross profit margin is about level off by decreasing about 0.24% compared with the same period of last year. This is mainly because many investment capital invested in the industry, including the central enterprise and private company, which led to the fiercer competition and increase cost of the collection of transportation; On the other hand, many small chemical companies that the environmental facilities failed to reach the standard was shut down because of the environmental supervision in 2017, which caused the reduce of the market supplement, the increase of the chemical raw material and accessories year-on-year basis and the increase of labor cost everywhere. In the result, the gross profit margin of the main business shows a slight decrease. However, the comprehensive gross profit margin is level off, compared with the same period of last year due to the adjustment of the business structure by the Company, which means the operating income of Industrial harmless business, which the gross profit margin is related high, increase the proportion of the total operating income. Besides, the Company continues the activity of energy saving and material decreasing, strengthening the budget management, and effectively controlling producing cost.

For the year ended 31 December 2017, net profit attributable to Shareholders of the Company was approximately RMB473,375,978 (2016: approximately RMB533,813,817), down by approximately 11.32% compared with 2016. The decrease of the net profit due to the investment income from the transfer of the entire equity interest of subsidiaries. By deducting the influence of the investment income, 2017, net profit attributable to Shareholders of the Company was approximately RMB463,523,482.67 (2016: approximately RMB379,234,585), up by approximately 22.23%.

The increase of the net profit came from two parts, extension expansion and intension management. Firstly, the Company actively expanded the market, accelerated the production construction, enhanced the market share, scaled up the business, which led to the increase of the total operating income. In addition, the Company implemented corporate development strategy and focused on the main business of industrial hazardous waste, the Company adjusted business structure, stabilized the comprehensive gross profit margin. In the same time, the Company strengthened the overall budget management and effectively controlled the cost and insurance the increase of the net profit.

Sales expenses

For the year ended 31 December 2017, the Group's sales expenses were approximately RMB68,630,472 (2016: approximately RMB57,847,414), accounting for 2.21% of the total operating revenue (2016: 2.21%). The sales expenses increased mainly because of reinforcing market expansion and corporate business brand management in the Reporting Period, as well as change in the consolidation scope and increase of subsidiaries compared with the same period last year.

Administrative expenses

For the year ended 31 December 2017, the Group's administrative expenses were approximately RMB415,278,552 (2016: approximately RMB339,798,494), accounting for 13.40% of the total operating revenue (2016: 12.98%). The administrative expenses increased mainly because the Company continued to intensify R&D investment in the Reporting Period; The increase of administrative expenses by 0.41 percentage point as comparing to the last year was mainly due to the requirement of longer time to reach full scale production by the companies that commenced production.

Finance costs

For the year ended 31 December 2017, the Group's finance costs were approximately RMB98,676,711 (2016: approximately RMB96,085,768), accounting for 3.18% of the total operating revenue (2016: 3.67%). The finance costs increased mainly because the Company expanded the scale, which boosted the demand for funds, and increased issuance of corporate bonds and bank loans which resulted in rising interest expenses.

Income tax expenses

For the year ended 31 December 2017, the Group's income tax expenses were approximately RMB69,217,094 (2016: approximately RMB96,569,565), accounting for 11.12% of total profit (2016: 14.33%). The decrease of income tax expenses was mainly due to an decrease of the Group's total profit before tax and the reduction of the relative tax rate because of the acquirement of the national high and new technology enterprise certification of five subsidiaries of the Company (Higher profit in last year was partly due to the investment income of equity interest transfer).

FINANCIAL POSITION AND LIQUIDITY

As of 31 December 2017, net current assets of the Group amounted to approximately RMB-133,739,694.67 (2016: RMB-696,108,717), including cash and cash equivalent of approximately RMB1,221,930,230 in total (2016: approximately RMB1,139,658,567).

