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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Dongjiang Environmental Company Limited\* (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures of the year ended 31 December 2022 are as follows:

(Unless specified otherwise, the financial information of the Group in this announcement is stated in Renminbi (“**RMB**”).)

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

Unit: RMB

Items	Notes	2023	2022
<b>I. Total operating revenue</b>	3	<b>4,022,468,104.97</b>	3,878,473,960.06
Including: Operating revenue		<b>4,022,468,104.97</b>	3,878,473,960.06
Interest income		–	–
Premium earned		–	–
Handling charges and commission income		–	–
<b>II. Total operating cost</b>		<b>4,762,790,408.38</b>	4,196,731,047.49
Including: Cost of operation		<b>3,848,321,757.55</b>	3,268,091,799.21
Interest expenses		–	–
Handling charges and commission expenses		–	–
Surrenders		–	–
Net claims expenses		–	–
Net provision for insurance contracts reserve		–	–
Insurance policy dividend paid		–	–
Reinsurance costs		–	–
Tax and levies		<b>46,946,838.22</b>	48,549,449.28
Selling expenses		<b>90,592,850.14</b>	113,798,514.85
Administrative expenses		<b>436,797,024.80</b>	438,933,743.90
Research and development expenses		<b>171,163,139.12</b>	162,828,290.35
Finance costs	7	<b>168,968,798.55</b>	164,529,249.90
Including: Interest expense		<b>185,180,503.41</b>	176,740,811.35
Interest income		<b>16,412,980.23</b>	12,353,840.55
Add: Other income		<b>54,533,409.20</b>	56,378,589.71
Investment income			
(Loss represented in “-” signs)		<b>-3,740,139.80</b>	8,418,274.49
Including: Investment income from associates and joint ventures		<b>-7,156,423.44</b>	-5,025,652.97
Gains on derecognition of financial assets at amortized cost		–	–
Foreign exchange gains		–	–
(Loss represented in “-” signs)		–	–
Gains from net exposure hedgings (Loss represented in “-” signs)		–	–

Items	Notes	2023	2022
Gains from changes in fair value (Loss represented in “-” signs)		-440,331.91	-4,802,542.46
Credit impairment losses (Loss represented in “-” signs)		-18,571,708.09	-35,370,741.12
Asset impairment losses (Loss represented in “-” signs)		-179,488,868.01	-263,805,825.58
Gains on disposal of assets (Loss represented in “-” signs)		710,819.45	967,389.03
<b>III. Operating profits</b> <b>(Loss represented in “-” signs)</b>		<b>-887,319,122.57</b>	<b>-556,471,943.36</b>
Add: Non-operating income		4,566,817.05	22,326,028.95
Less: Non-operating expenses		4,442,596.43	6,125,709.57
<b>IV. Total profits (Total losses represented in “-” signs)</b>		<b>-887,194,901.95</b>	<b>-540,271,623.98</b>
Less: Income tax expenses	8	2,276,654.65	25,470,790.35
<b>V. Net profits (Net losses represented in “-” signs)</b>		<b>-889,471,556.60</b>	<b>-565,742,414.33</b>
(1) Breakdown by continuity of operation			
1. Net profits from continuing operations (Net loss represented in “-” signs)		-889,471,556.60	-565,742,414.33
2. Net profits from discontinued operations (Net loss represented in “-” signs)		-	-
(2) Breakdown by attributable interests			
1. Net profits attributable to owners of the parent company		-750,470,568.53	-499,071,862.92
2. Minority interests		-139,000,988.07	-66,670,551.41
<b>VI. Other comprehensive income, net of tax</b>		<b>1,636,591.14</b>	<b>-54,280.63</b>
Other comprehensive income attributable to owners of the parent company, net of tax		1,636,591.14	-54,280.63

Items	Notes	2023	2022
(1) Other comprehensive income that cannot be reclassified to profit or loss		-	-
1. Changes arising from re-measuring defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Change in fair value of investments in other equity instruments		-	-
4. Change in fair value due to enterprise's own credit risk		-	-
5. Others		-	-
(2) Other comprehensive income that will be reclassified to profit or loss		<b>1,636,591.14</b>	-54,280.63
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		-	-
2. Change in fair value of other debt investments		-	-
3. Amount of financial assets to be reclassified into other comprehensive income		-	-
4. Provision for credit impairment of other debt investments		-	-
5. Reserve for cashflow hedging		-	-
6. Exchange difference on translation of financial statements in foreign currency		<b>-5,633.56</b>	-54,280.63
7. Others		<b>1,642,224.70</b>	-
Other comprehensive income attributable to minority interests, net of tax		<u>-</u>	<u>-</u>
<b>VII. Total comprehensive income</b>		<b>-887,834,965.46</b>	-565,796,694.96
Total comprehensive income attributable to owners of the parent company		<b>-748,833,977.39</b>	-499,126,143.55
Total comprehensive income attributable to minority interests		<b><u>-139,000,988.07</u></b>	<b><u>-66,670,551.41</u></b>
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share	9	<b>-0.7422</b>	-0.5676
(2) Diluted earnings per share		<b><u>-0.7422</u></b>	<b><u>-0.5676</u></b>

**CONSOLIDATED BALANCE SHEET**

31 December 2023

RMB

Items	Notes	31 December 2023	31 December 2022
<b>Current assets:</b>			
Cash and cash equivalents		1,240,597,614.74	622,716,432.60
Settlement deposits		–	–
Placements with banks and other financial institutions		–	–
Held-for-trading financial assets		60,251,506.84	–
Derivative financial assets		–	–
Notes receivable	11	63,217,511.87	16,541,947.42
Trade receivable	11	1,021,948,407.16	1,118,529,140.66
Receivables financing		8,265,364.14	24,420,525.44
Prepayments		109,245,227.02	149,703,661.79
Premium receivable		–	–
Reinsurance accounts receivable	11	–	–
Provision for reinsurance contract receivable		–	–
Other receivables		167,064,913.33	207,714,985.55
Including: Interest receivable		–	–
Dividend receivable		–	–
Financial assets held under resale agreements		–	–
Inventories		789,824,538.47	649,715,145.40
Contract assets		43,110,864.60	50,105,393.03
Assets held for sale		–	–
Non-current asset due within one year		40,359,253.25	43,111,546.82
Other current assets		117,072,116.35	144,364,492.80
		<u>3,660,957,317.77</u>	<u>3,026,923,271.51</u>
<b>Total current assets</b>		<b>3,660,957,317.77</b>	<b>3,026,923,271.51</b>

<b>Items</b>	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Non-current assets:</b>			
Granted loans and advances		–	–
Debt investments		–	–
Other debt investments		–	–
Long-term receivables		–	–
Long-term equity investments		<b>277,263,939.59</b>	271,341,654.23
Investment in other equity instruments		<b>4,242,896.51</b>	4,242,896.51
Other non-current financial assets		–	–
Investment properties		<b>522,789,890.30</b>	518,285,328.05
Fixed assets		<b>5,148,382,776.17</b>	4,306,341,813.80
Construction in progress		<b>225,617,248.30</b>	1,086,114,237.40
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		<b>9,819,236.01</b>	3,496,322.14
Intangible assets		<b>1,159,995,165.87</b>	1,238,774,553.32
Development expenditure		<b>5,758,886.61</b>	2,635,451.79
Goodwill		<b>848,339,530.25</b>	985,053,444.89
Long-term unamortized expenses		<b>110,982,301.18</b>	96,736,566.10
Deferred income tax assets		<b>62,492,766.91</b>	58,301,937.27
Other non-current assets		<b>124,855,689.08</b>	140,131,395.18
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>8,500,540,326.78</b>	8,711,455,600.68
		<hr/>	<hr/>
<b>Total assets</b>		<b>12,161,497,644.55</b>	11,738,378,872.19
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Items	<i>Notes</i>	31 December 2023	31 December 2022
<b>Current liabilities:</b>			
Short-term borrowings		1,268,986,439.35	956,740,817.64
Borrowings from central bank		–	–
Loans from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Notes payable		–	–
Accounts payable	12	675,266,359.63	686,424,008.66
Receipts in advance		872,774.74	1,451,742.01
Contract liabilities		126,420,707.75	142,285,139.51
Proceeds from disposal of financial assets under agreements to repurchase		–	–
Receipt of deposits and placements from banks and other financial institutions		–	–
Funds received as agent of stock exchange		–	–
Funds received as stock underwriter		–	–
Employee benefits payable		36,817,303.29	42,268,421.92
Tax payable		18,293,384.23	39,733,694.75
Other accounts payable		166,581,016.31	483,547,377.32
Including: Interest payable		–	–
Dividend payable		1,435,000.65	2,895,200.00
Handling charges and commission payable		–	–
Reinsurance accounts payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		930,126,157.49	576,774,003.86
Other current liabilities		52,707,803.95	529,204,282.66
<b>Total current liabilities</b>		<b>3,276,071,946.74</b>	<b>3,458,429,488.33</b>

