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 2022

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 2022 (the "**Reporting Period**"), together with the comparative figures of the year ended 31 December 2021 are as follows:

(Unless specified otherwise, the financial information of the Group in this announcement is stated in Renminbi and rounded in thousand ("**RMB'000**").)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	**3,878,474**	4,015,230
Cost of sales and services		**(3,268,092)**	(2,911,653)
Gross profit		**610,382**	1,103,577
Other income	5	**110,484**	89,124
Selling expenses		**(113,799)**	(109,381)
Administrative expenses		**(439,603)**	(407,590)
Other operating expenses		**(256,825)**	(249,710)
Net provision for loss allowance on trade, loans and other receivables and contract assets		**(67,076)**	(16,368)
Impairment loss on goodwill		**(197,349)**	(55,707)
Impairment loss on construction in progress		**(4,719)**	(41,015)
Finance costs		**(176,741)**	(135,010)
Share of results of associates		**(8,601)**	(2,166)
Share of results of joint ventures		**3,576**	15,753
(Loss) Profit before taxation	6	**(540,271)**	191,507
Income tax expenses	7	**(28,423)**	(35,665)
(Loss) Profit for the year		**(568,694)**	155,842
Other comprehensive (loss) income			
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(54)**	22
Other comprehensive (loss) income for the year, net of tax		**(54)**	22
Total comprehensive (loss) income for the year		**(568,748)**	155,864
(Loss) Profit for the year attributable to:			
Equity holders of the Company		**(501,792)**	160,745
Non-controlling interests		**(66,902)**	(4,903)
(Loss) Profit for the year		**(568,694)**	155,842
Total comprehensive (loss) income for the year attributable to:			
Equity holders of the Company		**(501,846)**	160,767
Non-controlling interests		**(66,902)**	(4,903)
Total comprehensive (loss) income for the year		**(568,748)**	155,864
		RMB cents	*RMB cents*
(Loss) Earnings per share			
Basic and diluted	8	**(57)**	18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Investment properties		**518,285**	456,663
Property, plant and equipment		**4,403,078**	4,367,619
Construction in progress		**1,086,114**	1,015,213
Right-of-use assets		**749,029**	774,965
Intangible assets		**495,877**	539,893
Goodwill		**985,053**	1,182,402
Interests in associates		**164,357**	194,812
Interests in joint ventures		**106,985**	103,409
Designated financial assets at fair value through other comprehensive income ("**FVOCI**")		**4,243**	4,243
Contract assets	11	**94,712**	96,931
Other non-current assets		**45,419**	49,341
Deferred tax assets		**25,887**	50,389
		8,679,039	8,835,880
Current assets			
Inventories		**649,715**	550,902
Loans receivables	10	**880**	103,576
Trade receivables and contract assets	11	**1,252,709**	1,277,855
Prepayment, deposits and other receivables		**496,669**	491,767
Prepaid income tax		**4,234**	2,809
Cash and cash equivalents		**622,716**	550,421
		3,026,923	2,977,330
Current liabilities			
Trade payables	12	**686,424**	839,976
Contract liabilities		**142,285**	138,257
Lease liabilities		**1,563**	5,011
Current portion of interest-bearing borrowings		**1,288,262**	2,186,375
Bond payables		**744,404**	19,422
Due to controlling shareholder		**343,803**	332,742
Income tax payables		**6,657**	15,709
Other payables		**245,031**	268,029
		3,458,429	3,805,521
Net current liabilities		**(431,506)**	(828,191)
Total assets less current liabilities		**8,247,533**	8,007,689

	2022	2021
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**1,961**	3,525
Interest-bearing borrowings	**2,577,062**	1,173,418
Bond payables	**499,813**	1,099,387
Provisions	**173,010**	77,924
Deferred income	**181,267**	162,774
Deferred tax liabilities	**33,091**	37,780
Other payables	**4,853**	5,086
	3,471,057	2,559,894
NET ASSETS	**4,776,476**	5,447,795
Capital and reserves		
Share capital	**879,267**	879,267
Reserves	**3,176,607**	3,725,652
Equity attributable to equity holders of the Company	**4,055,874**	4,604,919
Non-controlling interests	**720,602**	842,876
TOTAL EQUITY	**4,776,476**	5,447,795

1. CORPORATE INFORMATION

Dongjiang Environmental Company Limited (the "**Company**") was incorporated as a joint stock limited company in the People's Republic of China (the "**PRC**") in accordance with the Company Law of the PRC (the "**Company Law**") on 18 July 2002. The registered address and the 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 Company's shares are listed on both the Shenzhen Stock Exchange (the "**Shenzhen Stock Exchange**") ("**A Shares**") and the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") ("**H Shares**"). As at 31 December 2022, the Company had 679,129,602 A Shares and 200,137,500 H Shares.

In the opinion of the directors, the ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會).

The principal activities of the Company are investment holding, processing and sales of recycled products, provision of waste treatment services, provision of environmental protection systems and services, and trading of chemical products. The Company and its subsidiaries are herein collectively referred to as the "Group".

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), the disclosure requirements of the Companies Ordinance and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018–2020 Cycle

Amendments to IAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of IAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Annual Improvements Project – 2018-2020 Cycle

IFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRSs later than its parent – i.e. if a subsidiary adopts IFRSs later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRSs.

IFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

IAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in IFRSs

At the date of this announcement, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted. The directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

Going concern

The consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. At the end of the reporting period, the Group's current liabilities exceeded its current assets by approximately RMB431,506,000.

The directors have evaluated all the relevant facts available to them and are of the opinion that there are no significant adverse conditions precluding the Group from obtaining sufficient available funding. The Group maintained cash and time deposits at banks and other financial institutions, excluding restricted fund and pledged deposits, of approximately RMB617,856,000 as at 31 December 2022.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the unutilised banking facilities readily available to the Group amounted to approximately RMB6,465,844,000 as at 31 December 2022; and

(ii) the Company received the Approval for the Non-public Issuance of Shares of Dongjiang Environmental Company Limited (Zheng Jian Xu Ke [2023] No.155) issued by the China Securities Regulatory Commission on 1 February 2023 for non-public issuance of not more than 263,780,130 new A Shares of the Company ("**New A Shares**"). The gross proceeds to be raised is up to approximately RMB1,200,000,000. Up to the date of this announcement, no New A Shares has been issued by the Company.