As of 31 December 2017, total liabilities of the Group amounted to approximately RMB4,918,299,846 (2016: approximately RMB4,323,455,566). The Group's gearing ratio was 53.23% (2016: 52.79%) in terms of the Group's total liabilities and total assets. The Group's current liabilities amounted to approximately RMB3,170,148,436 (2016: approximately RMB3,407,801,977). As of 31 December 2017, the Group's outstanding bank loans reached approximately RMB2,171,323,046 (2016: approximately RMB2,428,564,237).

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES ASSOCIATES

In March 2017, the Company invested RMB50,000,000 in Zhaoqin Dongsheng Environmental Technology Co., Ltd., a subsidiary in which the Company held 100% equity interest.

The Company entered into relevant equity transfer agreement in April 2017, to successfully acquire 80% equity interest of Huateng Environmental information technology Co., Ltd ("**Huateng Environmental**") at RMB16,500,000 in cash. In October 2017, the Company acquire 10% equity interest of Huateng Environmental at RMB1,500,000 in cash. Including the 10% equity interest the Company holds at the beginning, by the end of the period, the Company holds 100% equity interest of Huateng Environmental. The Company paid partial equity transfer payment of RMB18,00,000.

In May 2017, the Company signed share transfer agreement with Shenzhen Lvlvda Environmental Co., Ltd., to successfully acquire 40% equity interest of Jiangmen Dongjiang Fine Chemistry Co., Ltd.. The equity interest the Company holds increased to 100%. In the period, the Company paid RMB10,800,000 in cash for equity transferring.

In June 2017, the Company invested RMB700,000 in Huangshi Dongjiang Environmental Technology Co., Ltd., a subsidiary in which the Company held 70% equity interest.

In June 2017, the Company invested RMB1,000,000 to increase the capital of Shenzhen Qianhai Dongjiang Environment Services Co., Ltd., After the completion of the capital increase, the paid-in capital is RMB4,000,000.

In July 2017, the Company entered into equity transfer agreement with Zhejiang Xinhai pharmaceutical Co., Ltd., to successfully acquire 15% equity interest of Coastal Solid Waste. The equity interest of Coastal Solid Waste in which the Company holds increased to 75%. In the reporting period, the Company paid RMB48,000,000 in cash for equity transfer.

The Company entered into relevant equity transfer agreement in September 2017, to successfully acquire 80% equity interest of Wandesi (Tangshan Caofeidian) Environmental Technology Co., Ltd at RMB140,000,000 in cash. In the Reporting Period, the Company paid RMB110,840,000.00 in cash for equity transfer.

In November 2017, the Company invested RMB10,000,000 in Xiantao Dongjiang Environmental Technology Co., Ltd., a subsidiary in which the Company held 100% equity interest.

Save as disclosed in this announcement, during the reporting period, the Group has no other significant investment, acquisition and disposal of subsidiaries and associates.

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 FOREIGN EXCHANGE RISKS

Interest rate risk

The Group is exposed to the fair value interest rate risks as a result of the Group's fixed-rate bank loans. The Group currently has no interest rate hedging policy. However, the management of the Group closely monitors the interest rate risk and should a significant risk be foreseeable, it will consider taking necessary actions.

The Group is also exposed to cash flow interest rate risk as a result of the Group's floating-rate bank loans. The Group's policy is to maintain the floating-rate bank loans to reduce the cash flow interest rate risk.

The Group's cash interest rate risk mainly results from the Group's RMB borrowings, and is subject to the fluctuations of the interest rate benchmark published by the People's Bank of China.

Foreign exchange risk

The Group's functional currency is RMB, and the majority of transactions are denominated in RMB. However, certain bank balances of trade and other receivables and other payables are denominated in currencies other than RMB. Expenses of the Group's overseas operations are also denominated in foreign currencies.

