DONGJIANG ENVIRONMENTAL COMPANY LIMITED*
東江環保股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 00895)

INSIDE INFORMATION
SUMMARY OF 2022 FIRST QUARTERLY REPORT

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

Reference is made to the overseas regulatory announcement issued by Dongjiang Environmental Company Limited* (the "**Company**") dated 26 April 2022 (the "**Announcement**") in relation to the full 2022 First Quarterly Report for the three months ended 31 March 2022 ("**Reporting Period**") of the Company. Set out below is a summary of the key information as set out in the said quarterly report:

Unless otherwise specified, financial information of the Company is presented in Renminbi ("**RMB**").

FINANCIAL STATEMENT

1. CONSOLIDATED BALANCE SHEET

Unit: RMB

Item	As at 31 March 2022 (unaudited)	As at 31 December 2021 (audited)
Current assets:		
Monetary fund	653,529,307.07	550,421,369.21
Settlement Deposits		
Placements with banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	1,500,000.00	1,500,000.00

Accounts receivable	1,024,845,235.41	1,022,764,012.55
Receivables financing	70,702,085.18	86,330,421.85
Prepayments	137,423,019.56	113,307,876.94
Premium receivable		
Reinsurance accounts receivable		
Provision for reinsurance contract receivable		
Other accounts receivable	157,092,186.92	168,707,562.78
Including: Interest receivable		
Dividend receivable		
Purchase and resale of financial assets		
Inventories	612,340,444.51	550,901,693.78
Granted loans and advances	101,518,200.00	103,576,200.00
Contractual assets	126,483,743.12	127,148,894.80
Assets held-for-sale		
Non-current asset due within one year	37,358,889.36	40,111,182.93
Other current assets	205,245,119.75	212,559,751.93
Total current assets	3,128,038,230.88	2,977,328,966.77
Non-current assets:		
Granted loans and advances		
Debt investments		
Other debt investments		
Long-term accounts receivable		
Long-term equity investment	293,482,611.28	298,221,878.81
Investment in other equity instruments	4,242,896.51	4,242,896.51
Other non-current financial assets		
Investment properties	456,662,610.00	456,662,610.00
Fixed assets	4,324,253,042.90	4,266,697,793.60
Construction in progress	1,122,615,992.06	1,015,213,235.36
Productive biological assets		
Oil and gas assets		
Right-of-use assets	7,228,308.25	8,580,060.13
Intangible assets	1,327,990,575.02	1,290,566,730.06

Development expenditure	17,888,221.94	15,710,768.93
Goodwill	1,182,401,838.46	1,182,401,838.46
Long-term unamortized expenses	97,875,259.94	100,920,782.31
Deferred income tax assets	50,153,197.67	50,388,872.85
Other non-current assets	145,358,237.37	146,274,229.94
Total non-current assets	9,030,152,791.40	8,835,881,696.96
Total assets	12,158,191,022.28	11,813,210,663.73
Current liabilities:		
Short-term borrowings	1,207,486,236.73	1,944,231,778.18
Borrowings from central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		132,980.00
Accounts payable	725,389,476.18	839,842,787.72
Receipts in advance	30,978.20	504,708.85
Contractual liabilities	113,242,785.30	138,257,088.91
Proceeds from disposal of financial assets under agreements to repurchase		
Receipt of deposits and deposits from other banks		
Funds received as agent of stock exchange		
Funds received as stock underwriter		
Employee benefits payables	32,332,458.87	55,140,121.59
Tax payable	29,635,053.63	38,054,722.48
Other accounts payable	483,198,587.32	520,788,759.83
Including: Interest payable		
Dividend payable		
Handling fees and commission payable		
Reinsurance accounts payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	238,532,896.49	261,696,149.50
Other current liabilities	504,758,209.71	6,872,518.98

Total current liabilities	3,334,606,682.43	3,805,521,616.04
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	1,790,657,401.58	1,173,417,545.51
Bonds payable	1,099,568,411.24	1,099,386,720.95
Including: Preferred shares		
Perpetual bond		
Lease liabilities	3,144,029.25	3,524,534.88
Long-term accounts payables		
Long-term employee benefits payables		
Estimated liabilities	283,778,391.20	77,924,040.36
Deferred income	159,062,157.60	162,774,481.02
Deferred income tax liabilities	37,424,193.06	37,779,953.79
Other non-current liabilities	4,933,696.66	5,085,777.20
Total non-current liabilities	3,378,568,280.59	2,559,893,053.71
Total liabilities	6,713,174,963.02	6,365,414,669.75
Owners' equity:		
Share capital	879,267,102.40	879,267,102.40
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	451,166,208.23	451,166,208.23
Less: Treasury stock		
Other comprehensive income	17,654,480.45	17,651,945.38
Special reserves	35,628.38	199,029.96
Surplus reserves	269,816,271.96	269,816,271.96
Provision for normal risks	5,611,350.00	5,611,350.00
Undistributed profits	2,986,446,620.37	2,981,207,650.04
Total equity attributable to owners of the parent company	4,609,997,661.79	4,604,919,557.97
Minority interests	835,018,397.47	842,876,436.01
Total owners' equity	5,445,016,059.26	5,447,795,993.98
Total liabilities and owners' equity	12,158,191,022.28	11,813,210,663.73

2. CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

Unit: RMB

Item	For the three months ended 31 March 2022 (unaudited)	For the three months ended 31 March 2021 (unaudited)
I. Total operating revenue	963,644,836.52	751,429,239.14
Including: Operating revenue	963,644,836.52	751,429,239.14
Interest income		
Premium income		
Handling charges and commission income		
II. Total operating cost	973,589,084.57	725,661,678.49
Including: Cost of operation	762,187,843.93	542,769,664.01
Interest expenses		
Handling charges and commission expenses		
Surrenders		
Net claims expenses		
Net provisions for insurance contracts reserve		
Insurance policy dividend paid		
Reinsurance costs		
Tax and levies	9,962,515.05	8,877,361.44
Selling expenses	23,630,739.03	25,807,700.26
Administrative expenses	93,058,727.40	89,582,651.40
Research and development expenses	41,901,428.68	31,944,281.61
Finance costs	42,847,830.48	26,680,019.77
Including: Interest expense	43,356,803.78	28,587,365.64
Interest income	1,025,839.48	1,851,078.34
Add: Other gains	10,495,423.18	13,448,483.27
Gain from investment (Loss represented in "-" signs)	2,275,740.06	1,642,741.39

Including: Investment revenue in associates and joint ventures	-4,739,267.53	1,966,111.42
Gain on derecognition of financial asset measured at the amortized cost		
Exchange gain (Loss represented in "-" signs)		
Gain from net exposure hedges (Loss represented in "-" signs)		
Gain on fair value changes (Loss represented in "-" signs)		
Credit impairment loss (Loss represented in "-" signs)	916,048.23	-2,103,874.20
Asset impairment loss (Loss represented in "-" signs)		
Gain on disposal of assets (Loss represented in "-" signs)	40.00	879,093.65
III. Operating profit (Loss represented in "-" signs)	3,743,003.42	39,634,004.76
Add: Non-operating income	667,583.05	2,184,853.71
Less: Non-operating expenses	563,396.04	1,371,892.09
IV. Total profit (Total loss represented in "-" signs)	3,847,190.43	40,446,966.38
Less: Income tax expenses	6,396,232.01	10,474,327.66
V. Net profit (Net loss represented in "-" signs)	-2,549,041.58	29,972,638.72
(1) Classified on a going concern basis		
1. Net profit from continuing operations (Net loss represented in "-" signs)	-2,549,041.58	29,972,638.72

2. Net profit from discontinued operations (Net loss represented in "-" signs)		
(2) Classified according to the ownership		
1. Net profit attributable to owners of the parent company	5,238,970.33	31,781,096.24
2. Profit and loss attributable to minority interests	-7,788,011.91	-1,808,457.52
VI. Other comprehensive income, net of tax	2,535.07	-8,765.89
Other comprehensive income attributable to owners of the parent company, net of tax	2,535.07	-8,765.89
(1) Items cannot be reclassified to profit and loss		
1. Changes arising from remeasurement of defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Change in fair value due to enterprise's own credit risk		
5. Others		
(2) Items can be reclassified to profit and loss	2,535.07	-8,765.89
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		

2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Reserves for cash flow hedge		
6. Exchange difference on translation of financial statement in foreign currency	2,535.07	-8,765.89
7. Others		
Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	-2,546,506.51	29,963,872.83
Attributable to owners of the parent company	5,241,505.40	31,772,330.35
Attributable to minority interests	-7,788,011.91	-1,808,457.52
VIII. Earnings per share:		
(1) Basic earnings per share	0.01	0.04
(2) Diluted earnings per share	0.01	0.04

3. CONSOLIDATED CASH FLOW STATEMENT FOR THE REPORTING PERIOD

Unit: RMB

Item	For the three months ended 31 March 2022 (unaudited)	For the three months ended 31 March 2021 (unaudited)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,044,840,887.85	827,435,292.53
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from original insurance contract premium		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commission	755,249.99	1,383,749.94
Net increase in placements from banks and other financial institutions		
Net increase in cash from repurchase business		
Net cash received from securities brokerage services		
Refund of taxes and levies	4,385,142.04	6,166,646.48
Other cash receipts relating to operating activities	3,370,980.82	5,116,183.51
Sub-total of cash inflows from operating activities	1,053,352,260.70	840,101,872.46
Cash paid for goods and services	795,068,559.13	542,606,114.06
Net increase in customer loans and advances	-2,058,000.00	
Net increase in deposits with central bank and other banks		