Items	<i>Notes</i>	31 December 2023	31 December 2022
<b>Non-current liabilities:</b>			
Provision for insurance contracts		–	–
Long-term borrowings		<b>3,390,907,716.95</b>	2,577,061,794.78
Bonds payable		–	499,813,321.28
Including: Preferred shares		–	–
Perpetual bond		–	–
Lease liabilities		<b>5,231,022.88</b>	1,961,065.63
Long-term accounts payable		–	–
Long-term employee benefits payable		–	–
Estimated liabilities		<b>217,913,523.99</b>	173,009,985.39
Deferred income		<b>160,293,031.94</b>	181,266,771.97
Deferred income tax liabilities		<b>64,308,093.09</b>	62,553,946.55
Other non-current liabilities		<b>4,875,915.01</b>	4,854,606.49
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>3,843,529,303.86</b>	3,500,521,492.09
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>7,119,601,250.60</b>	6,958,950,980.42
		<hr/>	<hr/>
<b>Owners' equity:</b>			
Share capital		<b>1,105,255,802.40</b>	879,267,102.40
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bond		–	–
Capital reserve		<b>1,411,090,961.30</b>	451,166,208.23
Less: Treasury stock		–	–
Other comprehensive income		<b>19,234,255.89</b>	17,597,664.75
Special reserve		<b>2,109,140.84</b>	1,359,822.41
Surplus reserve		<b>269,816,271.96</b>	269,816,271.96
General risk reserve		–	–
Undistributed profits		<b>1,688,916,877.98</b>	2,439,387,446.51
		<hr/>	<hr/>
<b>Total equity attributable to owners of the parent company</b>		<b>4,496,423,310.37</b>	4,058,594,516.26
Minority interests		<b>545,473,083.58</b>	720,833,375.51
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<b>Total owners' equity</b>		<b>5,041,896,393.95</b>	4,779,427,891.77
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<b>Total liabilities and owners' equity</b>		<b>12,161,497,644.55</b>	11,738,378,872.19
		<hr/>	<hr/>



## CONSOLIDATED CASH FLOW STATEMENT

2023

Unit: RMB

Item	2023	2022
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	<b>4,508,127,008.82</b>	4,201,805,795.65
Net increase in customer deposits and placements from banks and other financial institutions	–	–
Net increase in borrowings from central bank	–	–
Net increase in borrowings from other financial institutions	–	–
Cash received from premium of original insurance contracts	–	–
Net cash received from reinsurance business	–	–
Net increase in deposits and investments from policyholders	–	–
Cash received from interest, handling charges and commission	–	–
Net increase in borrowings from banks and other financial institutions	–	–
Net increase in proceeds from sale of assets under repurchase agreements	–	–
Net cash received from securities brokerage services	–	–
Refund of taxes and levies	<b>132,242,099.89</b>	157,567,323.91
Other cash receipts relating to operating activities	<b>117,676,151.27</b>	112,950,693.12
<b>Sub-total of cash inflows from operating activities</b>	<b>4,758,045,259.98</b>	4,472,323,812.68
Cash paid for goods and services	<b>3,804,257,399.19</b>	3,026,698,128.93
Net increase in loans and advances to customers	–	–
Net increase in deposits with central bank and placements with banks and other financial institutions	–	–
Cash paid for claims under original insurance contracts	–	–
Net increase in placements with banks and other financial institutions	–	–
Cash paid for interest, handling charges and commission	–	–
Cash paid for policyholders' dividend	–	–
Cash paid to and on behalf of employees	<b>678,199,074.05</b>	759,857,371.19
Payments of tax and levies	<b>133,775,572.74</b>	175,756,809.74
Other cash payments relating to operating activities	<b>140,783,867.86</b>	226,474,972.16
<b>Sub-total of cash outflows from operating activities</b>	<b>4,757,015,913.84</b>	4,188,787,282.02
<b>Net cash flows from operating activities</b>	<b>1,029,346.14</b>	283,536,530.66

Item	2023	2022
<b>II. Cash flows from investing activities:</b>		
Cash received from withdrawal of investments	1,110,394,000.00	41,300,000.00
Cash received from returns on investments	12,345,535.16	400,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	610,221.91	4,939,612.00
Net cash received from disposal of subsidiaries and other operating units	–	-2,079,992.69
Other cash receipts relating to investing activities	–	–
<b>Sub-total of cash inflows from investing activities</b>	<b>1,123,349,757.07</b>	<b>44,559,619.31</b>
Cash paid on acquisition of fixed assets, intangible assets and other long-term assets	426,322,848.84	545,470,697.62
Cash paid on investments	1,190,578,708.80	12,884,050.40
Net cash paid on acquisition of subsidiaries and other operating units	–	41,532,772.50
Other cash payments relating to investing activities	–	–
<b>Sub-total of cash outflows from investing activities</b>	<b>1,616,901,557.64</b>	<b>599,887,520.52</b>
<b>Net cash flows from investing activities</b>	<b>-493,551,800.57</b>	<b>-555,327,901.21</b>
<b>III. Cash flows from financing activities:</b>		
Cash received from investment	1,196,226,412.10	–
Including: Cash received by subsidiaries from investment of minority interest	–	–
Cash received from borrowings	3,375,162,419.17	3,990,456,912.61
Cash received from bond issuance	500,000,000.00	–
Other cash receipts relating to financing activities	11,920,000.00	–
<b>Sub-total of cash inflows from financing activities</b>	<b>5,083,308,831.27</b>	<b>3,990,456,912.61</b>

<b>Item</b>	<b>2023</b>	2022
Cash payments for settlement of debts	<b>3,695,196,027.10</b>	3,352,213,880.62
Cash payments for distribution of dividend, profits or interest expenses	<b>248,845,678.06</b>	265,205,323.59
Including: Cash payments for distribution of dividends and profits by subsidiaries to minority shareholders	<b>7,255,831.03</b>	42,995,469.00
Other cash payments relating to financing activities	<b>27,282,028.40</b>	6,225,803.70
<b>Sub-total of cash outflows from financing activities</b>	<b>3,971,323,733.56</b>	3,623,645,007.91
<b>Net cash flows from financing activities</b>	<b>1,111,985,097.71</b>	366,811,904.70
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>491,830.52</b>	1,410,591.74
<b>V. Net increase in cash and cash equivalents</b>	<b>619,954,473.80</b>	96,431,125.89
Add: Balance of cash and cash equivalents at the beginning of the period	<b>617,856,312.92</b>	521,425,187.03
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	<b>1,237,810,786.72</b>	617,856,312.92

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

2023

Unit: RMB

Item	Equity attributable to owners of the parent company											Total Owners' equity			
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Treasury stock	Less: comprehensive income	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		Others	Sub-total	Minority interests
I. Balance at the end of last year	879,267,102.40	-	-	451,166,208.23	-	17,597,664.75	1,359,822.41	269,816,271.96	-	2,439,387,446.51	-	-	4,058,594,516.26	720,833,375.51	4,779,427,891.77
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of previous errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	879,267,102.40	-	-	451,166,208.23	-	17,597,664.75	1,359,822.41	269,816,271.96	-	2,439,387,446.51	-	-	4,058,594,516.26	720,833,375.51	4,779,427,891.77
III. Movement in the period (Decrease represented by "+", signs)															
(1) Total comprehensive income						1,636,591.14	749,318.43	-	-	-750,470,568.53	-	-	437,828,794.11	-175,360,291.93	262,468,502.18
(2) Owners' contribution to and reduction of capital						1,636,591.14	-	-	-	-750,470,568.53	-	-	-748,833,977.39	-139,000,988.07	-887,834,965.46
1. Owners' contribution to ordinary shares						-	-	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments						-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment charged to owners' equity						-	-	-	-	-	-	-	-	-	-
4. Others						-	-	-	-	-	-	-	-	-	-
(3) Profits distribution						-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserve						-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve						-	-	-	-	-	-	-	-	-	-
3. Distribution to owners (or shareholders)						-	-	-	-	-	-	-	-	-	-
4. Others						-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of owners' equity						-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (or share capital)						-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital (or share capital)						-	-	-	-	-	-	-	-	-	-
3. Using surplus reserve to compensate deficit						-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans to retained earnings						-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income to retained earnings						-	-	-	-	-	-	-	-	-	-
6. Others						-	-	-	-	-	-	-	-	-	-
(5) Special reserve						-	-	-	-	-	-	-	-	-	-
1. Appropriation during the period						-	-	-	-	-	-	-	-	-	-
2. Utilization during the period						-	-	-	-	-	-	-	-	-	-
(6) Others						-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	1,105,255,802.40	-	-	1,411,090,961.30	-	19,234,255.89	2,109,140.84	269,816,271.96	-	1,688,916,877.98	-	-	4,496,423,310.37	545,473,083.58	5,041,896,393.95