Pledge of assets

As at 31 December 2017, certain assets of the Group were pledged to secure bank borrowings, guarantees and letters of credit facilities granted to the Group, as follows:

	2017	2016
Fixed assets	**132,982,034.97**	132,774,970.72
Cash and bank balances	**23,177,700.00**	20,414,561.53
Intangible assets	**74,770,438.59**	85,352,623.39
Construction in progress	**85,249,982.04**	223,717,414.88
Other receivables	**21,555,473.48**	–
Receivables	**70,742,384.00**	–

Information on employees and remuneration policies

As at 31 December 2017, the number of full-time employees stood at 4,534 (2016: 3,945) with a total staff cost of approximately RMB464,401,022.22 (2016: approximately RMB383,382,464.51). The Group offered continual training, remuneration package of additional benefits to its employees, including retirement benefits, housing fund, and medical insurance.

Contingent liabilities

Pursuant to the method of collection and treatment of industrial waste adopted by the Group, since its incorporation, the Group has not incurred any material expenses due to environmental restoration. However, there is no guarantee that the Chinese authorities will not implement stringent environmental policies and guidelines/environmental restoration standards in the future which would cause the Group to take environmental protection measures. The financial position of the Group may be adversely affected due to any environmental liabilities which may arise as a result of the promulgation of new environmental policies, guidelines and standards.

Save as disclosed above, the Group had no significant contingent liabilities for the years ended 31 December 2017.

Capital commitment

As at 31 December 2017, the capital commitment of the Group was as follows:

Item	2017	2016
Capital expenditures contracted for but not provided for in the financial statement		
Foreign investment	**48,780,000.00**	46,119,999.00
– Construction in progress	**268,258,048.15**	373,885,193.52
– Acquisition of plant and machinery	**106,411,606.00**	54,710,871.60
Total	**423,449,654.15**	474,716,064.12

FUTURE PROSPECTS

In 2018, with the gradual implementation of environmental protection measures such as environmental protection tax and blue sky protection initiative and the full implementation of environmental supervision activities, the hazardous waste treatment demand will be released in an accelerating manner and open up a new round of growth. Under this background, the Company will focus on hazardous waste treatment to develop the business of water governance, environmental engineering and environmental testing, with an aim to building a complete industrial chain and continuing to improve professional operating capabilities. At the same time, the Company will continue to increase investment and financing, integrate resources, expand the market, accelerate the pace of product research and development, technological innovation and management innovation, further consolidate the industry's leading position and achieve rapid development.

(I) Adhere to the implementation of strategic planning, focus on the core business of hazardous waste treatment

The Company will continue to focus on the main business of hazardous waste treatment, adhere to the implementation of strategic planning, further expand the Company's scale of hazardous waste production capacity, increase capacity utilization rate, deepen the Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei and Bohai Rim and other regional markets, and consolidate the leading position of the industry; at the same time, it gathers government, cooperative companies and other advantageous resources to further enhance the expansion of new projects with Guangdong, Jiangsu, Zhejiang, Fujian, Hubei, Anhui, Shandong, Jiangxi, Hebei, Sichuan, and Chongqing as key areas for external expansion.

While accelerating the comprehensive utilization, harmless disposal of hazardous wastes and co-disposal of cement kiln, the Company will also support the development of municipal waste treatment and disposal projects in order to strive for municipal sewage sludge treatment, landfill and closure treatment and make new progress in soil and watershed governance, strive to expand the industrial park's supporting waste disposal projects.

(II) Fully promote the construction of key projects and obtain approval of new hazardous waste qualification of about 700,000 tons

First, speed up the construction progress of the projects under construction, ensure that they are completed and accepted soon, obtain qualifications, and promptly release the production benefits, including Hengshui Ruitao, Weifang Lanhai, Quanzhou Xingye Dongjiang, Nanping Project, Coastal Solid Waste Nantong Dongjiang and Jiangxi Dongjiang Copper Smelting Project and other resource projects;

Second, start the construction of new projects and technical transformation projects in a timely manner, including projects such as Dongguan Fengye, Caofeidian Project, Foshan Fulong, Sichuan Mianyang, Huaxin Incineration Technical Transformation and Co-processing with Cement Kilns.

Third, actively promote the preparatory work for planning projects, such as the Lanhai Landfill Project in Weifang, Shandong Province and Xiantao Lvyi phase II.

