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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 2025

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 2025 (the “**Reporting Period**”), together with the comparative figures of the year ended 31 December 2024 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 2025

Unit: RMB

| Items | Notes | 2025 | 2024 |
|--|-------|-------------------------|------------------|
| I. Total operating revenue | 3 | 3,457,030,490.70 | 3,486,660,703.09 |
| Including: Operating revenue | | 3,457,030,490.70 | 3,486,660,703.09 |
| Interest income | | — | — |
| Premium earned | | — | — |
| Handling charges and commission income | | — | — |
| II. Total operating cost | | 4,260,243,161.72 | 4,126,507,304.61 |
| Including: Cost of operation | | 3,425,389,660.57 | 3,291,640,521.96 |
| 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 | | 47,275,173.02 | 52,198,980.23 |
| Selling expenses | | 103,686,303.99 | 86,936,912.87 |
| Administrative expenses | | 381,341,285.63 | 394,933,198.31 |
| Research and development expenses | | 121,769,324.70 | 115,021,444.21 |
| Finance costs | 7 | 180,781,413.81 | 185,776,247.03 |
| Including: Interest expense | | 190,697,804.90 | 198,850,961.59 |
| Interest income | | 6,453,898.15 | 5,384,340.29 |
| Add: Other income | | 36,003,725.68 | 50,642,982.48 |
| Investment income (Loss represented in “-” signs) | | -8,939,611.28 | 3,616,386.32 |
| Including: Investment income from associates and joint ventures | | 968,827.88 | -3,196,885.90 |
| Gains on derecognition of financial assets at amortized cost | | -1,804,601.78 | -735,331.36 |
| Foreign exchange gains (Loss represented in “-” signs) | | — | — |
| Gains from net exposure hedgings (Loss represented in “-” signs) | | — | — |

| Items | Notes | 2025 | 2024 |
|---|-------|--|--------------------------------------|
| Gains from changes in fair value (Loss represented in “-” signs) | | -8,675,369.18 | -7,868,249.23 |
| Credit impairment losses (Loss represented in “-” signs) | | -35,440,313.04 | -58,652,956.50 |
| Asset impairment losses (Loss represented in “-” signs) | | -418,624,042.74 | -193,338,615.71 |
| Gains on disposal of assets (Loss represented in “-” signs) | | <u>879,521.15</u> | <u>4,394,509.60</u> |
| III. Operating profits (Loss represented in “-” signs) | | -1,238,008,760.43 | -841,052,544.56 |
| Add: Non-operating income | | 9,232,679.94 | 6,624,799.11 |
| Less: Non-operating expenses | | <u>111,548,999.39</u> | <u>45,592,909.60</u> |
| IV. Total profits (Total losses represented in “-” signs) | | -1,340,325,079.88 | -880,020,655.05 |
| Less: Income tax expenses | 8 | <u>3,251,777.84</u> | <u>7,534,712.15</u> |
| V. Net profits (Net losses represented in “-” signs) | | <u><u>-1,343,576,857.72</u></u> | <u><u>-887,555,367.20</u></u> |
| (1) Breakdown by continuity of operation | | | |
| 1. Net profits from continuing operations (Net loss represented in “-” signs) | | -1,343,576,857.72 | -887,555,367.20 |
| 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 | | -1,231,537,772.44 | -804,185,867.23 |
| 2. Minority interests | | -112,039,085.28 | -83,369,499.97 |
| VI. Other comprehensive income, net of tax | | 46,135.37 | 7,940,632.57 |
| Other comprehensive income attributable to owners of the parent company, net of tax | | 46,135.37 | 7,940,632.57 |

| Items | Notes | 2025 | 2024 |
|---|-------|--------------------------|-----------------|
| (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 | | 46,135.37 | 7,940,632.57 |
| 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 | | 46,135.37 | -40,517.63 |
| 7. Others | | - | 7,981,150.20 |
| Other comprehensive income attributable to minority interests, net of tax | | - | - |
| VII. Total comprehensive income | | -1,343,530,722.35 | -879,614,734.63 |
| Total comprehensive income attributable to owners of the parent company | | -1,231,491,637.07 | -796,245,234.66 |
| Total comprehensive income attributable to minority interests | | -112,039,085.28 | -83,369,499.97 |
| VIII. Earnings per share: | | | |
| (1) Basic earnings per share | 9 | -1.1143 | -0.7276 |
| (2) Diluted earnings per share | | -1.1143 | -0.7276 |