3. SEGMENT INFORMATION

The reportable segments are determined based on the internal organisation structure, management requirements and reporting system. The executive directors of the Company, who are the chief operating decision makers, review the operating results of these reportable segments regularly to decide on resources allocation and evaluate their performance. Major products and services provided by each reportable segment of the Group includes industrial waste recycling, industrial waste treatment and disposal, rare and precious metals recycling, municipal waste treatment and disposal, renewable energy utilisation, environmental engineering and services and others as well as household appliances dismantling.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the executive directors assess the performance of reportable segments based on profit before taxation, share of results of associates and joint ventures.

Segment assets include all assets except for interests in associates and joint ventures. Segment liabilities include all liabilities.

Inter-segment sales are priced at cost plus profit margin.

Analysis of the Group's segmental information by business and geographical segments during the year is set out below.

2022 Reporting Segments

	Industrial waste recycling *RMB'000*	Industrial waste treatment and disposal *RMB'000*	Rare and precious metals recycling *RMB'000*	Municipal waste treatment and disposal *RMB'000*	Renewable energy utilisation *RMB'000*	Environmental engineering project services *RMB'000*	Others *RMB'000*	Household appliance dismantling *RMB'000*	Unallocated amounts *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue	1,308,261	1,287,261	879,007	158,947	38,808	124,190	50,952	158,764	72,871	(200,587)	3,878,474
Inter-segment revenue	–	(70,336)	–	–	–	(35,706)	(21,674)	–	(72,871)	200,587	–
Revenue from external customers	1,308,261	1,216,925	879,007	158,947	38,808	88,484	29,278	158,764	–	–	3,878,474
Cost of sales and services	(1,125,211)	(921,597)	(767,566)	(166,917)	(42,889)	(80,315)	(10,423)	(153,174)	–	–	(3,268,092)
	183,050	295,328	111,441	(7,970)	(4,081)	8,169	18,855	5,590	–	–	610,382
Segment operating (cost) income, net	(216,510)	(437,170)	(70,607)	(11,095)	(44,832)	4,442	(4,185)	(23,413)	(184,290)	(157,968)	(1,145,628)
Segment profit (loss) before tax	(33,460)	(141,842)	40,834	(19,065)	(48,913)	12,611	14,670	(17,823)	(184,290)	(157,968)	(535,246)
Share of results of associates											(8,601)
Share of results of joint ventures											3,576
Income tax expense											(28,423)
Loss for the year											568,694
Segment assets											
Segment assets	2,542,493	4,731,765	1,028,540	566,349	190,179	398,701	506,239	637,574	4,565,956	(3,733,176)	11,434,620
Interest in associates	–	–	–	–	–	–	–	–	164,357	–	164,357
Interest in joint ventures	–	–	–	–	–	–	–	–	106,985	–	106,985
Total assets											11,705,962
Segment liabilities	409,523	3,148,595	489,265	206,565	16,457	141,370	169,535	358,813	3,076,281	(1,086,918)	6,929,486

2021 Reporting Segments

	Industrial waste recycling *RMB'000*	Industrial waste treatment and disposal *RMB'000*	Rare and precious metals recycling *RMB'000*	Municipal waste treatment and disposal *RMB'000*	Renewable energy utilisation *RMB'000*	Environmental engineering project services *RMB'000*	Others *RMB'000*	Household appliance dismantling *RMB'000*	Unallocated amounts *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue	1,565,155	1,785,807	198,628	170,512	51,115	145,499	71,116	158,142	80,738	(211,482)	4,015,230
Inter-segment revenue	–	(73,643)	–	–	–	(36,626)	(20,475)	–	(80,738)	211,482	–
Revenue from external customers	1,565,155	1,712,164	198,628	170,512	51,115	108,873	50,641	158,142	–	–	4,015,230
Cost of sales and services	(1,246,900)	(1,021,304)	(190,696)	(167,159)	(44,817)	(90,189)	(19,804)	(130,784)	–	–	(2,911,653)
	318,255	690,860	7,932	3,353	6,298	18,684	30,837	27,358	–	–	1,103,577
Segment operating cost, net	(163,522)	(560,883)	(6,807)	(9,197)	(8,601)	(6,190)	(14,419)	(26,447)	(129,591)	–	(925,657)
Segment profit (loss) before tax	154,733	129,977	1,125	(5,844)	(2,303)	12,494	16,418	911	(129,591)	–	177,920
Share of results of associates											(2,166)
Share of results of joint ventures											15,753
Income tax expense											(35,665)
Profit for the year											155,842
Segment assets											
Segment assets	2,616,321	4,392,333	770,381	510,790	235,857	534,103	896,434	636,806	4,929,603	(4,007,639)	11,514,989
Interest in associates	–	–	–	–	–	–	–	–	194,812	–	194,812
Interest in joint ventures	–	–	–	–	–	–	–	–	103,409	–	103,409
Total assets											11,813,210
Segment liabilities	344,623	2,782,200	270,217	186,937	14,564	245,756	97,862	340,222	2,297,543	(214,509)	6,365,415

4. REVENUE

Revenue represents the consideration expected to be received in respect of the transfer of goods and services in accordance with IFRS 15, as well as rental income from leasing services. The amount of each significant category of revenue recognised during the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within IFRS 15		
Recognised at a point in time		
Industrial waste recycling	**1,308,261**	1,565,155
Rare and precious metals recycling	**879,007**	198,628
Renewable energy utilisation	**38,808**	51,115
Household appliance dismantling	**158,764**	158,142
Others	**16,878**	36,838
Recognised over time		
Industrial waste treatment and disposal	**1,216,925**	1,712,164
Municipal waste treatment and disposal	**158,947**	170,512
Environmental engineering project services	**88,484**	108,873
	3,866,074	4,001,427
Revenue from other sources		
Rental income	**12,400**	9,785
Interest income from loans receivables	**–**	4,018
	12,400	13,803
	3,878,474	4,015,230

5. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest revenue calculated using the effective interest method from banks and other financial institutions	**8,334**	11,765
Interest income from contract assets	**4,020**	4,146
Gain on change in fair value of investment properties	**–**	6,922
Gain on disposal of property, plant and equipment	**967**	3,907
Gain on disposal of subsidiaries	**11,779**	–
Gain on disposal of an associate	**6,052**	–
Amortisation of deferred government grants *(Note)*	**25,063**	11,646
Government subsidies	**27,148**	28,971
Value-added tax refunds	**13,858**	17,996
Exchange gain, net	**528**	–
Penalty income	**9,752**	1,210
Sundry income	**2,983**	2,561
	110,484	89,124

Note: The amount mainly represents the amortisation of government grants received from the environmental protection projects fund, energy saving emission reduction subsidies, resources recycling subsidies and funding on the land return etc. The government grants are recognised as deferred income and credited to profit or loss in the period over the expected useful life of the relevant assets or the expected construction period of the relevant assets.

6. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2022	2021
	RMB'000	*RMB'000*
Staff costs (including directors' emoluments)		
Salaries, bonus and other emoluments	**638,850**	577,839
Contribution to defined contribution retirement schemes	**122,228**	104,394
Total staff costs	**761,078**	682,233
Other items		
Auditor's remuneration		
– Audit services	**2,350**	2,080
– Other services	**400**	400
Cost of sales	**2,099,263**	1,633,000
Cost of services	**1,168,829**	1,278,653
Depreciation and amortisation		
– Property, plant and equipment *	**540,657**	469,300
– Intangible assets *	**57,599**	55,780
– Right-of-use assets *	**24,310**	23,580
Exchange (gain) loss, net	**(528)**	395
Research and development expenses	**162,828**	163,283
Provision for (Reversal of) loss allowance on		
– Trade receivables and contact assets	**55,732**	13,254
– Other receivables	**4,533**	3,566
– Loans receivables	**6,811**	(452)
Impairment loss on goodwill	**197,349**	55,707
Impairment loss on investment in an associate	**190**	–
Write down of inventories, net	**29,308**	441
Provision for impairment loss on property, plant and equipment	**–**	841
Impairment loss on construction in progress	**4,719**	41,015
Loss (Gain) on change in fair value of investment properties	**4,803**	(6,922)
(Gain) Loss on disposal of subsidiaries	**(11,779)**	323
Gain on deregistration of a subsidiary	**–**	(148)
Gain on disposal of an associate	**(6,052)**	–
Direct operating expenses arising from investment properties that generated rental income	**459**	2,315
Increase in provisions **	**–**	30,988

* These items are included in cost of sales, cost of services and administrative expenses in the consolidated statement of comprehensive income.

** This item was included in both cost of services and other operating expenses in the consolidated statement of comprehensive income.

7. TAXATION

	2022	2021
	RMB'000	*RMB'000*
Current tax		
Enterprise Income Tax of the PRC		
Current year	**13,796**	43,712
Overprovision in prior year	**(5,186)**	(8,883)
	8,610	34,829
Deferred tax charge	**19,813**	836
Total tax expenses for the year	**28,423**	35,665

The applicable tax rate of 15% is the weighted average of rates prevailing in the territories in which the group entities operate with reference to the Company's applicable tax rate.

The income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential enterprise income tax rate applicable to certain PRC subsidiaries.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss (2021: earnings) per share for the year is based on the loss (2021: profit) attributable to the ordinary equity holders of the Company of approximately RMB501,792,000 (2021: RMB160,745,000) and the weighted average number of 879,267,102 shares (2021: 879,267,102 shares) in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted loss (2021: earnings) per share is the same as basic loss (2021: earnings) per share for the years presented.

9. DIVIDEND

	2022	2021
	RMB'000	*RMB'000*
Dividend approved and paid during the year		
Final dividend in respect of 2021 of RMB0.055 (2020: RMB0.11) per ordinary share	**48,360**	96,719
Dividend proposed after the reporting period		
Final dividend in respect of 2022 of RMB Nil (2021: RMB0.055) per ordinary share	**–**	48,360

10. LOANS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Loans receivables from money lending business	**9,210**	105,690
Less: Loss allowance	**(8,330)**	(2,114)
	880	103,576

The ageing analysis of loans receivables, net of loss allowance, by start date of loan period is summarised as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**–**	–
1 to 2 years	**–**	–
2 to 3 years	**–**	2,548
Over 3 years	**880**	101,028
	880	103,576

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2022	2021
	RMB'000	*RMB'000*
Trade receivables		
From third parties	**581,539**	487,255
From the government	**584,999**	558,644
From joint ventures	**38,746**	43,325
From associates	**13,352**	8,983
From fellow subsidiaries	**2,101**	1,237
	1,220,737	1,099,444
Less: Loss allowance	**(59,095)**	(36,568)
	1,161,642	1,062,876
Bills receivables	**40,962**	87,830
Contract assets		
Government construction projects	**39,913**	88,998
Municipal waste treatment projects	**91,148**	90,030
Subsidised power generation projects	**34,903**	35,283
Other construction and waste treatment projects	**10,558**	9,769
	176,522	224,080
Less: Loss allowance	**(31,705)**	–
	144,817	224,080
Less: Non-current portion of contract assets	**(94,712)**	(96,931)
	50,105	127,149
	1,252,709	1,277,855

The ageing analysis of trade receivables by invoice date is summarised as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**459,233**	496,931
91 to 180 days	**72,439**	104,103
181 to 365 days	**191,259**	75,589
1 to 2 years	**159,202**	141,705
2 to 3 years	**100,489**	98,761
Over 3 years	**238,115**	182,355
	1,220,737	1,099,444

12. TRADE PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables		
To third parties	**666,874**	819,963
To an associate	**8,403**	9,007
To joint ventures	**2,985**	2,695
To fellow subsidiaries	**8,162**	8,178
	686,424	839,843
Bills payables	**–**	133
	686,424	839,976

The ageing analysis of trade payables by invoice date is summarised as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**491,370**	540,743
91 to 180 days	**32,624**	24,674
181 to 365 days	**44,733**	177,300
1 to 2 years	**73,181**	51,120
2 to 3 years	**15,611**	17,768
Over 3 years	**28,905**	28,238
	686,424	839,843

MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the Company centered on the strategic objectives of the "14th Five-Year Plan", focused on the core hazardous waste business, and adopted diversified market strategies to address fierce market competition; adhered to development driven by technological innovation and empowered industry upgrading; captured the opportunity from comprehensive and in-depth reform to stimulate organizational vitality; and adopted refined management to fully improve operation quality.