(III) Match market demand, optimize qualification structure and release production efficiency

In the face of changing market demands, the Company will conduct in-depth research on specific market conditions, make innovative use of technological means, improve treatment and disposal technologies to fully release production efficiency. First, sort out and adjust the status of Group base qualifications, abandon the useless and inefficient qualifications, optimize the production capacity structure, make an effective correspondence between market capacity, equipment production capacity and capital quality, give full play to the maximum efficiency of qualifications. Second, according to the new features of regional coordinated development, promote cooperation among regions and take advantage of superior production capacity resources, in order to achieve coordinated development of regional industries and maximize the Group's comprehensive production and processing capacity by deploying waste in a rational and efficient way and reducing the base inventory.

(IV) Adhere to talents first and stimulate innovation

The Company insists on taking talent as the first element to support business development, pays attention to training and attracting technical talents and promotes the optimal allocation of talents. At present, the Company actively innovates the talent cultivation model. With Dongjiang College, functional departments, business departments and branches as the triangle support, it relies on the talent cultivation curriculum system, with staff promotion and performance compensation incentives as boosters to implement personnel training and create learning-oriented organization. In addition, the Company will continue to strengthen human capital investment, establish and improve the talent use, mobility, evaluation, and incentive systems that are in line with the industry and Company characteristics, use differential compensation mechanisms, explore effective incentive models under the state-owned shareholding system and address key issue hindering manpower efficiency in a targeted way to ensure that the value of talent is rewarded with market value, and the working motivation and vitality of talents are fully stimulated.

(V) Improve innovative R&D system and improve processing technology

Scientific and technological innovation is the key to maintaining the Company's core competitive advantage. The Company will accelerate the establishment of a rational and effective innovation mechanism, continuously strengthen the building of innovation capabilities, and form a good momentum of innovation-driven development. In the organization and management structure, the Company identifies the main body of technological innovation, promotes cross-departmental cooperation, accelerates the implementation of innovation-driven development strategies, and establishes a hybrid innovation technology model. At the same time, the Company will actively draw on domestic and foreign advanced experience to solve technical problems in the actual production process, effectively promote the industrialization of scientific and technological achievements and give full play to the role of technology in the collection, transportation and warehousing of the market, classification and identification, pretreatment, and production and disposal. In addition, the Company will deepen the cooperation between industry, universities and research institutes, through external experts, the introduction of talents, exchanges and cooperation, increase capital investment, improve the mechanism and other measures to tackle key and difficult issues and constantly improve the Company's technology core competitiveness.

(VI) Strictly enforce safety production responsibility system and build a harmonious production environment

The Company resolutely implements the national security and environmental protection regulations and takes relevant measures to ensure that it can be implemented in a practical manner. It holds the safety and environmental protection lifelines and eliminates the possibility of major safety and environmental accidents. The Company will continue to strengthen the management and control of safety production, carry out uninterrupted safety inspections, and form a refined, normalized management mechanism. All units will always stay alert and always put safety production into action to effectively ensure that Company personnel have a healthy and safe working environment.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.161 per share of the Company (inclusive of tax) (2016: RMB0.121) to all shareholders of the Company based on the total number of shares of 887,100,102 shares of the Company. Accordingly, the total amount of dividend to be paid is RMB142,823,116.42. No bonus shares will be awarded and no capital reserves will be converted into shares. The above said proposal is subject to approval by the shareholders of the Company at the annual general meeting ("**AGM**") to be convened and held. 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 is determined.

OTHER EVENTS DURING THE PERIOD

PUBLIC ISSUE OF GREEN CORPORATE BONDS (FIRST TRANCHE)

From 7 March 2017 to 14 March 2017, the Company published announcements in relation to the basic information of the public issue of Green Corporate Bonds (First Tranche) and the issue clause (include but not limited to the issue price, coupon rate and the issue results).

For details, please refer to the announcements of the Company dated 7 March 2017, 9 March 2017, and 14 March 2017.