Cash paid for compensation under original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, handling charges and commissions		
Cash paid for policyholders' dividend		
Cash paid to and on behalf of employees	188,927,695.70	157,002,456.37
Payments of taxes and levies	39,485,758.77	52,421,504.06
Other cash payments relating to operating activities	43,581,691.30	37,187,363.74
Sub-total of cash outflows from operating activities	1,065,005,704.90	789,217,438.23
Net cash flows from operating activities	-11,653,444.20	50,884,434.23
II. Cash flows from investing activities:		
Cash received from investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	50,000.00	919,439.65
Net cash received from disposal of subsidiaries and other operating units	11,105,261.00	
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	11,155,261.00	919,439.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets	196,123,286.48	248,876,086.08
Cash paid on investments	17,196,970.00	4,415,671.23
Net increase in pledged loans		
Net cash paid on acquisition of subsidiaries and other operating unit		
Other cash payments relating to investing activities		21,067,070.05

Sub-total of cash outflows from investing activities	213,320,256.48	274,358,827.36
Net cash flows from investing activities	-202,164,995.48	-273,439,387.71
III. Cash flows from financing activities:		
Cash received from financing		
Including: Cash received by subsidiaries from investment from minority shareholders		
Cash received from borrowings	1,454,681,501.84	1,189,919,426.19
Cash received from other financing activities		
Sub-total of cash inflows from financing activities	1,454,681,501.84	1,189,919,426.19
Cash payments for settlement of borrowings	1,101,321,092.00	1,059,564,781.80
Cash payments for distribution of dividend, profit or interest expenses	35,322,236.53	29,787,365.64
Including: Cash payments for distribution of dividends and profit by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	1,136,643,328.53	1,089,352,147.44
Net cash flows from financing activities	318,038,173.31	100,567,278.75
IV. Effect of foreign exchange rate changes on cash and cash equivalents	2,535.07	-8,765.89
V. Net increase in cash and cash equivalents	104,222,268.70	-121,996,440.62
Add: Balances of cash and cash equivalents at beginning of period	521,425,187.03	653,578,988.47
VI. Balances of cash and cash equivalents at end of period	625,647,455.73	531,582,547.85

During the first quarter of 2022, there was intensified competition in the industrial waste treatment market. The prices of hazardous waste treatment have experience a continuing declining trend and the procurement cost of recycled waste continued to increase. At the same time, the industrial waste treatment industry encounters serious challenges, due to partial suspension of work and production in certain regions under the impact of COVID-19 pandemic. Facing the industry competition and the impact of the epidemic on the industry chain, the Company leveraged its channeling advantage, adopted the market strategy of "exchanging price for volume, seizing the market" and "concentrating efforts to develop core customers", so as to continue to strengthen market collection and transportation with multiple measures, and increased the amount of industrial waste disposal and the sales of recycled products. The amount of industrial waste collected and the sales of recycled products both hit a record high for the Reporting Period as compared to those for the same period historically. During the Reporting Period, the Company recorded operating revenue of approximately RMB 964 million, representing a year-on-year increase of 28.24%, among which income from the industrial waste treatment, disposal and resource utilization business increased by approximately 11% year-on-year, and the new rare precious metal recycling business contributed operating revenue of approximately RMB 180 million.

The total operating cost of the Company increased year-on-year, mainly due to the increase in the procurement cost of recycled waste and the increase in the operating cost of the new rare and precious metal recycling business, resulting in an increase of about 40% in operating costs compared with the same period last year.

During the Reporting Period, the Company's net profit decreased year-on-year, mainly due to the intensified market competition, the decline in the disposal price of the industrial waste treatment and disposal business, and the continuous increase in the procurement cost of recycled waste, which resulted in a decrease in the gross profit margin of the two businesses by approximately 2.58% year-on-year, affecting gross profit of approximately RMB 17.50 million. In addition, in order to maintain its market share, the Company continued to increase market development efforts, continued to increase R&D investment, and at the same time increased interest-bearing loans to secure operating funds, and expenses during the Reporting Period increased year-on-year.

Facing the severe situation of intensified competition in the industrial hazardous waste treatment market, the Company will keep a close eye on the annual business objectives, enhance its efforts in market expansion, ensure that the annual collection and transportation volume reach new highs. The Company will dig deep in exploring customer needs, provide diversified, high-quality and all-in-one value-added services, so as to ensure the steady growth of the number of high-quality customers. We will strengthen, optimize and expand the rare and precious metal recycling business, extend the industrial chain, create the rare and precious metal segment, and simultaneously promote "slimming and fitness", "cost reduction and efficiency enhancement", "digital transformation" and other specific tasks, making all efforts to ensure the completion of each of the annual tasks.

The board of directors, supervisory committee and the directors, supervisors and senior management of the Company undertake that the 2022 First Quarterly Report does not contain any false information, misleading statements or material omission, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents contained in the 2022 First Quarterly Report.

The financial information for the three months ended 31 March 2022 set out above is unaudited and prepared in accordance with the accounting principles generally accepted in the People's Republic of China.

By order of the Board
Dongjiang Environmental Company Limited*
Tan Kan
Chairman

Shenzhen, the PRC, 26 April 2022

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Tan Kan, Mr. Yu Zhongmin and Mr. Lin Peifeng; three non-executive Directors, being Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu; and three independent non-executive Directors, being Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi.

* *For identification purposes only*