However, affected by the domestic and international economic situations, competition in hazardous waste industry and other adverse factors, the general environment of the hazardous waste market remained sluggish. The amount of hazardous waste generated by front-end customers decreased significantly, certain regions have overcapacity for hazardous waste disposal, and impacted by cement kiln collaborative disposal capacity; the cost of collection and transportation of recycled hazardous waste continued to increase, and the prices of collection, transportation and harmless treatment dropped significantly, which brought unprecedented difficulties and challenges to the hazardous waste industry in 2022.

Based on the Company's market research, during the Reporting Period, the total volume and revenue of hazardous waste collection and transportation significantly decreased, with the total volume of hazardous waste collection and transportation dropping by approximately 16.65% year-on-year; the industrial waste recycling and industrial waste treatment and disposal businesses recorded revenue of approximately RMB1,308 million and approximately RMB1,217 million, decreased by approximately 16.41% and 28.92% respectively as compared to the same period of last year. For collection and transportation prices, prices of collection and transportation for waste incineration fell by an average of over 15%, the price of collection and transportation for year-based customers also recorded an average decline of over 15%, while the discount rate for collection and transportation of recycled metal-containing wastewater rose by over 5% in several provinces, which led to the year-on-year decrease of 11.85% points in gross profit margin of hazardous waste business of the Company. For rare and precious metals recycling business, Chenzhou Xiongfeng Environment Technology Company Limited ("**Xiongfeng Environment**") recorded revenue of approximately RMB879 million and net profit of approximately RMB40.83 million during the year. In addition, the provision for credit impairment losses and asset impairment losses also caused significant impact on the profit for the year. Operating revenue for the year amounted to approximately RMB3,878 million, reduced by 3.41% year-on-year; net loss attributable to the equity holders of the Company amounted to approximately RMB502 million.

Facing intensive competition, the Company spared no efforts in capturing market share, flexibly applied the pricing mechanism, firmly adhered to the strategy of "capturing market share with competitive price", vigorously broadened the market coverage area, and continuously developed key customers, thereby stabilizing the fundamentals of business. In addition, the Company increased its efforts in sales of recycled products, established multi-industry sales channels, vigorously expanded overseas markets, promoted high value-added recycled products, and continuously enhanced the proportion of high value-added recycled products and sales performance.

For internal management, the Company vigorously implemented the special tasks of "slimming and fitness" and "extreme reduction of costs", carried out the work of "removing losses and suppressing scale" based on the work principle of specific measures for specific enterprises, facilitated certain loss-making enterprises to stop or reduce losses, advanced the equity transfer of enterprises under designated size and non-performing investees, effectively reduced the factors that adversely affected the profitability of enterprises, and concentrated its efforts in operation of high-quality assets. The Company also strived to promote cost reduction and efficiency enhancement by reducing energy and raw material consumption through measures such as staggered-peak production, process optimization and refinement of operations, thereby reducing various production costs through detailed measures.

For project construction, the Jieyang incineration project, Zhuhai Green industrial service center and other projects successfully obtained permits and commenced operation, and the Company efficiently promoted the construction of Jieyang rigid landfill project, and successfully undertook and started the construction of Jingzhou wastewater treatment plant expansion project, thereby further strengthening the core competitiveness of its main business. Xiongfeng Environment expanded its production capacity and upgraded its product standards through technological transformation and upgrading, and continuously promoted further increase in revenue and profit. As of the end of the Reporting Period, the hazardous waste disposal capacity of the Company has exceeded 2.7 million tonnes per year, further improving its advantage in production capacity.

For capital operation, the non-public offering project has been approved by the China Securities Regulatory Commission in February 2023 to raise up to approximately RMB1.2 billion, which will be invested in projects such as Jieyang Dananhai, Binjiang wastewater treatment plant, digital and intelligent construction and hazardous waste facility transformation and upgrading, providing financial support for high-quality development. During the Reporting Period, a total of RMB1 billion of super short-term financing bonds (the "**Super Short-term Financing Bonds**") were issued with a minimum interest rate of 2.3%; the annual finance rate was 3.68%, decreased by 22 basic points year-on-year.

For science and technology innovation, during the Reporting Period, the Company continued to put efforts in development of core technologies, and promoted the high-quality transformation of achievements. The basic copper carbonate industrialization project was successfully put into production, which strengthened the high-quality recycled cuprate product business of the Company. The Company was granted 121 new patents, and possessed a total of 602 patents. One technological achievement was recognized as international leading level by reputable agency. The Company promoted digital transformation with great efforts, and the intelligent environmental protection integrated solution integrating "intelligent safety and environmental management platform", "intelligent environmental protection operation and management platform" and "intelligent hazardous waste plant" was highly recognized by relevant authorities and widely acknowledged by the industry peers. The Company invested approximately RMB169 million, including additions of development costs in intangible assets, in research and development for the Reporting Period, which was similar with the same period of last year.

FINANCIAL REVIEW

Total operating revenue

For the year ended 31 December 2022, the Group's total operating revenue decreased by 3.41% as compared with 2021 to approximately RMB3,878,474,000 (2021: approximately RMB4,015,230,000). The decrease in total operating revenue was mainly due to various adverse factors in 2022 such as the domestic economic growth slowed down, the upstream enterprises' production volume decreased, the business size of the Group's main customers contracted, and the total wastes generated in the market decreased, resulting in the decrease in the volume of wastes collection and transportation of the Company. In addition, as the number of industry participants continued to increase and market competition became more intense, the unit prices of the Group's hazardous waste treatment business dropped significantly. In particular, the operating revenue of industrial waste treatment and disposal decreased by approximately 28.92% as compared with the same period of last year to approximately RMB1,216,925,000 (2021: approximately RMB1,712,164,000). The operating revenue of industrial waste recycling business decreased by approximately 16.41% as compared with the same period of last year to approximately RMB1,308,261,000 (2021: approximately RMB1,565,155,000), the operating revenue of rare and precious metals recycling business for the Reporting Period was approximately RMB879,007,000 (2021: approximately RMB198,628,000, due to the acquisition of Xiongfeng Environment in September 2021).