RENEWAL OF FINANCIAL SERVICES AGREEMENT

On 17 January 2017, the Company renewed the Financial Services Agreement with Rising Finance, in relation to the provision of financial services by Rising Finance to the Company with a term of one year commencing from the signing of the financial services agreement by both parties which was approved on the first extraordinary general meeting of the Company on 7 March 2017. The original financial services agreement will be terminated at the same time.

For details, please refer to the announcements of the Company dated 17 January 2017 and 17 March 2017.

SATISFACTION OF UNLOCKING CONDITIONS OF UNLOCKING PERIOD OF RESTRICTED A SHARES GRANTED UNDER THE 2013 RESTRICTED A SHARE INCENTIVE SCHEME

On 30 December 2016, the Board determined that the unlocking conditions of the second unlocking period of reserved portion of Restricted A Shares under the Restricted A Share Incentive Scheme (as defined in the circular of the Company dated 28 November 2013), which was approved on 23 January 2014, were satisfied. Upon approval of the above resolution, the second unlocking period will commence from the first trading day after 24 months from the date of grant of reserved Restricted A Shares to the last trading day within 36 months from the date of grant of the reserved Restricted A Shares. 40% of the reserved portion of total Restricted A Shares will be unlocked and available for application by relevant Share Incentive Participants (as defined in the circular of the Company dated 28 November 2013) during the unlocking period. A total number of 60 Share Incentive Participants have applied to unlock, in aggregate, 800,000 Restricted A Shares, representing 0.09% of the then total share capital of the Company. The Unlocked Restricted A Shares have been listed on the Shenzhen Stock Exchange on 12 January 2017.

On 29 March 2017, the Board considered and approved a resolution in relation to the satisfaction of unlocking conditions of the third unlocking period of Restricted A Shares under the First Grant of the Restricted A Share Incentive Scheme (as defined in the circular of the Company dated 28 November 2013), which was approved on 23 January 2014. Upon the approval of the above resolution, the third unlocking period will commence from the first trading day after 36 months from the date of First Grant of Restricted A Shares to the last trading day within 48 months from the date of First Grant of the Restricted A Shares. A total number of 92 Share Incentive Participants have applied to unlock, in aggregate, 8,010,000 Restricted Shares, representing approximately 0.90% of the then total share capital of the Company. The Unlocked Restricted Shares have been listed on the Shenzhen Stock Exchange on 14 April 2017.

For details, please refer to the announcements of the Company dated 30 December 2016 and 10 January 2017, 29 March 2017 and 11 April 2017.

THE GRANT, UNLOCKING AND LISTING OF THE 2016 RESTRICTED A SHARE INCENTIVE SCHEME

On 28 September 2017, according to the relevant rules of the Restricted A Share Incentive Scheme and approval at the 2016 second extraordinary general meeting, the 2016 second A Shares class meeting and the 2016 second H Shares class meeting, the board of the Company has considered that the Participants has satisfied the qualification and conditions of grant of the Restricted A Shares under the Company and the Restricted A Share Incentive Scheme, and determined 28 September 2017 as the date of grant of Reserved Restricted A Shares, an aggregate of 1,380,000 A Shares have been issued and granted to 47 participants at the price of RMB8.09 per A Share.

On 23 November 2017, the Board considered and approved a resolution in relation to the satisfaction of unlocking conditions of the first unlocking period of Restricted A Shares under the First Grant of the 2016 Restricted A Share Incentive Scheme. Upon the approval of the above resolution, the first unlocking period will commence from the first trading day after 12 months from the date of First Grant of Restricted A Shares to the last trading day within 24 months from the date of First Grant of the Restricted A Shares. A total number of 316 Share Incentive Participants have applied to unlock, in aggregate, 5,115,000 Restricted Shares, representing approximately 0.58% of the then total share capital of the Company. The A Shares have been listed on the Shenzhen Stock Exchange on 5 December 2017.

For details, please refer to the announcements of the Company dated 28 September 2017, 23 November 2017 and 30 November 2017.

