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

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

(Stock code: 00895)

INSIDE INFORMATION
PROFIT WARNING

This announcement is made by Dongjiang Environmental Company Limited* (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of Estimation Results: 1 January 2022 to 31 December 2022 (the "**Reporting Period**")

(II) Estimated Results

Items	Reporting Period	Corresponding period of last year
Net profit attributable to shareholders of the listed company	Loss: RMB510,000,000 to RMB430,000,000	Profits: RMB160,745,000
Net profit after non-recurring profit or loss	Loss: RMB550,000,000 to RMB470,000,000	Profits: RMB154,666,500
Basic earnings per share	Loss: RMB0.58 to RMB0.49 per share	Earnings: RMB0.18 per share

II. COMMUNICATION WITH THE ACCOUNTING FIRM

The Company has pre-communicated with the accounting firm in respect of this results estimate, but it has not been pre-audited by certified public accountants. There is no disagreement between the Company and the accounting firm in terms of the estimated results.

III. REASONS FOR THE CHANGE IN THE ESTIMATED RESULTS

Affected by various unfavourable factors such as the repeated outbreak of waives of COVID-19 pandemic and the frequent international incidents in 2022, the domestic economic growth has slowed down. The reduction in operating scale of upstream enterprises and the key industry customers of the Company and the decrease in overall waste amount in the market resulted in the reduction of the collection and transportation volume of the Company. At the same time, the number of approved qualifications for hazardous waste operations in the PRC has been increasing rapidly in recent years, leading to the supply in turns of the overall capacity exceeding the demand in the industry. With increasingly fierce competition, the disposal price of the non-hazardous treatment business of the Company dropped significantly. In addition, the recycling business was affected by the downward trend in commodity metal prices and the increase in the discount rate for collection and transportation, resulting in a decline in gross profit margin and accordingly operating losses of the Company. Furthermore, taking into account the conditions of the industry and changes in operating environment, the Company has conducted impairment tests on assets including accounts receivable, goodwill, inventory etc., based on the principle of prudence, which is also expected to have a negative impact on the profit for the year.

Facing the industry and market difficulties, the Company proactively formulates strategies to break through the barriers, including: firstly, to improve the industrial chain, expand the business scale, speed up the construction progress of new projects and the technical transformation and expansion of the original projects, bolster weak spots of the business of the Company, continue to optimize the hazardous waste qualification structure, and continuously improve the utilization rate of qualifications; secondly, to tap into the market, speed up in the exploration of more flexible market mechanism and service models, continue to expand the collection and transportation coverage, increase the number of customers, actively develop key upstream customers, and fight for market share; thirdly, to improve the management standards, accelerate digital transformation, the searching and realization of internal growth potentials in the Company, fully promote the specific tasks such as "slimming and fitness", "reduce enterprises running under deficit and small scale", and reduce costs and enhance efficiency to improve the Company's profitability; and fourthly, adhere to scientific and technological innovation, target the real market needs, accelerate the industrialization of major technological achievements, promote the technical breakthrough of common problems in the industry, establish the Company's core competitive advantages, and strive to improve economic efficiency.

IV. OTHER RELEVANT INFORMATION

The information contained in this announcement is only based on the preliminary estimation made by the finance department of the Company. The actual financial information is subject to the Company's announcement relating to the annual results of the Group for the year ended 31 December 2022, which is expected to be published on or before 31 March 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Shenzhen, the PRC
19 January 2023

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, 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 purpose only*