Profit

For the year ended 31 December 2022, the Group's integrated gross profit margin was 15.74% (2021: 27.48%). The integrated gross profit margin decreased by approximately 11.74% points as comparing to last year, which was mainly because of the commencement of operation on new production capacity in the industry, the competition became increasing by fierce, the cost of recycling business increased, and the market prices for collection and transportation of hazardous waste decreased, which led to the decrease in gross profit margin of the Company.

For the year ended 31 December 2022, net loss attributable to equity holders of the Company was approximately RMB501,792,000 (2021: profit of approximately RMB160,745,000). This was mainly due to the domestic economic conditions, the business size of the Group's main customers contracted, and the total wastes generated in the market decreased, resulting in the decrease in the volume of waste collection and transportation of the Group. In addition, as the number of industry participants continued to increase and market competition became more intense, the unit prices of the Group's hazardous waste treatment business dropped significantly. The gross profit margin of the recycling business decreased year-on-year due to lower metal selling prices and higher discount rates of wastes collection and transportation, resulting in a decline in the Group's net profit under pressure. Furthermore, considering the adverse impact of the Group's engaged industry and the change in operating environment, the Group made provision for impairment losses for certain assets, which constituted significant impact on the annual profit of the Group.

Selling expenses

For the year ended 31 December 2022, the Group's selling expenses were approximately RMB113,799,000 (2021: approximately RMB109,381,000), accounting for 2.93% of the total operating revenue (2021: 2.72%). The increase in selling expenses was mainly due to the increase in operating entities.

Administrative expenses

For the year ended 31 December 2022, the Group's administrative expenses were approximately RMB439,603,000 (2021: approximately RMB407,590,000), accounting for 11.33% of the total operating revenue (2021: 10.15%). The increase in administrative expenses during the Reporting Period was mainly due to the increase in operating entities.

Finance costs

For the year ended 31 December 2022, the Group's finance costs were approximately RMB176,741,000 (2021: approximately RMB135,010,000), accounting for 4.56% of the total operating revenue (2021: 3.36%). The increase in finance costs charged to the profit or loss was mainly due to the increase in total interest-bearing liabilities during the Reporting Period as compared to the same period of last year.

Income tax expenses

For the year ended 31 December 2022, the Group's income tax expenses were approximately RMB28,423,000 (2021: approximately RMB35,665,000). The decrease in income tax expenses was mainly due to the decrease in profit before taxation for the Reporting Period.

FINANCIAL POSITION AND LIQUIDITY

As of 31 December 2022, net current liabilities of the Group amounted to approximately RMB431,506,000 (2021: approximately RMB828,191,000), including cash and time deposits at banks and other financial institution (excluding restricted fund and pledged assets) of approximately RMB617,856,000 in total (2021: approximately RMB521,425,000).

As of 31 December 2022, total liabilities of the Group amounted to approximately RMB6,929,486,000 (2021: approximately RMB6,365,415,000), the gearing ratio was 59.2% (2021: 53.88%) and the current liabilities amounted to approximately RMB3,458,429,000 (2021: approximately RMB3,805,521,000). As of 31 December 2022, the Group's bank and other loans reached approximately RMB3,865,324,000 (2021: approximately RMB3,359,793,000). In the opinion of the Directors, the Group can meet its financial obligations through the available unused banking facilities.

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 AND JOINT VENTURES

In October 2022, the Company disposed of its 31% interest in Jiangsu Suquan Solid Waste Disposal Co., Ltd. (江蘇蘇全固體廢物處置有限公司), an associate, at the consideration of approximately RMB40,600,000.

In November 2022, the Company established Jieyang Guangye Environmental Protection Energy Co., Ltd. (揭陽市廣業環保能源有限公司), an associate owned as to 13% by the Company, with an investment cost of approximately RMB12,884,000.

Save as disclosed in this announcement, during the Reporting Period, the Group has no other significant investment, acquisition and disposal of subsidiaries, associates or joint ventures.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have other future plans for material investments or capital assets, except for the capital commitment of approximately RMB303,852,000 as disclosed in the paragraph headed "Capital commitment" below.

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, and is also exposed to cash flow interest rate risk as a result of the Group's floating-rate bank loans. The Group currently has no interest rate hedging policy. However, the Group closely monitors its interest rate exposure and will consider managing this risk using an appropriate mix of fixed and floating rate loans.

Foreign exchange risk

The Group's functional currency is RMB, and the majority of transactions are denominated in RMB. However, certain bank balances, trade and other receivables and other payables are denominated in currencies other than RMB. Functional currencies of the Group's overseas operations other than the Mainland China are also denominated in foreign currencies. The Group has not engaged in any particular hedge against foreign exchange risk.

Capital commitment

As at 31 December 2022, the capital commitment of the Group was as follows:

Items	**2022** ***RMB'000***	2021 *RMB'000*
Significant outsourcing contracts	**237,014**	304,782
Commitment to acquisition of long-term assets	**37,717**	119,436
Commitment to equity investments in associates	**29,121**	–
Total	**303,852**	424,218

Contingent liabilities

As of 31 December 2022, the Group had no material contingent liabilities.

FINANCIAL BUDGET FOR YEAR 2023

I. Explanation for preparation of budget

This budget is prepared based on the principle of prudence, together with market situation and business expansion plan according to the preparation of the consolidated statements and based on the business development plan of each business segment, waste treatment and disposal plan, production and sales plan of recycled products and rare and precious metals recycling for year 2023. This budget is prepared based on the assumption that the operation plans of the Company will be completed on time and in volume as specified in the plans.

The budget summarized the operation condition in 2022 and analysis of the circumstances of the operation in 2023, as well as the Company's corporate development strategy. Moreover, this budget has taken into consideration the impacts of factors, including market environment, business expansion and sales prices. This budget includes the Company, its controlling subsidiaries and branches.

II. Basic assumptions

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

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

3. 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 2023.

4. Fluctuation of the interest rate and taxation policy regarding production and operation of the Company are within normal scope.

5. No material changes in the existing production organization structure of the Company, completion and commencement for production of the planned investment projects will take place on schedule.

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

III. Key indicators of the budget of 2023

The revenue is expected to record a year-on-year increase of no less than 20% in 2023.