THE NON-PUBLIC ISSUE OF A SHARES

On 10 May 2017, the Board announces the proposed non-public issue of a maximum of 177,430,420 (inclusive) new A Shares under specific mandate, which is expected to raise gross proceeds of up to RMB2.3 billion, and will be subscribed by the substantial shareholder Guangdong Rising Assets Management Co., Ltd. for not more than 33% (inclusive) of the final number of New A Shares to be issued under the Proposed Non-public Issue of A Shares, for an amount of not more than RMB759 million (inclusive).

On 22 June 2017, the Company received the Approval of the Non-public Issue of A Shares by Dongjiang Environmental Company Limited (Yue Guo Zi Han [2017] No. 660) from Guangdong Provincial People's Government State-owned Assets Supervision and Administration Commission, that the Non-public Issue of A Shares of the Company, and the subscription by substantial shareholder have been approved in principle.

On 26 June 2017, the proposal of the Non-public Issue of new A Shares, and the subscription by substantial shareholder were approved at the 2016 annual general meeting (the "**AGM**"), the first class meeting of the holders of A shares and the first class meeting of the holders of H shares of the Company (the "**Class Meeting**") held on 26 June 2016.

For details of the Non-public Issue of new A Shares, please refer to announcements of the Company dated 10 May 2017, 22 June 2017 and 26 June 2017, the notice dated 9 June 2017 and the circular dated 9 June 2017.

ESTABLISHMENT OF THE INDUSTRY MERGER AND ACQUISITION FUND

On 6 July 2017, the Company entered into the "Guangdong Rising Finance Holding Co., Ltd. and Dongjiang Environmental Company Limited Cooperation Agreement" with Guangdong Rising Finance Holding Co., Ltd., ("**Rising Finance**"), a wholly-owned subsidiary of Guangdong Rising Assets (Substantial Shareholders of the Company), in relation to the establishment of a industry merger and acquisition fund.

The fund will take the form of a feeder fund, where the investment and operation of the Parent Fund will be carried out as a non-structured fund. The Parent Fund has a size of RMB550 million, of which Rising Finance or its designated entities shall subscribe for not more than RMB500 million as limited partner and the Company shall subscribe for RMB50 million as limited partner. The capital shall be paid by installment based on the investment progress from the date of establishment of the parent fund. The Parent Fund may make direct investments in projects and become the contributor of the Sub-fund.

For details, please refer to the announcement of the Company dated 6 July 2017

ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT WITH CHINA CONCH VENTURE HOLDINGS LIMITED

On 6 December 2017, the Company proposes to enter into the Strategic Cooperation Agreement with China Conch Venture Holdings Limited ("**Conch Venture**") (stock code: 586.HK), a company listed on the Main Board of the Stock Exchange, pursuant to which both parties to the agreement with an intention of strategic cooperation in co-processing of solid waste by using cement kilns, based on their intention to achieving complementary advantages and enhanced operational efficiency from this powerful combination in solid waste treatment.

For details, please refer to the announcement of the Company dated 4 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 10 July 2017, the Company repurchased a total of 295,000 restricted A Shares of par value RMB1.00 each at approximately RMB5.1653 (for 45,000 share A Shares) per A Share at approximately RMB6.5560 (for 250,000 share A Shares) per A Share. The purchase price totaled approximately RMB2,409,940. The abovementioned A Shares were subsequently cancelled on 11 July 2017.

The A shares repurchased above represents approximately 0.0333% of the then total share capital of the Company. For details, please refer to the announcement of the Company dated 11 July 2017.

For details, please refer to the announcement of the Company dated 11 July 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS/SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct for securities transaction by Directors and supervisors. Having made specific enquiries by the Company, all Directors and supervisors confirmed that they had complied with the required standards as set out in the Model Code 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 2017 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 2017 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 2017. 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. Wong Hin Wing, Mr. Qu Yong Hui and Mr. Zhu Zhengfu. Mr. Wong Hin Wing 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 2017 and this announcement.

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

Shenzhen, the PRC, 29 March 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*