Item	2022 Equity attributable to owners of the parent company														
	Share capital	Preferred shares	Other equity instruments Perpetual bond	Others	Capital reserve	Treasury stock	Less: comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Sub-total	Minority interests	Total Owners' equity
I. Balance at the end of last year	879,267,102.40	-	-	-	451,166,208.23	-	17,651,945.38	199,029.96	269,816,271.96	5,611,350.00	2,981,207,650.04	-	4,604,919,557.97	842,876,436.01	5,447,795,993.98
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of previous period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of businesses under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	879,267,102.40	-	-	-	451,166,208.23	-	17,651,945.38	199,029.96	269,816,271.96	5,611,350.00	2,981,207,650.04	-	4,604,919,557.97	842,876,436.01	5,447,795,993.98
III. Movement in the period	-	-	-	-	-	-	-54,280.63	1,160,792.45	-	-5,611,350.00	-541,820,203.53	-546,325,041.71	-499,126,143.55	-122,043,060.50	-668,368,102.21
(Decrease represented by "+", signs)	-	-	-	-	-	-	-54,280.63	-	-	-5,611,350.00	-541,820,203.53	-546,325,041.71	-499,126,143.55	-122,043,060.50	-668,368,102.21
(1) Total comprehensive income	-	-	-	-	-	-	-54,280.63	1,160,792.45	-	-5,611,350.00	-541,820,203.53	-546,325,041.71	-499,126,143.55	-122,043,060.50	-668,368,102.21
(2) Owners' contribution to and reduction of capital	-	-	-	-	-	-	-	-	-	-5,611,350.00	5,611,350.00	-	-3,044,977.04	-3,044,977.04	
I. Owners' contribution to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Amount of share-based payment charged to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-5,611,350.00	5,611,350.00	-	-48,359,690.61	-48,359,690.61	
I. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-5,611,350.00	5,611,350.00	-	-48,359,690.61	-48,359,690.61	
II. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(4) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Transfer of surplus reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Using surplus reserve to compensate deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Transfer of changes in defined benefit plans to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(5) Special reserve	-	-	-	-	-	-	-	1,160,792.45	-	-	-	-	1,160,792.45	-2,462,332.05	-1,301,539.60
I. Appropriation during the period	-	-	-	-	-	-	-	13,378,887.61	-	-	-	-	13,378,887.61	6,380,877.70	19,759,765.31
II. Utilization during the period	-	-	-	-	-	-	-	12,218,095.16	-	-	-	-	12,218,095.16	8,843,209.75	21,061,304.91
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Balance at the end of the period	879,267,102.40	-	-	-	451,166,208.23	-	17,597,664.75	1,359,822.41	269,816,271.96	-	2,439,387,446.51	-	4,058,594,516.26	720,833,375.51	4,779,427,891.77

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 1. GENERAL

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

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

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

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group have been prepared on a going concern basis to reflect the transactions and events which have occurred, and in accordance with the disclosure requirements of the Accounting Standards for Enterprises – Basic Standards issued by Ministry of Finance and other relevant regulations (hereinafter referred to as "Accounting Standard for Business Enterprises"), as well as the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised in 2014) issued by the China Securities Regulatory Commission (CSRC), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance as well as the accounting policies and estimates applicable to the Group.

During the financial period of 2020 to 2022, the consolidated financial statements of A shares and H shares have been prepared using the Accounting Standards for Business enterprises and the International Financial Reporting Standards, respectively. Except for the reclassification below, as of 31 December 2022, there is no significant difference between the consolidated financial statements prepared under International Financial Reporting Standards and those prepared under the Accounting Standards for Business Enterprises.

Items	Consolidated financial statements prepared in accordance with the International Financial Reporting Standards RMB'000	Reclassification RMB'000	Consolidated financial statements prepared in accordance with the Accounting Standards for Business Enterprises RMB'000
Other income	110,484	-110,484	
Investment income		8,418	8,418
Non-operating income		2,233	2,233
Gains on disposal of assets		967	967
Gains from changes in fair value		-480	-480
Other gains		56,379	56,379
	110,484	(42,967)	67,517
Administrative expenses	(439,603)	669	(438,934)
Other operating expenses	(256,825)	256,825	
Non-operating expenses		(6,126)	(6,126)
Tax and levies		(48,549)	(48,549)
Research and development expenses		(162,828)	(162,828)
	(256,825)	39,322	(217,503)
Finance costs	(176,741)	1,235	(164,529)
Impairment loss on goodwill	(197,349)		(197,349)
Impairment loss on other assets		(101,828)	(101,828)
Share of results of associates	(8,601)	8,601	
Share of results of joint ventures	3,576	(3,576)	

**Explanation of changes in accounting policy, accounting estimates and accounting methods in comparison with the financial report of last year**

**(1) Changes in Significant Accounting Policies**

Contents of and reasons for accounting policy changes	Approval procedures	Remarks
<p>According to the Interpretation of Accounting Standards for Business Enterprises No. 16 (hereinafter referred to as “<b>Interpretation No. 16</b>”) issued by the Ministry of Finance on 30 November 2022”, “Accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction that are not applicable to initial recognition exemption” is further clarified. According to the provisions of Interpretation No.16, the provisions of subparagraph (2) of article 11 and article 13 of the Accounting Standards for Business Enterprises No. 18 – Income Tax on the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply to a single transaction (including lease transactions for which lease liabilities are initially recognized by the lessee on the lease inception date and included in the right-of-use assets and transactions in which provisions are recognized due to the abandonment obligation of fixed assets, etc., and are included in the cost of related assets, etc., the short names used below apply to a single transaction defined in this Interpretation) other than a business combination, that affect neither accounting profits nor taxable income (or deductible loss) upon the occurrence of a transaction, and that gives rise to equal taxable temporary differences and deductible temporary differences as a result of the initial recognition of assets and liabilities. The entity shall recognize corresponding deferred income tax liabilities and deferred income tax assets for taxable temporary differences and deductible temporary differences arising from initial recognition of assets and liabilities, respectively upon the occurrence of the transaction according to relevant provisions according to the Accounting Standards for Enterprises No.18-Income Tax and other relevant provisions.</p>	<p>Changes of relevant accounting policies were approved at the 34th meeting of the 7th session of the Board of the Company.</p>	<p>Note 1</p>

Notes on the titles and amounts of the items of statements that were significantly affected: Note 1: Interpretation No. 16

The Company made corresponding adjustment according to the requirements of Interpretation No. 16: The Company adopted this requirement commencing on 1 January 2023, and conducted retrospective changes to the effect on the comparative statements and amounts of cumulative effect of taxable temporary differences and deductible temporary differences arising from the lease liabilities and right-of-use assets on the date of initial application. For single transactions that took place before 1 January 2022 and gave rise to temporary differences in related assets and liabilities on 1 January 2022, the Company recognized deferred income tax assets and deferred income tax liabilities on 1 January 2022, and adjusted the differences against the retained earnings on 1 January 2022. The impact of this event on the financial statements as at 31 December 2022 and for the year of 2022 is as follows:

The affected items are as follows:

1) *Consolidated Balance Sheet and Consolidated Income Statement*

Items	Carrying amount as of 31 December 2022 before changes in accounting policy	Carrying amount as of 31 December 2022 after changes in accounting policy	Effect of Interpretation No. 16
Deferred income tax assets	25,887,272.81	58,301,937.27	32,414,664.46
Deferred income tax liabilities	33,091,079.87	62,553,946.55	29,462,866.68
Undistributed profits	2,436,666,679.22	2,439,387,446.51	2,720,767.29
Minority interests	720,602,345.02	720,833,375.51	-231,030.49

2) *Changes in Significant Accounting Estimates*

During the Reporting Period, there were no changes in accounting estimates.

3) *Correction of significant previous errors and the effects*

For the year of 2023, the Company has no matter of correction of previous errors that need to be disclosed.

**3. TOTAL OPERATING REVENUE**

Total operating revenue, which is also the Group's turnover, represents the net amounts received and receivable for sale of goods and rendering of services by the Group to external customers, less trade discounts during Reporting Period.

	2023	2022
<b>Business segments</b>		
Sales revenue from rare and precious metals recycling	<b>1,501,434,130.80</b>	872,321,759.84
Sales revenue from industrial waste recycling	<b>1,129,149,057.14</b>	1,308,261,435.19
Service income from industrial waste treatment and disposal	<b>913,656,623.27</b>	1,216,924,951.87
Service income from municipal waste treatment and disposal	<b>156,129,822.62</b>	158,946,626.77
Waste electrical appliance dismantling treatment	<b>150,737,236.89</b>	158,764,443.28
Revenue from environmental engineering and services	<b>92,578,047.64</b>	88,484,374.09
Renewable energy utilisation	<b>30,949,538.21</b>	38,807,373.57
Other business	<b>47,833,648.40</b>	35,962,995.45
<b>Total</b>	<b><u>4,022,468,104.97</u></b>	<b><u>3,878,473,960.06</u></b>



#### 4. SEGMENT INFORMATION

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

<b>Reportable segment</b>	<b>Major activities</b>
Rare and precious metals recycling	Processing and sale of rare and precious metals
Industrial waste recycling	Processing and sale of recycled products
Industrial waste treatment and disposal	Collection, treatment and disposal of industrial waste
Municipal waste treatment and disposal	Collection, treatment and disposal of municipal waste
Renewable energy utilisation	Operation of methane-to-energy power plants
Waste electrical appliance dismantling treatment	Collection, disassembling, treatment and recycling of waste electrical appliances
Environmental engineering and services	Construction of contract work as main contractor or subcontractor relating to environmental services, such as design and construction of environmental protection projects; operation of environment protection facilities, and assessment of environmental impact, environment monitoring and consulting
Others	Sales of chemical products and leasing activities

The Group's management reviews the financial information of the different segments regularly to decide on resources allocation and evaluate their performance.

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

Inter-segment transfer prices were determined with reference to the price adopted for selling to third parties, and expenses indirectly attributable to each segment are allocated among segments in proportion to the revenue.

##### **Profit or loss, assets and liabilities of the reportable segments**

Segment assets include all tangible assets, intangible assets, other long-term assets and current assets such as accounts receivable attributable to each segment, excluding deferred income tax assets and other unallocated total assets. Segment liabilities include accounts payable, receipts in advance and bank borrowings attributable to each segment.