Special notice: The budget is a control indicator for internal management for the Company's business plan in 2023 and is set out for the information of the shareholders of the Company (the "Shareholders") and potential investors, but does not constitute the Company's profit forecast for 2023. Whether the budget could be realized depends on a number of factors including changes in market conditions and the efforts of the operation team, and is subject to a high degree of uncertainties. The Shareholders and potential investors are advised to pay attention to investment risks, to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

FUTURE PROSPECTS

Based on the "14th Five-Year Plan" which proposed to focus on "carbon peaking" and "carbon neutrality" and develop a green and low-carbon circular economy, the 20th National Congress of the Communist Party of China clarified the green development roadmap for the next five years and put forward a series of new ideas, new thoughts and new strategies for the construction of ecological civilization and ecological and environmental protection, which emphasized that China shall implement a comprehensive conservation strategy, promote the efficient and collective use of all kinds of resources, and accelerate the construction of a waste recycling system, meaning that the future development of the environmental protection industry will remain in line with the trend and has great potential. Meanwhile, the transformation of the concept of green and low-carbon development, together with the adjustment of focus from "pollution reduction" to "carbon reduction" for the overall ecological and environmental protection of China, has also posed higher requirements for the business development of enterprises in the future.

As a pioneer in China's hazardous waste treatment industry, the Company firmly supports the national strategy, follows the development trend of the industry, actively explores new performance growth drivers under the strategy of "carbon peaking" and "carbon neutrality" and actively fulfills its corporate social responsibility on the basis of consolidating its main business. It is expected that industrial production in China will continue to recover in 2023, waste generated by upstream enterprises will resume growth, and the hazardous waste industry will recover. In view of this, the Company adhered to the goal of "strengthening the main business, promoting transformation, refining management and increasing efficiency", focused on the main task of "resource recycling", facilitated industry upgrading through technological innovation, achieved high-quality development through "internal enhancement and external expansion", and made every effort to build a leading comprehensive environmental protection service flagship enterprise in China. In 2023, the Company will put great efforts in market development, key project development and implementation of the "management of three refinements" to consolidate the leading position of the main business in the intensifying market competition, thereby comprehensively improving business performance.

The Company will continue to focus on the main business of hazardous waste treatment, actively adopt a "diversified" market policy, vigorously develop the market, provide high-quality collection and transportation services to major customers, especially actively expand the market segment of waste with high difficulty in disposal, and make every effort to improve market share and capacity utilization. The Company will increase its efforts in product sales and overseas market expansion, broaden the sales channels and influence of new products, continuously increase the proportion and sales of high-value-added recycled products, and actively enhance the profitability of recycled products. The Company will accelerate the Proposed Non-public Issuance of A Shares to raise sufficient funds for the Company's development. It will also continue to facilitate the construction of key projects of the Company, particularly facilitate the projects financed by the non-public offering to complete construction and commence operation as soon as possible, so as to bring new performance growth drivers for the Company. The Company will accelerate the enhancement of production capacity for recycling of rare and precious metals and technology upgrade of Xiongfeng Environment to ensure a new breakthrough in revenue size and profit, while utilizing the Company's advantages in market resources to promote effective collaboration in the disposal of hazardous waste containing copper and tin, thus providing important support for the Company's performance growth. In addition, the Company will continue to carry out special tasks such as "ultimate cost reduction" and " removing loss-making projects and compressing business scale" to addressing historical problems, revitalize underperforming and non-performing assets, further optimize the asset structure, continue to increase efforts in construction of the "intelligent safety and environmental management platform", "intelligent environmental protection operation and management platform" and "intelligent hazardous waste plant", vigorously promote digital and intelligent transformation, and enhance the management efficiency and profit of the Company.

In addition to consolidating its existing advantages, in order to accelerate transformation and upgrading of the Company, the Company will continue to pay attention to the development opportunities of industry extension, focus on the main task of "resource recycling", continuously promote the preliminary work of emerging industries and technological innovation projects, further demonstrate the feasibility of new sectors and projects in the new energy field, and implement pilot projects when appropriate, to develop new market space, business models and performance growth drivers. In addition, the Company will adhere to the strategy of development driven by scientific and technological innovation, put great efforts in research and development of core technologies, explore the development of high-value-added products, and improve the core competitiveness and development benefits of the Company.

POSSIBLE RISKS AND COUNTERMEASURES

1. Risk related to continuous competition in the industry

With China's increasing policy support for the circular economy, the environmental protection industry remained attractive to various investors in recent years, with large state-owned enterprises and private capital entering the market, leading to significantly intensified competition in the industry, a substantial increase in hazardous waste treatment capacity, and persistent low level of treatment prices, and causing impact on the Company's revenue and profit. In the next step, the Company will continue to focus on its main business, make bold reforms on internal management, improve the refined management capability, and enhance the efficiency of digital and intelligent transformation, while adopting diversified methods to enhance the added value of the Company's products and expand its influence in the industry, so as to continuously improve the Company's comprehensive strength.

2. Risk related to production safety and environmental protection

Hazardous wastes are corrosive, toxic, flammable, reactive or infectious in nature, which have high industry standards and requirements on the skills of operators, operating techniques and processes and safety management measures. The Company's business involves the collection, storage and disposal of hazardous wastes with an extensive business scope covering a wide range of products, thus putting great pressure on production safety and environmental protection management. The Company will continue to strengthen the management of its pollutant treatment facilities, raise employees' awareness of compliance operations, and fully enhance its safety protection capability to minimise the risk related to production safety and environmental protection.

3. Risk related to metal price fluctuation

The main products of the Company's recycling business are cuprate products such as copper sulfate, basic copper chloride and copper oxide, as well as metal element products containing nickel, iron and tin, and the main products of the rare and precious metals business are gold, silver, platinum, palladium and other rare and precious metals as well as metal products containing bismuth, copper, lead and zinc. The selling prices of these products are determined based on their metal element content and with reference to the spot prices of metals published by metal exchanges and may be affected by fluctuations in metal prices. The Company will firmly implement the procurement-production-sales plan, increase efforts in product sales, accelerate operating turnover, reduce inventory backlog and prevent and control the risk of price inversion caused by fluctuations in metal prices.

DIVIDENDS

Considering that the Company recorded a loss during the Reporting Period, the Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: RMB0.055 per ordinary Share).