CONSOLIDATED BALANCE SHEET

31 December 2025

Unit: RMB

| Items | Notes | 31 December 2025 | 31 December 2024 |
|--|-------|--------------------------------|--------------------------------|
| Current assets: | | | |
| Cash and cash equivalents | | 1,206,668,947.31 | 1,181,916,381.07 |
| Settlement deposits | | – | – |
| Placements with banks and other financial institutions | | – | – |
| Held-for-trading financial assets | | – | – |
| Derivative financial assets | | – | – |
| Notes receivable | 11 | 64,160,247.07 | 36,904,227.19 |
| Trade receivable | 11 | 745,887,890.30 | 1,023,597,630.91 |
| Receivables financing | 11 | 18,059,053.26 | 18,055,682.89 |
| Prepayments | | 121,744,957.40 | 140,488,382.04 |
| Premium receivable | | – | – |
| Reinsurance accounts receivable | | – | – |
| Provision for reinsurance contract receivable | | – | – |
| Other receivables | 11 | 222,980,539.93 | 224,655,623.64 |
| Including: Interest receivable | | – | – |
| Dividend receivable | | – | – |
| Financial assets held under resale agreements | | – | – |
| Inventories | | 639,318,024.03 | 775,090,222.33 |
| Contract assets | | – | 30,454,218.54 |
| Assets held for sale | | – | – |
| Non-current asset due within one year | 11 | 9,161,805.65 | 26,597,785.36 |
| Other current assets | | 101,204,760.12 | 106,196,749.53 |
| Total current assets | | <u>3,129,186,225.07</u> | <u>3,563,956,903.50</u> |

| Items | <i>Notes</i> | 31 December 2025 | 31 December 2024 |
|--|--------------|-------------------------|-------------------|
| Non-current assets: | | | |
| Granted loans and advances | | – | – |
| Debt investments | | – | – |
| Other debt investments | | – | – |
| Long-term receivables | | – | – |
| Long-term equity investments | | 285,914,866.92 | 277,317,053.69 |
| Investment in other equity instruments | | 4,242,896.51 | 4,242,896.51 |
| Other non-current financial assets | | – | – |
| Investment properties | | 420,310,035.00 | 549,762,643.00 |
| Fixed assets | | 4,282,996,525.15 | 4,733,178,211.48 |
| Construction in progress | | 15,313,954.59 | 30,397,193.91 |
| Productive biological assets | | – | – |
| Oil and gas assets | | – | – |
| Right-of-use assets | | 1,907,107.05 | 6,493,282.24 |
| Intangible assets | | 1,237,068,471.77 | 1,275,422,633.19 |
| Development expenditure | | – | 1,459,987.54 |
| Goodwill | | 377,999,953.79 | 683,551,906.41 |
| Long-term unamortized expenses | | 55,013,649.16 | 60,592,737.09 |
| Deferred income tax assets | | 60,694,626.34 | 59,806,797.21 |
| Other non-current assets | | 36,979,589.67 | 32,297,169.69 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 6,778,441,675.95 | 7,714,522,511.96 |
| | | <hr/> | <hr/> |
| Total assets | | 9,907,627,901.02 | 11,278,479,415.46 |
| | | <hr/> <hr/> | <hr/> <hr/> |

| Items | <i>Notes</i> | 31 December 2025 | 31 December 2024 |
|--|--------------|-------------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | | 1,648,729,219.93 | 1,197,012,027.16 |
| Borrowings from central bank | | – | – |
| Loans from banks and other financial institutions | | – | – |
| Held-for-trading financial liabilities | | – | – |
| Derivative financial liabilities | | 3,768,510.75 | 5,673,136.62 |
| Notes payable | | – | – |
| Accounts payable | <i>12</i> | 521,018,268.23 | 614,736,880.96 |
| Receipts in advance | <i>12</i> | 834,893.77 | 963,309.66 |
| Contract liabilities | | 157,321,459.13 | 146,816,859.04 |
| 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 | | 40,998,488.01 | 36,056,274.52 |
| Tax payable | | 30,315,687.50 | 26,120,111.24 |
| Other accounts payable | <i>12</i> | 304,137,151.63 | 223,215,429.02 |
| Including: Interest payable | | – | – |
| Dividend payable | | – | 1,000,000.00 |
| Handling charges and commission payable | | – | – |
| Reinsurance accounts payable | | – | – |
| Liabilities held for sale | | – | – |
| Non-current liabilities due within one year | | 1,548,512,093.05 | 1,599,167,098.28 |
| Other current liabilities | | 31,491,323.97 | 27,468,092.54 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 4,287,127,095.97 | 3,877,229,219.04 |
| | | <hr/> | <hr/> |