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

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

### Reportable segments for 2023

Unit: RMB

Items	Industrial waste recycling	Industrial waste	Rare and precious metals recycling	Municipal waste	Waste electrical appliance dismantling treatment	Environmental engineering and services	Renewable energy	Others	Unallocated amounts	Inter-segment elimination	Total
		treatment and disposal		treatment and disposal	appliance dismantling treatment						
Operating Revenue	1,176,647,527.52	929,976,001.24	1,501,434,130.80	156,129,822.62	150,737,236.89	137,839,842.46	30,949,538.21	68,832,654.68	9,750,295.96	-139,828,945.41	4,022,468,104.97
Including: Revenue from sale to external customers	1,129,149,057.14	913,656,623.27	1,501,434,130.80	156,129,822.62	150,737,236.89	92,578,047.64	30,949,538.21	47,833,648.40	-	-	4,022,468,104.97
Revenue from inter-segment transactions	47,498,470.38	16,319,377.97	-	-	-	45,261,794.82	-	20,999,006.28	9,750,295.96	-139,828,945.41	-
Cost of operation	1,094,836,883.04	860,260,046.62	1,467,153,265.00	152,255,819.14	143,490,908.76	70,739,284.73	35,462,612.31	24,122,937.95	46,946,838.22	-	3,895,268,595.77
Total profit (total loss) of segments	<u>-124,057,073.24</u>	<u>-404,894,463.94</u>	<u>-53,268,272.65</u>	<u>-6,602,077.12</u>	<u>-22,066,210.22</u>	<u>18,556,134.41</u>	<u>-7,109,084.48</u>	<u>12,073,783.03</u>	<u>-264,940,993.14</u>	<u>-34,886,644.60</u>	<u>-887,194,901.95</u>
Total assets	<u>2,508,482,554.81</u>	<u>4,626,395,729.20</u>	<u>1,086,119,869.46</u>	<u>959,350,097.66</u>	<u>660,880,447.82</u>	<u>417,359,779.44</u>	<u>177,644,568.60</u>	<u>562,334,361.20</u>	<u>4,716,050,464.16</u>	<u>-3,553,120,227.80</u>	<u>12,161,497,644.55</u>
Total liabilities	<u>450,138,098.32</u>	<u>3,131,922,816.98</u>	<u>360,593,997.50</u>	<u>498,587,915.96</u>	<u>404,259,466.54</u>	<u>143,815,593.72</u>	<u>13,633,946.10</u>	<u>233,062,785.19</u>	<u>2,877,390,779.92</u>	<u>-993,804,149.63</u>	<u>7,119,601,250.60</u>

### Reportable segments for 2022

Unit: RMB

Items	Industrial waste recycling	Industrial waste	Rare and precious metals recycling	Municipal waste	Renewable energy	Environmental engineering and services	Others	Waste electrical appliance dismantling treatment	Unallocated amounts	Inter-segment elimination	Total
		treatment and disposal		treatment and disposal		appliance dismantling treatment					
Operating Revenue	1,308,261,435.19	1,287,261,317.12	879,006,803.80	158,946,626.77	38,807,373.57	124,190,318.65	50,951,614.19	158,764,443.28	72,871,314.59	-200,587,287.10	3,878,473,960.06
Including: Revenue from sale to external customers	1,308,261,435.19	1,216,924,951.87	879,006,803.80	158,946,626.77	38,807,373.57	88,484,374.09	29,277,951.49	158,764,443.28	-	-	3,878,473,960.06
Revenue from inter-segment transactions	-	70,336,365.25	-	-	-	35,705,944.56	21,673,662.70	-	72,871,314.59	-200,587,287.10	-
Cost of operation	1,125,211,376.85	921,597,272.51	767,565,524.53	166,917,253.65	42,888,813.35	80,314,643.09	10,422,537.87	153,174,377.36	48,549,449.28	-	3,316,641,248.49
Total profits of segments	<u>-33,460,098.05</u>	<u>-141,842,467.86</u>	<u>40,833,912.77</u>	<u>-19,065,197.28</u>	<u>-48,913,337.24</u>	<u>12,611,071.43</u>	<u>14,669,926.53</u>	<u>-17,823,268.53</u>	<u>-189,313,771.29</u>	<u>-157,968,394.46</u>	<u>-540,271,623.98</u>
Total assets	<u>2,542,492,527.43</u>	<u>4,731,765,069.34</u>	<u>1,028,539,849.39</u>	<u>566,348,591.27</u>	<u>190,178,605.46</u>	<u>398,700,995.48</u>	<u>506,238,553.74</u>	<u>637,574,458.27</u>	<u>4,837,297,530.36</u>	<u>-3,733,171,973.01</u>	<u>11,705,964,207.73</u>
Total liabilities	<u>409,522,763.63</u>	<u>3,148,595,434.54</u>	<u>489,264,768.21</u>	<u>206,565,391.29</u>	<u>16,456,744.35</u>	<u>141,370,527.55</u>	<u>169,535,605.06</u>	<u>358,813,094.32</u>	<u>3,076,280,585.40</u>	<u>-1,086,916,800.61</u>	<u>6,929,488,113.74</u>

## 5. GROSS PROFITS

	2023	2022
Total operating revenue	<b>4,022,468,104.97</b>	3,878,473,960.06
Less: Cost of operation	<b>3,848,321,757.55</b>	3,268,091,799.21
	<b><u>174,146,347.42</u></b>	<u>610,382,160.85</u>

## 6. TOTAL PROFITS

	2023	2022
<b>Total profits has been arrived at after charging/(crediting):</b>		
Staff costs (including directors' emolument)		
– Wages, salaries and other benefits	<b>599,402,339.80</b>	680,209,221.15
– Retirement scheme contribution	<b>79,641,965.62</b>	66,878,822.16
	<hr/>	<hr/>
Total staff costs	<b>679,044,305.42</b>	747,088,043.31
Amortization of intangible assets	<b>79,223,275.78</b>	76,826,288.16
Auditors' remuneration	<b>2,260,000.00</b>	2,350,000.00
Cost of inventories recognised as expense	<b>1,463,792,572.00</b>	1,053,464,513.00
Depreciation of fixed assets	<b>515,933,613.78</b>	503,663,531.32
(Reversal of) Provision for bad debts of trade receivable	<b>18,571,708.09</b>	35,370,741.12
Impairment loss on inventories	<b>2,679,874.38</b>	29,842,855.16
Impairment loss on goodwill	<b>136,713,914.64</b>	197,348,393.57
Impairment losses on fixed assets	<b>3,921,414.26</b>	–
Impairment loss on intangible assets	<b>35,568,823.00</b>	–
Impairment loss on long-term equity investments	–	190,212.79
Impairment loss on construction in progress	<b>604,841.73</b>	4,719,237.56
Impairment loss on contract assets	–	31,705,126.50
Minimum lease payment in respect of office, plant and staff quarter under operating leases	<b>29,026,801.98</b>	23,970,292.60
Research and development cost	<b>171,163,139.12</b>	162,828,290.35
Loss on disposal of fixed assets, net	<b>(710,819.45)</b>	(967,389.03)
(Increase) Decrease in the fair value of financial assets investment at fair value through profit or loss	<b>(2,057,885.84)</b>	–
(Increase) Decrease in fair value of investment properties	<b>2,498,217.75</b>	4,802,542.46
Government grant	<b>54,533,409.20</b>	56,378,589.71
	<hr/> <hr/>	<hr/> <hr/>

## 7. FINANCE COSTS

	2023	2022
Interest expenses	<b>185,180,503.41</b>	176,740,811.35
Less: Interest income	<b>16,412,980.23</b>	12,353,840.55
Add: Exchange loss	<b>-277,492.46</b>	-528,395.25
Add: Other expenses	<b>478,767.83</b>	670,674.35
	<hr/>	<hr/>
Total	<b>168,968,798.55</b>	164,529,249.90
	<hr/> <hr/>	<hr/> <hr/>

Interest expenses consisting of:

	2023	2022
Interest on bank borrowings wholly repayable within 5 years	167,300,583.21	155,413,197.42
Bond interest based on effective interest rate	28,542,928.51	45,393,883.44
Finance leases charges	596,842.63	292,848.49
Decommissioning expenses	8,677,137.23	10,915,588.72
	<u>205,117,491.58</u>	<u>212,015,518.07</u>
Less: Capitalised interest		
Loan interests subsidy from governments	19,869,785.74	33,787,006.72
	<u>67,202.43</u>	<u>1,487,700.00</u>
<b>Total</b>	<b><u>185,180,503.41</u></b>	<b><u>176,740,811.35</u></b>

## 8. INCOME TAX

### (1) Income tax expense

	2023	2022
Current income tax expense	5,260,745.98	8,609,862.02
Deferred income tax expense	-2,984,091.33	16,860,928.32
	<u>2,276,654.65</u>	<u>25,470,790.35</u>
<b>Total</b>	<b><u>2,276,654.65</u></b>	<b><u>25,470,790.35</u></b>

### (2) Current income tax

	2023	2022
Current income tax expense		
– PRC	7,404,721.03	13,795,453.43
– Hong Kong	–	–
Over-provision in prior years		
– PRC	-2,143,975.05	-5,185,591.41
	<u>5,260,745.98</u>	<u>8,609,862.02</u>
<b>Total</b>	<b><u>5,260,745.98</u></b>	<b><u>8,609,862.02</u></b>

### ***Enterprise Income Tax Incentives***

- a) The Company is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% Enterprise Income Tax (“EIT”) tax rate, and its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- b) Dongjiang Feeds is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- c) Research and development expenses of Longgang Dongjiang enjoy the incentive of 75% additional deduction before enterprise income tax.
- d) Huizhou Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, only 90% of its revenue from comprehensive resources recycling is included in total revenue for enterprise income tax, and its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- e) Research and development expenses of Qiandeng Wastes Treatment enjoy the incentive of 100% additional deduction before enterprise income tax.
- f) Ganghang Logistics is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- g) Huabao Technology is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- h) Huateng Environmental is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- i) Qingdao Dongjiang is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- j) Nanchang Energy is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- k) Hefei Energy is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- l) Shaoguan Green is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- m) Baoan Energy is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- n) Nantong Dongjiang is entitled to income tax exemption incentive on environmental protection, energy saving and water saving projects that meet certain requirements, and enjoyed enterprise income tax exemption from 2019 to 2021 and 50% enterprise income tax reduction from 2022 to 2024.
- o) Dongguan Hengjian is entitled to income tax exemption incentive on qualified environmental protection, energy saving and water saving projects that meet certain requirements, and enjoyed enterprise income tax exemption from 2018 to 2020, and 50% enterprise income tax reduction from 2021 to 2023.