MATTERS DURING THE REPORTING PERIOD

Issuance of the First Tranche of the Super Short-term Financing Bonds in 2022

The Company applied for the registration of the issuance of the Super Short-term Financing Bonds at the National Association of Financial Market Institutional Investors ("**NAFMII**") with a size not exceeding RMB1.5 billion (inclusive). The resolution on the registration and issuance of Super Short-term Financing Bonds was considered and approved by the Shareholders at the third extraordinary general meeting in 2020 of the Company held on 13 October 2020. The Company has received the Registration Acceptance Notice issued by the NAFMII, pursuant to which the NAFMII has decided to accept the registration of the Super Short-term Financing Bonds.

The Company has completed the issuance of the first tranche of the Super Short-term Financing Bonds on 12 January 2022 and 13 January 2022, and received the proceeds in full on 14 January 2022.

For details, please refer to the Company's overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement dated 13 October 2020 and announcements dated 4 February 2021 and 14 January 2022.

Supplemental Agreement Relating to the Acquisition of 70% Equity Interest in Xiongfeng Environment

On 16 February 2022, in order to specify the profit and loss position during the transition period and the arrangements for events happened before completion of the acquisition of 70% equity interest in Xiongfeng Environment ("**Completion**") (including no cash compensation, the treatment of relevant waste arising before Completion and the obligations and liabilities to be borne by Mr. Li Jinqian), the Company, the vendor and Mr. Li Jinqian have entered into a supplemental agreement. The Company considered that the supplemental agreement does not involve a material change of the rights and obligations of the parties under the acquisition agreement and the confirmation given by the vendor, and therefore does not constitute a material variation of the terms of the acquisition agreement.

For details, please refer to the Company's announcements dated 16 July 2021, 10 September 2021, 17 September 2021 and 16 February 2022, circular dated 19 August 2021 and poll results announcement dated 8 September 2021.

Continuing Connected Transaction – Hazardous Waste Service Framework Agreement

On 7 April 2022, the Company (for itself and on behalf of its subsidiaries) and Guangdong ANJIATAI Environmental Protection Science and Technology Co., Ltd.* (廣東安佳泰環保科技有限公司) ("**Anjiatai**") entered into a hazardous waste service framework agreement, pursuant to which the Company (for itself and on behalf of its subsidiaries) has agreed to engage Anjiatai for the treatment of hazardous waste produced by the Group. This constitutes continuing connected transaction of the Company under the Listing Rules.

For details, please refer to the Company's announcements dated 7 April 2022 and 14 April 2022.

Arbitration

The arbitration (the "**Arbitration**") initiated by Qidi Sustainable Resources Technology Development Co., Ltd.* (啟迪再生資源科技發展有限公司) (the "**Applicant**") against the Company in relation to an equity transfer agreement has been heard on 15 November 2021. The Company received the Decision of the Arbitration ((2020) Huzhonganzi No. 3835) (the "**Decision**") delivered by the Shanghai Arbitration Commission, under which a decision has been made on the Arbitration.

The arbitral tribunal made the following decision in accordance with the majority opinion of the arbitral tribunal based on the recognised facts of the dispute, as well as the relevant contractual agreements and relevant legal provisions:

1. The Company shall pay to the Applicant damages after offsetting debts in the sum of approximately RMB27,733,000;

2. The Company shall pay to the Applicant damages on loss of fund subsidies in the sum of approximately RMB26,340,000 up to the end of August 2016;

3. The Company shall pay part of the legal fees paid by the Applicant in the sum of RMB1,000,000;

4. Found against the remaining claims of the Applicant under the Arbitration; and

5. The cost of the Arbitration shall be in the sum of approximately RMB460,000, amongst which the Applicant shall be responsible for RMB400,000.

The above sums have been paid by the Company. The decision stated in the Decision is final with legal effect from the date the Decision was made.

For details, please refer to the Company's announcements dated 23 January 2020, 4 December 2020, 14 October 2021 and 13 May 2022.

Proposed Non-public Issuance of A Shares

On 27 May 2022, the Board has approved the proposed non-public issuance of not more than 263,780,130 New A Shares by the Company to not more than 35 specific target subscribers (the "**Proposed Non-public Issuance of A Shares**"), which is expected to raise gross proceeds of up to RMB1.2 billion.

As part of the Proposed Non-public Issuance of A Shares, on 27 May 2022, the Company and Guangdong Rising Group entered into a subscription agreement pursuant to which Guangdong Rising Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, such number of New A Shares as would be issued for an amount of not more than RMB350 million but not less than 25.72% (inclusive) of the total issue size of the Proposed Non-public Issuance of A Shares (the "**Subscription**"). Guangdong Rising Group is a substantial Shareholder of the Company and is therefore a connected person of the Company. The Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The extraordinary general meeting, the A Shares class meeting and the H Shares class meeting (collectively, the "**Meetings**") were held consecutively on 12 July 2022. All the resolutions in relation to the Proposed Non-public Issuance of A Shares proposed as set out in the notices of the Meetings were duly passed by the relevant Shareholders by way of poll.

For details, please refer to the Company's announcements dated 27 May 2022 and 12 July 2022 and the Company's circular dated 23 June 2022.

Termination of Joint Venture

On 26 August 2019, the Company and Jiangsu High Hope International Group Co., Ltd. ("**High Hope Group**"), a shareholder of the Company, entered into a shareholder investment agreement (the "**Shareholder Investment Agreement**") in relation to the establishment of a joint venture (the "**Joint Venture**"), which constituted a connected transaction of the Company.

The overall operation and progress of development of the Joint Venture failed to attain the initial expectation and plan of the Company and High Hope Group. On 17 June 2022, the Company and High Hope Group agreed to terminate the Shareholder Investment Agreement and dissolve the Joint Venture (the "**Termination and Dissolution**") with a view to focus on its principal business of hazardous waste treatment, consolidate the resources and enhance operational and development quality and efficiency. The Joint Venture had not commenced business since its incorporation. As of 17 June 2022, the Company and High Hope Group had not made any capital contribution to the Joint Venture.

The Board considered that the Termination and Dissolution was in the interests of the Company and Shareholders, and would not have material adverse impact on the business, operation or financial condition of the Group.

For details, please refer to the announcements of the Company dated 26 August 2019 and 17 June 2022.