- p) Dongjiang Transport is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- q) Zhuhai Qingxin is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- r) Only 90% of revenue of Qingyuan Xinlv from comprehensive resources utilization is included in total revenue for enterprise income tax.
- s) Jiaxing Deda is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, only 90% of its revenue from resources recycling is included in total revenue for enterprise income tax, and its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- t) Jiangmen Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- u) Research and development expenses of Coastal Solid Waste enjoy the incentive of 100% additional deduction before enterprise income tax.
- v) Xiamen Oasis is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- w) Longyan Oasis Environmental is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- x) Nanping Oasis Environmental is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- y) Sanming Oasis Environmental is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- z) Only 90% of revenue of Xiamen Oasis from resources utilization is included in total revenue for enterprise income tax calculation.
- aa) Wosen Environmental is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- bb) Dongjiang Kaida is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- cc) Jiangxi Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- dd) Humen Lvyuan is entitled to income tax incentive for enterprises engaged in pollution prevention and control and enjoyed 15% EIT tax rate for a period from 2019 to 2023.
- ee) Zhuhai Yongxingsheng is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.

- ff) Jiangsu Dongjiang is entitled to income tax incentive on environmental protection projects , energy saving and water saving projects that meet certain requirements, and enjoyed enterprise income tax exemption on rigid landfill from 2021 to 2023 and 50% enterprise income tax reduction from 2024 to 2026.
- gg) Baoan Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, only 90% of its revenue from resources recycling is included in total revenue for enterprise income tax, and its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- hh) Huaxin Environmental is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- ii) Weifang Lanhai is entitled to income tax incentive on environmental protection projects that meet certain requirements, and enjoyed enterprise income tax exemption from 2018 to 2020 and 50% enterprise income tax reduction from 2021 to 2023.
- jj) Jingzhou Dongjiang is entitled to income tax incentive on environmental protection projects that meet certain requirements, and enjoyed enterprise income tax exemption from 2020 to 2022 and 50% enterprise income tax reduction from 2023 to 2025.
- kk) Tangshan Wandesi is entitled to income tax incentive on environmental protection projects that meet certain requirements, and enjoys enterprise income tax exemption from 2020 to 2022 and 50% enterprise income tax reduction from 2023 to 2025.
- ll) Xiantao Dongjiang is entitled to income tax incentive on environmental protection projects that meet certain requirements, and is entitled to enterprise income tax exemption from 2018 to 2020 and 50% enterprise income tax reduction from 2021 to 2023.
- mm) Foshan Fulong is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, its research and development expenses enjoy the incentive of 100% additional deduction before enterprise income tax.
- nn) Xiongfeng Environment is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% tax rate. In addition, only 90% of its revenue from comprehensive resources recycling is included in total revenue for enterprise income tax, and its research and development expenses enjoy the incentive of 100% the incentive of additional deduction before enterprise income tax.
- oo) Dongjiang Kaian is qualified as a small-scale enterprises with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.

#### ***Value-added Tax Incentives***

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 100% of VAT upon collection for revenue from power generation with biogas produced in the course of waste fermentation during the period from January to December 2023.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 30% of VAT upon collection for revenue from production and sales of resource comprehensive utilization products during the period from January to December 2023.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 70% of VAT upon collection for revenue from waste treatment and disposal business during the period from January to December 2023.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 70% of VAT upon collection for wastewater treatment business during the period from January to December 2023.

According to the Notice on the Tax Policy of Platinum and Its Products (Caishui [2003] No. 86)\* (《關於鉑金及其製品稅收政策的通知》(財稅[2003]86號)), domestic platinum producing companies qualified for tax incentives of refund of 100% VAT upon collection for revenue from self-production and self-sale. The Company was entitled to tax incentive of refund of 100% of VAT upon collection for revenue from rare and precious metals recycling business during the period from January to December 2023.

According to the Announcement on the Policy of Granting Additional Reduction On Input Tax Of Vat For Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Administration of Taxation) (《關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告 2023年第43號)), advanced manufacturing enterprises are allowed 5% additional reduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027.

## 9. EARNINGS PER SHARE

The basic earnings per share for the year ended 31 December 2023 is calculated based on the net profits for the year attributable to shareholders of the Company of RMB-750,470,568.53 (2022: RMB-499,071,862.92) and the weighted average number of approximately 1,011,093,844 ordinary shares in issue during the year ended 31 December 2023 (2022:879,267,102 shares).

Diluted earnings per share was same as basic earnings per share for the two years ended 31 December 2023 as there were no diluting events during both years.

## 10. DIVIDENDS

Dividends attributable to the current year are as follows:

	2023	2022
Interim dividend of RMB0 per share declared and distributed (2022: RMB0)	-	-
Final dividend of RMB0.00 per share proposed for payment after the balance sheet date (2022: RMB0.00 per share)	<u>0.00</u>	<u>0.00</u>
<b>Total</b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>



## 11. OTHER RECEIVABLES

	2023	2022
Trade receivable	<b>1,100,918,082.79</b>	1,177,624,018.64
Less: Provision for bad debts of accounts receivable	<b>78,969,675.63</b>	59,094,877.98
	<b>1,021,948,407.16</b>	1,118,529,140.66
Notes receivable	<b>63,217,511.87</b>	16,541,947.42
Including: Within 1 year	<b>63,217,511.87</b>	16,541,947.42
Receivables financing	<b>8,265,364.14</b>	24,420,525.44
Prepayments	<b>109,245,227.02</b>	149,703,661.79
Other receivables	<b>239,562,543.92</b>	281,580,210.58
Less: Provision for bad debts of other receivables	<b>72,497,630.59</b>	73,865,225.03
Non-current assets due within one year	<b>40,359,253.25</b>	43,111,546.82
<b>Total</b>	<b><u>1,329,382,170.27</u></b>	<b><u>1,473,798,714.04</u></b>

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

	2023	2022
<b>Aged</b>		
Within 1 year	<b>506,623,018.14</b>	716,888,925.67
1-2 years	<b>219,720,012.52</b>	159,161,075.20
2-3 years	<b>118,591,596.27</b>	100,473,783.53
Over 3 years	<b>255,983,455.86</b>	201,100,234.24
<b>Total</b>	<b><u>1,100,918,082.79</u></b>	<b><u>1,177,624,018.64</u></b>

**12. OTHER PAYABLES**

The following is an ageing analysis of trade payables at the end of Reporting Period, based on recognition date:

	2023	2022
<b>Aged</b>		
Within 90 days	284,367,220.75	489,643,746.35
91 to 180 days	45,489,480.16	33,295,569.36
181 to 365 days	240,897,459.71	45,787,305.02
Over 1 years	<u>105,247,862.26</u>	<u>117,697,387.93</u>
Trade payable	675,266,359.63	686,424,008.66
Receipts in advance	872,774.74	1,451,742.01
Other payables	<u>165,146,015.66</u>	<u>480,652,177.32</u>
<b>Total</b>	<u><u>841,285,150.03</u></u>	<u><u>1,168,527,927.99</u></u>

**13. NET CURRENT ASSETS**

	2023	2022
Current assets	3,660,957,317.77	3,026,923,271.51
Less: Current liabilities	<u>3,276,071,946.74</u>	<u>3,458,429,488.33</u>
Net current assets	<u><u>384,885,371.03</u></u>	<u><u>-431,506,216.82</u></u>

**14. TOTAL ASSETS LESS CURRENT LIABILITIES**

	2023	2022
Total assets	12,161,497,644.55	11,738,378,872.19
Less: Current liabilities	<u>3,276,071,946.74</u>	<u>3,458,429,488.33</u>
Total assets less current liabilities	<u><u>8,885,425,697.81</u></u>	<u><u>8,279,949,383.86</u></u>

## 15. LEASE

### (1) As lessor

The rental income from lands and buildings (net of government rent, rates and other expenditure) for the current year was RMB13,376,757.35 (last year: RMB12,400,129.45).

As at the end of the year, the Company as lessor had minimum future rent receivable under non-cancellable operating leases in respect of office and plants leased properties in the following periods summarized as follows:

<b>Period</b>	<b>Amount of the current year</b>	<b>Amount of last year</b>
Within 1 year	<b>15,851,770.46</b>	11,919,845.03
1 to 2 years	<b>11,435,529.61</b>	10,412,694.31
<b>Total</b>	<b>27,287,300.07</b>	22,332,539.34

### (2) As lessee

#### *Leases of the Company as lessee*

<b>Type</b>	<b>Amount</b>
Short-term lease expense included in profit or loss of the current period	14,162,512.80
Lease expense of low value assets	858,311.40
Variable lease payments not included in the measurement of the lease liability	
Income from sublease of right-of-use assets	
Total cash outflow related to lease	22,648,437.45
Gain or loss from sales and leaseback transactions	

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, the Company continued to focus on the core hazardous waste treatment and disposal business, and our market dominance was enhanced. Several of our key projects commenced operation at a faster pace, with many breakthrough achievements in scientific and technology innovation, remarkable results in “extreme cost reduction” and sustained deepening of the state-owned enterprise reform initiatives. However, due to several factors such as the slow recovery of the industry, the competition landscape in the hazardous waste treatment and disposal market has not improved significantly, neither has the declining trend of both volume and price been reversed, severe challenges remained for survival and development of hazardous waste treatment and disposal enterprises.

During the Reporting Period, the total volume and revenue of hazardous waste collection and transportation of the Company increased by a slight 1% year-on-year, but the revenue from both the recycled products and non-hazardous treatment business decreased due to the continued downward movement in the market. For collection and transportation price, the average collection and transportation price of incineration waste decreased by more than 25%, the average collection and transportation price of landfill waste decreased by more than 15%, and the collection and transportation price for year-based customers decreased by more than 15%. The collection and transportation discount rate of recycled metal-containing wastewater rose by more than 5% in several provinces, which led to year-on-year decrease of 11.41 percentage points in the integrated gross profit margin of the overall business of the Company. For rare and precious metals business, Xiongfeng Environment achieved revenue of approximately RMB1,501 million for the year, representing a year-on-year increase of 72.12%. However, the gross profit margin decreased due to the rising procurement cost of raw materials and the adjustment of product structure. In addition, provision for impairment loss on assets also had a significant impact on the profit for the year. Operating revenue for the year amounted to RMB4,022 million, representing a year-on-year increase of 3.71%; net profit attributable to the parent company amounted to approximately RMB-750 million, and net profit attributable to the parent company excluding non-recurring profit and loss amounted to approximately RMB-778 million.

For market sales, facing the increasingly fierce market competition, the Company has made full use of its full range of qualifications and the industrial presence in various regions of the country to continuously expand the market coverage area and made inroads into new markets. Meanwhile, the Company continuously put greater efforts in production and sales of high value-added recycled products, vigorously expanded the sales channels in overseas markets and constantly intensified selling efforts of products in overseas market.

For refined management, the Company took the “three refinement” management approaches as an important means for cost reduction and efficiency improvement. We thoroughly implemented the “extreme cost reduction” project, and reduced the production and manufacturing costs to an “extreme” level by benchmarking against our peers through such control measures as controlling unit consumption of auxiliary materials and energy consumption, reducing maintenance cost, technological transformation and upgrading, etc. leading to more than 10% decrease in the total annual variable production costs.

For the state-owned enterprise reform, the Company has been closely focusing on the primary task of high-quality development, meticulously planning the establishment of first-class enterprises and deepening the state-owned enterprise reform. According to the requirements of “strengthening the headquarters, changing the work style and promoting the development”, the Company has strengthened the build-up of specialized capability of the headquarters, de-layered the organization, streamlined the organizational structure and fully optimized the allocation of resources. Meanwhile, we continuously deepened the reform of the mechanism of keeping “compatibility, responsibility and benefit “compatible, pushed ahead the mechanism of “selecting leaders through competition (揭榜掛帥)” and “selecting talents through fair competition (賽場選馬)”, which led to significant improvement in the effectiveness of human resources.

For project construction, key projects such as Jieyang Dananhai Rigid Landfill, Wosen Environmental Protection Landfill Phase I (Units B and C) and Xiongfeng Environmental Protection Anode Mud Silver Converter Furnace with a capacity of 5000 tons were successfully completed and put into operation; the Hualu dedicated line of Jingzhou Phase II Water Plant fully started water inflow operation; Shaoguan Dongjiang Heavy Metal Sludge Comprehensive Utilization Technological Transformation Project completed obtaining evidence, thereby further strengthening the core competitiveness of its main business.

For capital operation, the non-public issuance project was successfully completed, and RMB1.2 billion was raised, satisfying the fund requirements for the construction projects in progress such as Jieyang Dananhai, Binjiang wastewater treatment plant, digital and intelligent construction, hazardous waste facility transformation and upgrading. In addition, a credit line of RMB3 billion for medium-term notes and super short term financing registered facilities were granted during the Reporting Period, and the comprehensive financing costs for the whole year decreased year-on-year.

For science and technology innovation, during the Reporting Period, the Company made great progress in tackling original technological problems, focusing on the field of recycling of resources in the hazardous waste and new energy industries, and made breakthrough in a number of core key technologies such as the preparation of high-purity lithium carbonate from Ferrous lithium phosphate black powder. 98 new licensed patents were granted, making a total of 690 licensed patents, which added impetus to the transformation and upgrading of the Company. The “Key Technologies and Applications for Efficient Utilization of Circuit Board Resources and Lifecycle Pollution Prevention” jointly completed by Tsinghua University and the Company was awarded the first prize of China-Industry-University-Research Cooperation Innovation Achievement Award. Another 8 affiliated entities were awarded the title of “Specialization and Innovation” at the provincial and municipal levels. Meanwhile, the Company constantly promoted digital and intelligent transformation. The “intelligent environmental protection operation and management platform” was recognized as the Outstanding Application Award in the selection of “Smart Supervision Business Model Innovation Activity (Smart Supervision Business Model Innovation Activities)” by the general office of the SASAC in the State Council.

## **FINANCIAL REVIEW**

### **Total operating revenue**

For the year ended 31 December 2023, the Group's total operating revenue increased by 3.71% over 2022 to approximately RMB4,022,468,105 (2022: approximately RMB3,878,473,960). The increase in total operating revenue was mainly because rare and precious metals recycling business increased by approximately 72.12% over the same period of last year to RMB1,501,434,131 (2022: approximately RMB872,321,760). Meanwhile, due to downward movements of the market, revenue from recycled products and harmless treatment business decreased. In particular, operating revenue from industrial waste treatment and disposal decreased by approximately 24.92% over the same period of last year to RMB913,656,623 (2022: approximately RMB1,216,924,952), operating revenue from sale of recycled products of industrial waste decreased by approximately 13.69% over the same period of last year to approximately RMB1,129,149,057 (2022: approximately RMB1,308,261,435).

### **Profit**

For the year ended 31 December 2023, the Group's integrated gross profit margin was 4.33% (2022: 15.74%). The integrated gross profit margin decreased by approximately 11.41 percentage points as compared with last year.

For the year ended 31 December 2023, net profit attributable to equity holders of the parent was approximately RMB-750,470,569 (2022: approximately RMB-499,071,863), representing a decrease of 50.37% over last year. The net loss is primarily due to year-on-year decrease in the gross profit margin as sever challenges remained for hazardous waste disposal enterprises in the absence of significant improvement in the competition pattern of the hazardous waste disposal market due to macro-economic situation, and a sharp drop in the disposal price of the Company's harmless disposal business and the effect of the increase in discount rate for collection and transportation of recycled products. Meanwhile, considering the adverse effects of the industry where we operate and the changes in the business environment, the Company has made provision for asset impairment losses and credit impairment losses for certain assets, which has a significant impact on the annual profit.

### **Selling expenses**

For the year ended 31 December 2023, the Group's selling expenses were approximately RMB90,592,850 (2022: approximately RMB113,798,515), accounting for 2.25% of the total operating revenue (2022: 2.93%). The decrease in selling expenses was mainly due to the decrease in business commission as a result of the decrease in revenue from resource utilization business and industrial treatment and disposal business.

### **Administrative expenses**

For the year ended 31 December 2023, the Group's administrative expenses were approximately RMB436,797,025 (2022: approximately RMB438,933,744), accounting for 10.86% of the total operating revenue (2022: 11.32%). During the Reporting Period, the administrative expenses decreased due to effective control measures taken by the Company.

### **Finance costs**

For the year ended 31 December 2023, the Group's finance costs were approximately RMB168,968,799 (2022: approximately RMB164,529,250), accounting for 4.20% (2022: 4.24%) of the total operating revenue.

### **Income tax expense**

For the year ended 31 December 2023, the Group's income tax expense were approximately RMB2,276,655 (2022: approximately RMB25,470,790), accounting for -0.26% (2022: -4.71%) of the total operating revenue. This was primarily due to the loss.

### **Financial Position and Liquidity**

As of 31 December 2023, net current assets of the Group amounted to approximately RMB384,885,371 (2022: approximately RMB-431,506,217), including cash and cash equivalents of approximately RMB1,240,597,615 in total (2022: approximately RMB622,716,433).

As of 31 December 2023, total liabilities of the Group amounted to approximately RMB7,119,601,251 (2022: approximately RMB6,958,950,980). The gearing ratio was 58.54% (2022: 59.28%). The current liabilities of the Group amounted to approximately RMB3,276,071,947 (2022: approximately RMB3,458,429,488). As of 31 December 2023, bank loans of the Group amounted to approximately RMB5,351,626,699 (2022: approximately RMB3,865,323,606).

The Board believes that the Group has a sound financial position and liquidity to meet the business development needs in the future.

## **Significant Investments, Acquisitions and Disposals of Subsidiaries and Joint Ventures**

In January 2023, the Company paid RMB5,063,124.39 for investment in Xiamen Oasis, a wholly-owned subsidiary of the Company.

In January and December 2023, the Company paid RMB3,441,971.00 for investment in Jieyang Guangye Environmental Technology Co., Ltd., a company held as to 13% by the Company.

In March 2023, the Company paid RMB5,000,000 for investment in Kaian Transportation, a company held as to 100% by the Company.