Discloseable and Continuing Connected Transaction – Renewal of Financial Service Agreement

On 9 August 2022, the Company and Guangdong Rising Finance Co., Ltd.* (廣東省廣晟財務有限公司) ("**Rising Finance**") entered into a financial services agreement (the "**Financial Services Agreement**"), pursuant to which Rising Finance has agreed to provide the deposit services (the "**Deposit Services**"), settlement services, credit facility services and other financial services to the Group for a term of three years commencing from the date on which the Deposit Services under the Financial Services Agreement is approved by the independent Shareholders at the extraordinary general meeting of the Company.

Rising Finance is a subsidiary of Guangdong Rising Group, which is a substantial Shareholder of the Company and is therefore a connected person of the Company. The Financial Services Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The resolution in relation to the Deposit Services was put to vote by way of poll and duly passed by the Shareholders at the extraordinary general meeting held on 12 October 2022.

For details, please refer to the Company's announcements dated 9 August 2022 and 12 October 2022 and the Company's circular dated 15 September 2022.

Issuance of the Second Tranche of the Super Short-term Financing Bonds in 2022

The Company has completed the issuance of the second tranche of the Super Short-Term Financing Bonds in 2022 on 29 September 2022, and received the proceeds in full on 30 September 2022.

For details, please refer to the Company's overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement dated 13 October 2020 and announcements dated 4 February 2021, 14 January 2022 and 30 September 2022.

Connected Transaction – Waste Processing Service Agreement

On 24 October 2022, ALBA Rising Green Fuel (Jieyang) Ltd.* (歐晟綠色燃料(揭陽)有限公司) ("**Jieyang ALBA**"), an associate of the Company, and Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.* (韶關東江環保再生資源發展有限公司) ("**Shaoguan Dongjiang**"), a subsidiary of the Company, have entered into a waste processing service agreement, pursuant to which Jieyang ALBA has agreed to engage Shaoguan Dongjiang for the services of the transportation and non-hazardous processing of ash residues. The total amount of ash residues to be transported and processed by Shaoguan Dongjiang shall be up to 600 tonnes.

For details, please refer to the Company's announcement dated 24 October 2022.

Continuing Connected Transaction – Facility Agreement

On 30 October 2022, Shaoguan Dongjiang entered into a facility agreement with Rising Finance, pursuant to which Rising Finance has agreed to provide a facility to Shaoguan Dongjiang in an aggregate principal amount of up to RMB200,000,000 for a term of one year.

For details, please refer to the Company's announcement dated 30 October 2022.

SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2022

Issuance of the First Tranche of the Super Short-term Financing Bonds in 2023

The Company has completed the issuance of the first tranche of the Super Short-Term Financing Bonds in 2023 on 19 January 2023, and received the proceeds in full on 19 January 2023.

For details, please refer to the Company's overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement dated 13 October 2020 and announcements dated 4 February 2021, 14 January 2022, 30 September 2022 and 19 January 2023.

Approval for the Proposed Non-public Issuance of A Shares from the CSRC

On 1 February 2023, the Company received the Approval for the Non-public Issuance of Shares of Dongjiang Environmental Company Limited (Zheng Jian Xu Ke [2023] No.155 (《關於核准東江環保股份有限公司非公開發行股票的批覆》(證監許可[2023]155 號)) (the "**Approval**") issued by the China Securities Regulatory Commission ("**CSRC**"). Details of the Approval are as follows:

1. The CSRC has approved the non-public issuance of not more than 263,780,130 New A Shares of the Company. In the event that there are changes in the total share capital resulting from conversion into share capital, the number of shares to be issued under the issuance of New A Shares may be adjusted accordingly.

2. The issuance of New A Shares shall be implemented strictly in accordance with the application documents submitted to the CSRC by the Company.

3. The Approval shall be valid for 12 months from the date of approval of the issuance.

4. If any material event of the Company occurs during the period from the date of approval of the issuance to the completion of the issuance of New A Shares, the Company shall promptly report to the CSRC and handle such matter in accordance with the relevant requirements.

For details, please refer to the Company's announcement dated 1 February 2023.

Proposed Application for Registration and Issuance of New Medium Notes and New Super Short-term Financing Bonds

The Company proposed to apply to the NAMFII for the issue of medium notes in the principal amount of up to RMB1.5 billion (inclusive) (the "**New Medium Notes**") and super short-term financing bonds in the principal amount of up to RMB1.5 billion (inclusive) (the "**New Super Short-term Financing Bonds**").

The proposed application for registration and issuance of New Medium Notes and New Super Short-Term Financing Bonds was approved by the Board and the supervisory committee of the Company, and was put to vote by way of poll and duly passed by the Shareholders at the extraordinary general meeting of the Company held on 17 March 2023. The implementation of the proposal for the issuance of the New Medium Notes and New Super Short-term Financing Bonds is subject to registration with the NAFMII and the final proposal is subject to the notice of acceptance of registration of the NAFMII.

For details, please refer to the Company's announcement dated 27 February 2023, circular dated 2 March 2023 and poll results announcement dated 17 March 2023.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period. The approval in respect of the Proposed Non-public Issuance of A Shares has been obtained but no New A Shares were issued by the Company during the Reporting Period and up to the date of this announcement.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct of securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries with all Directors and Supervisors by the Company, they confirmed that they have complied with the requirements set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company has been firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with Shareholders 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 set out in Appendix 14 to the Listing Rules throughout the Reporting Period.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures contained in the preliminary announcement of the Group's results for the year have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The Company has set up an audit committee of the Company (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, and reviewing and providing supervision over the Group's financial reporting process and internal controls of the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Siu Chi Hung, Mr. Li Jinhui and Ms. Guo Suyi, whereas Mr. Siu Chi Hung has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated results for the year ended 31 December 2022 and this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Further announcement(s) will be made by the Company in respect of the proposed date on which the forthcoming annual general meeting of the Company to be held and the period during which the register of members of the Company will be closed in order to ascertain Shareholders' eligibility to attend and vote at the said meeting.

PUBLICATION OF THE 2022 ANNUAL RESULTS AND ANNUAL REPORT

This 2022 annual results announcement is published respectively on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.dongjiang.com.cn). The 2022 annual report of the Company will be despatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in April 2023.

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

Shenzhen, the PRC
30 March 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*