In September, October and November 2023, the Company acquired 17.18% equity interest in Xinjiang Wosen Environmental Protection Technology Limited for a cash consideration of RMB16,229,858.71, increasing the shareholding ratio of the Company in Xinjiang Wosen Environmental Protection Technology Limited to 100%.

In December 2023, the Company paid RMB12,884,050.40 for investment in Jieyang Guangye Environmental Protection Energy Co., Ltd. a company held as to 13% by the Company.

Save as disclosed in this announcement, during the Reporting Period, the Group had no other significant investment, acquisition and disposal of subsidiaries and 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.

## **INTEREST RATE AND FOREIGN EXCHANGE RISKS**

### **Interest rate risk**

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

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

The Group's cash interest rate risk mainly concentrated on the Group's RMB borrowings resulting from fluctuations in the benchmark interest rate published by the People's Bank of China.

Financial liabilities at floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities at fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportions of contracts between fixed and floating interest rates depending on the market conditions.

### **Foreign exchange risk**

The Group primarily operates in the Mainland China, and its business are primarily settled in Renminbi. However, the recognized foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in Hong Kong dollars and US dollars) of the Company are still exposed to foreign exchange risks. The Company pays close attention to the impact of exchange rate changes on the Company. At present, the Company has not taken other measures to avoid foreign exchange risks.

### **Contingent liabilities**

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

Save as disclosed above, the Group had no other significant contingent liabilities for the year ended 31 December 2023.

## Capital commitment

As at 31 December 2023, the capital expenditure commitment of the Group was as follows:

<b>Item</b>	<b>2023</b> <b>RMB</b>	<b>2022</b> <b>RMB</b>
Capital expenditures contracted for but not recognized in the financial statement in respect of external investment	<b>16,926,302.44</b>	29,120,899.60
– Construction in progress	<b>148,897,680.73</b>	237,013,782.93
– Acquisition of plant and machinery	<b>32,489,879.43</b>	37,717,637.80
Total	<b><u>198,313,862.60</u></b>	<b><u>303,852,320.33</u></b>

## FINANCIAL BUDGET FOR THE YEAR 2024

### I. EXPLANATION FOR PREPARATION OF THE BUDGET

This budget is prepared by the Company based on the principle of prudence, together with market situation and business expansion plan according to the requirements of the consolidated statements and based on the Company's budget and 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 for Year 2024. This budget is prepared based on the assumption that the operation plans of the Company are completed on time and in volume as specified in the plans.

The budget was prepared after summarizing the operation condition in 2023 and analyzing the circumstances of the operation in 2024, and in line with the Company's corporate development strategy with full regard to the impacts of factors, including market environment, business expansion and sales prices during the budget period. This budget includes the parent company, its controlling subsidiaries and branches.

## II. BASIC ASSUMPTIONS

1. No material changes in the applicable current national and local laws, regulations and rules with which the Company comply.
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 severe shortage in transportation, telecommunication, water and electricity and raw materials which will affect production and operation of the Company in 2024.
4. Fluctuation of the credit interest rate, 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 majeure and unpredictable factors.

## III. KEY INDICATORS OF THE BUDGET OF 2024

The operating revenue is expected to record a year-on-year increase of no less than 20% in 2024.

**Special notice: The budget is a control indicator for internal management for the Company's business plan in 2024 and is set out for the information of the shareholders of the Company ("Shareholders") and potential investors, but does not constitute the Company's profit forecast in 2024. 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. Shareholders and potential investors should pay attention to investment risks, and are advised to exercise caution in dealing in securities of the Company, and should consult their professional consultants if they have any questions about their own situation.**

## FUTURE PROSPECTS

In 2024, Dongjiang Environmental will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly study and implement the spirit of the 20th National Congress of the CPC and the spirit of General Secretary Xi Jinping's important speeches and instructions during his inspection of Guangdong, fully follow out the spirit of the Guangdong province's high-quality development conference, promote the implementation of the "1310 plan (one goal, three development drivers and ten new breakthroughs)\*(一個目標，三個發展驅動力以及十項新突破)" proposed by the provincial party committee in Dongjiang Environmental. We will aim at "ensuring business operation" and lighting up "new hope", taking "three extremes (extreme cost reduction, extreme rate efficiency improvement and extreme pace transformation) and four strengthenings "strengthening performance assessment, strengthening incentives, strengthening constraints and strengthening fault tolerance") as important means, and strive to transform with the mindset and state "to cope with wars", so as to achieve a new round of high-quality development.

Firstly, we will achieve the goal of reducing costs and increasing efficiency through "extreme cost reduction". Taking the "three refinement" management approaches as important means to promote cost reduction and efficiency improvement, we will deepen and intensify various cost reduction measures and push forward the "extreme cost reduction" work in an all-round, targeted and intensive manner. We will continuously explore the potential for cost reduction, firmly seize the key factors affecting the production cost, such as unit consumption of auxiliary materials and energy, formulate the cost reduction and efficiency improvement rewards and punishment plan, and promote the year-on-year reduction in the total variable cost.

Secondly, we will accelerate revenue and profit generation through "extreme rate efficiency improvement". We will make good use of our full range of qualifications and sufficient production capacity, strengthen cooperation with the government and large enterprises, and continuously increase the market share through carrying out supporting value-added services. We will accelerate the "going global" strategy, set up "task forces" for overseas markets expansion, and actively seek investment opportunities in overseas regions such as Southeast Asia for sales of recycled products and recycling and disposal of industrial hazardous wastes. Based on a strong nationwide marketing team, the Company will broaden the channels for purchasing rare and precious metals raw materials, enhance our bargaining power, strengthen the coordination of resources between Shareholders and other fellow entities affiliated to the Company, tighten the control of production, supply and sales, and facilitate the rapid development of the rare and precious metals business. We will accelerate the disposal and exit of inefficient and ineffective asset, make good use of idle assets around the country to carry out the recycling of aluminum ash and fly ash, as well as investment and cooperation opportunities in construction, medical, kitchen waste disposal capacity and site leasing, and seek new ways to increase asset value and efficiency.

Thirdly, we will promote industrial optimization through “extreme pace transformation”. We will conduct thorough study on the “Opinions on Speeding up the Construction of Waste Recycling System” issued by the general office of the State Council, actively participate in the construction of “waste-free city”, “waste-free park” and “waste-free factory”, explore new space and new fields in the hazardous waste treatment and disposal industry, actively expand new businesses such as reduction and recycling of waste slag from mine tailings smelting, and accelerate the process optimization of high-end recycled products such as basic copper carbonate and stable copper hydroxide. We will cultivate and expand the environmental service industry at extreme pace, including the operation and management of industrial and municipal sewage, rural domestic sewage and garbage, and expand environmental consulting, design, engineering, monitoring, environmental protection housekeeping services, etc., and committed to becoming the best environmental solutions provider and service provider for governments at all levels, parks and enterprises. We will plan for new business at extreme pace, and explore opportunities for investment, merger and acquisition and cooperation in environmental service and recycling of products.

Fourthly, we will carry out “strengthening performance assessment, strengthening incentives, strengthening constraints and strengthening fault tolerance” to increase motivation for work, stimulate the vitality of reform and innovation, keep the risk bottom line and encourage them to take on responsibilities. We will review the management system of our Company under the mode consisting of head office direct management, merger and reorganization and trusteeship, and re-organize subordinated entities and adopt differentiated performance assessment system. We will set up awards for outstanding achievements, major contributions and special awards, and actively explore various medium-and long-term incentive mechanisms. We will strictly adhere to the goal orientation. We will adjust the category of the entities and the remuneration of the leaders according to the performance and development of the business of entities they belong to, and strengthen the construction of the supervision system and supervision competence of the Company. We will improve the trial and error tolerance and correction mechanism, establish a risk reporting system and build a risk management database.

## **POSSIBLE RISKS AND COUNTERMEASURES**

### **1. Risk related to continuous competition in the industry**

Encouraged by the national policy regarding strengthening support of the industrial waste treatment and disposal industry, large state-owned enterprises and private capital entered the industry aggressively, leading to a substantial increase in the hazardous waste treatment and disposal capacity and increasingly intensified competition in the industry, rising collection and transportation cost and falling disposal price, which had an impact on the Company’s revenue and profit. In the next step, the Company will make bold changes on the basis of strengthening and improving our main business. Focusing on “extreme cost reduction, extreme rate efficiency improvement and extreme pace transformation”, the Company will continuously improve the efficiency of our production and management, deepen reform and promote high-quality development according to the working guideline of “strengthening incentives, strengthening performance assessments, strengthening constraints and strengthening fault tolerance”.

## **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 recycled products such as copper sulfate, basic copper chloride and copper oxide, and rare and precious metal products such as refined bismuth, crude silver, refined tellurium and antimony oxide. 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 subject to 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 price risk 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 2023 (2022: Nil).

## **MATTERS DURING THE REPORTING PERIOD**

### **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 2023 Super Short-term Financing Bonds with an issue size of RMB500 million and at the interest rate of 3.29% per annum on 19 January 2023, and has received the proceeds of such issuance in full on the same day.

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

## **Registration and Issuance of Medium-term Notes and Super Short-term Financing Bonds**

The Company applied to the National Association of Financial Market Institutional Investors (the “NAFMII”) for the issue of medium-term notes in the principal amount of up to RMB1.5 billion (inclusive) (the “**New Medium-term 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-term Notes and New Super Short-term Financing Bonds was duly passed by the Shareholders at the extraordinary general meeting of the Company held on 17 March 2023. On 11 July 2023, the Company received the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2023] MTN695) and the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2023] SCP267) issued by the NAFMII, and the NAFMII decided to accept the registration of the Company’s medium-term notes and super-short-term financing bonds.

For details, please refer to the Company’s announcements dated 27 February 2023 and 12 July 2023, circular dated 2 March 2023 and poll results announcement of the first extraordinary general meeting in 2023 dated 17 March 2023.

## **Completion of Proposed Non-public Issuance of A Shares under Specific Mandate and Proposed Subscription of A Shares by Substantial Shareholder**

In May 2023, the Company has completed the proposed non-public issuance of 225,988,700 new A Shares in total at the issue price of RMB5.31 per new A Share, and the new A Shares have been registered with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and listed on the Shenzhen Stock Exchange. Guangdong Rising Holdings Group Co., Ltd. (“**Guangdong Rising Holdings Group**”), a substantial shareholder of the Company, has subscribed for 65,310,734 new A Shares. The number of issued Shares held by Guangdong Rising Holdings Group directly and indirectly increased from 226,147,494 Shares to 291,458,228 Shares (comprising 266,279,028 A Shares held directly and 25,179,200 H Shares held indirectly), representing an increase in the proportion of shareholding from 25.72% to 26.37%. The net price for the non-public issuance of A Shares was approximately RMB5.28 per new A Share, based on the net proceeds of RMB1,194.31 million raised and 25,988,700 new A Shares issued. The subscribers (other than Guangdong Rising Holdings Group) include seven (7) securities investment fund management companies, securities companies and other qualified investors in compliance with applicable laws and regulations. The closing price of the new A Shares and H Shares was RMB5.79 per A Share and HK\$2.45 per H Share, respectively, on the price determination date (i.e. first day of the issuance period on 17 April 2023).

The reasons for the non-public issuance of A Shares were (i) expanding the scale of the main business of hazardous waste disposal, improving the business chain and enhancing core competitiveness; (ii) optimizing the Company’s asset and liability structure, reducing finance costs and enhancing risk resistance capabilities; and (iii) replenishing working capital and reducing financial risk.

For details, please refer to the Company’s announcements dated 27 May 2022, 16 August 2022, 9 January 2023, 1 February 2023 and 15 May 2023, circular dated 23 June 2022 and poll result announcement of the third extraordinary general meeting, the first H Shares class meeting and A Shares class meeting in 2022 dated 12 July 2022.

## **Change of Auditor and Preparation of Financial Statements in accordance with China Accounting Standards for Business Enterprises**

The terms of office of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) as the PRC auditors and the auditors for the internal control of the Company and Mazars CPA Limited as the international auditors of the Company have expired immediately following the conclusion of the annual general meeting held by the Company on 29 June 2023, and they have retired as the auditors of the Company upon expiration of their term of office.

In addition, in order to enhance the efficiency of financial audit work, the Company has decided to consistently prepare financial statements and disclose corresponding financial information in accordance with the China Accounting Standards for Business Enterprises (the “CASBE”) commencing from the financial year ending 31 December 2023. The Company proposed to appoint WUYIGE Certified Public Accountants LLP as the sole auditor of the Company to audit the consolidated financial statements of the Company in accordance with the requirements of the CASBE, and to perform other duties required by the domestic and overseas auditors in accordance with the Listing Rules.

At the second extraordinary general meeting of 2023 of the Company held on 17 August 2023, WUYIGE Certified Public Accountants was appointed as the sole auditor and internal control auditor of the Company for the year 2023.

For details, please refer to the announcements of the Company dated 19 June 2023, 25 July 2023 and 9 August 2023, the circular dated 31 July 2023 and the poll results announcement of the second extraordinary general meeting in 2023 dated 17 August 2023.

## **Amendments to the Articles of Association**

On 15 November 2023, the Board proposes to amend the Articles of Association to reflect the below: (1) following the completion of the proposed non-public issuance of A shares, the number of total issued shares of the Company has changed to 1,105,255,802 Shares and the registered capital has changed to RMB1,105,255,802; (2) the amendments to the Listing Rules made by the Stock Exchange; (3) the Working Rules for Grass-roots Organisations of State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》) and other relevant requirements; (4) the Company’s decision to align the preparation of its financial statements and disclose relevant financial information in accordance with CASBE commencing from the financial year ending 31 December 2023; (5) the renaming of the Audit Committee as the Audit and Risk Management Committee; and (6) the Company’s intention to strengthen compliance management, promote enterprise development according to law and clarify the authority of the Board on investment in non-principal business or non-productive fixed assets and intangible assets. The resolution in relation to the amendments to the Articles of Association was approved by the Shareholders at the third extraordinary general meeting in 2023 of the Company held on 5 December 2023.

For details, please refer to the Company’s announcement dated 15 November 2023, circular dated 16 November 2023 and poll result announcement of the third extraordinary general meeting in 2023 dated 5 December 2023.



## **Connected Transaction – Waste Treatment and Disposal Service Agreements**

On 28 December 2023, Shaoguan Smelter of Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd.\* (深圳市中金嶺南有色金屬股份有限公司韶關冶煉廠, “**Shaoguan Smelter**”) 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 Sustainable Resources**”), a subsidiary of the Company, entered into the Waste Treatment and Disposal Service Agreement A and the Waste Treatment and Disposal Service Agreement B respectively. Accordingly, Shaoguan Smelter has agreed to engage Shaoguan Sustainable Resources to provide the services of treatment, transportation and disposal of wastes from Area A of Huilongshan Slag Yard with an area of 56,435 square meters at a fixed service fee of RMB4,345,495 (inclusive of tax); and the services of treatment, transportation and disposal of wastes from Area B of Huilongshan Slag Yard with an area of 78,655 square meters at a fixed service fee of RMB6,764,330 (inclusive of tax).

For details, please refer to the Company’s announcements dated 28 December 2023 and 18 February 2024.

## **SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2023**

### **Electronic Dissemination of Corporate Communications**

Pursuant to new Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate the future Corporate Communications (as defined in the Listing Rules) of the Company to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request with effect from 23 January 2024.

The Company will send the Actionable Corporate Communications (as defined in the Listing Rules) to the Shareholders individually in electronic form by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the Actionable Corporate Communication in printed form together with a request form for soliciting the Shareholder’s functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future. The Company will make Corporate Communications available on its website ([www.dongjiang.com.cn](http://www.dongjiang.com.cn)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company will not send a notice of publication of the website version of Corporate Communications to its Shareholders.

The Company will, upon receipt of reasonable request in writing by the Shareholder to the Company’s H share registrar in Hong Kong, send future Corporate Communications and Actionable Corporate Communications to such Shareholders in printed form free of charge.

For details, please refer to the Company’s announcement dated 22 January 2024.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

In May 2023, the Company has completed the proposed non-public issuance of 225,988,700 new A Shares in total at the issue price of RMB5.31 per new A Share.

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

## **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 C3 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 C1 to the Listing Rules throughout the Reporting Period, except for the following deviation:

### **Code Provision B.2.2 of Corporate Governance Code**

Pursuant to Code Provision B.2.2 of the Corporate Governance Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The three-year term of the seventh session of the Board and the supervisory committee (“**Supervisory Committee**”) of the Company expired on 21 December 2023. As the nomination of candidates for the members of the new session of the Board and Supervisory Committee has not yet been completed, the election and appointment of the members of the Board and the Supervisory Committee will be postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the committees under the seventh session of the Board and the senior management of the Company will be extended correspondingly. The Company will complete the election and appointment of the members of the Board and the Supervisory Committee as soon as possible, and fulfill the corresponding information disclosure obligations in a timely manner. Before completion of the re-election and appointment, all members of the seventh session of the Board and Supervisory Committee and senior management of the Company will continue to perform their respective duties in accordance with the relevant laws and regulations and the Articles of Association to ensure the normal operation of the Group. In view of the above, the Company considers that the temporary deviation from the Code Provision has no material impact on the overall operations of the Company.

## **SCOPE OF WORK OF WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP**

The figures contained in this preliminary announcement of the Group’s results for the year have been agreed with the Company’s auditor, WUYIGE Certified Public Accountants LLP. The work performed by WUYIGE Certified Public Accountants LLP in this respect did not constitute an assurance engagement in accordance with the PRC Accounting Standards issued by China Ministry of Finance and consequently, no assurance has been expressed by WUYIGE Certified Public Accountants LLP on this announcement.

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Company has set up an audit committee of the Company with specific written terms of reference on 14 January 2003 (renamed as audit and risk management committee (the “**Audit and Risk Management Committee**”) on 30 March 2023) for the purpose of, amongst others, 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 and Risk Management Committee comprises three independent non-executive Directors, namely Mr. Siu Chi Hung (Chairman), Mr. Li Jinhui and Ms. Guo Suyi. The Audit and Risk Management Committee has reviewed the audited consolidated results for the year ended 31 December 2023 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 2023 ANNUAL RESULTS AND ANNUAL REPORT**

This 2023 annual results announcement is published respectively on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.dongjiang.com.cn](http://www.dongjiang.com.cn)). The 2023 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 2024.

By order of the Board  
**Dongjiang Environmental Company Limited\***  
**Wang Bi’an**  
*Chairman*

Shenzhen, the PRC  
27 March 2024

*As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Wang Bi’an, Mr. Li Xiangli and Mr. Yu Fan; three non-executive Directors, Mr. Huang Honggang, Mr. Liu Xiaoxuan 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