| Items | Notes | 31 December 2025 | 31 December 2024 |
|--|-------|--------------------------------|--------------------------|
| Non-current liabilities: | | | |
| Provision for insurance contracts | | – | – |
| Long-term borrowings | | 1,298,437,307.66 | 2,300,913,235.94 |
| Bonds payable | | 909,146,754.65 | 499,386,007.41 |
| Including: Preferred shares | | – | – |
| Perpetual bond | | – | – |
| Lease liabilities | | 930,876.38 | 864,178.91 |
| Long-term accounts payable | | 136,234,058.23 | – |
| Long-term employee benefits payable | | – | – |
| Estimated liabilities | | 248,439,115.35 | 235,064,838.12 |
| Deferred income | | 141,548,067.28 | 150,819,681.26 |
| Deferred income tax liabilities | | 55,539,606.28 | 58,457,515.50 |
| Other non-current liabilities | | 8,243,215.40 | 4,854,922.62 |
| | | <u>2,798,519,001.23</u> | <u>3,250,360,379.76</u> |
| Total non-current liabilities | | | |
| | | <u>7,085,646,097.20</u> | <u>7,127,589,598.80</u> |
| Total liabilities | | | |
| | | <u>7,085,646,097.20</u> | <u>7,127,589,598.80</u> |
| Owners' equity: | | | |
| Share capital | | 1,105,255,802.40 | 1,105,255,802.40 |
| Other equity instruments | | – | – |
| Including: Preferred shares | | – | – |
| Perpetual bond | | – | – |
| Capital reserve | | 1,314,741,156.60 | 1,311,186,481.60 |
| Less: Treasury stock | | – | – |
| Other comprehensive income | | 27,221,023.83 | 27,174,888.46 |
| Special reserve | | 5,878,887.05 | 1,685,773.25 |
| Surplus reserve | | 269,816,271.96 | 269,816,271.96 |
| General risk reserve | | – | – |
| Undistributed profits | | -346,806,761.69 | 884,731,010.75 |
| | | <u>-346,806,761.69</u> | <u>884,731,010.75</u> |
| Total equity attributable to owners of the parent company | | 2,376,106,380.15 | 3,599,850,228.42 |
| Minority interests | | 445,875,423.67 | 551,039,588.24 |
| | | <u>445,875,423.67</u> | <u>551,039,588.24</u> |
| Total owners' equity | | <u>2,821,981,803.82</u> | <u>4,150,889,816.66</u> |
| Total liabilities and owners' equity | | <u>9,907,627,901.02</u> | <u>11,278,479,415.46</u> |

CONSOLIDATED CASH FLOW STATEMENT

2025

Unit: RMB

| Item | 2025 | 2024 |
|---|-------------------------|-------------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sales of goods and rendering of services | 3,986,341,568.07 | 3,593,154,729.00 |
| 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 | 12,569,222.19 | 15,572,184.71 |
| Other cash receipts relating to operating activities | 112,445,352.01 | 1,797,663,671.56 |
| Sub-total of cash inflows from operating activities | 4,111,356,142.27 | 5,406,390,585.27 |
| Cash paid for goods and services | 2,737,035,148.27 | 2,552,772,424.86 |
| 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 | 617,368,568.27 | 607,231,747.09 |
| Payments of tax and levies | 99,607,562.71 | 126,273,810.07 |
| Other cash payments relating to operating activities | 270,313,624.14 | 1,994,693,359.70 |
| Sub-total of cash outflows from operating activities | 3,724,324,903.39 | 5,280,971,341.72 |
| Net cash flows from operating activities | 387,031,238.88 | 125,419,243.55 |

| Item | 2025 | 2024 |
|--|--------------------------------|-------------------------|
| II. Cash flows from investing activities: | | |
| Cash received from withdrawal of investments | 2,035,150,000.00 | 2,180,800,000.00 |
| Cash received from returns on investments | 7,684,642.49 | 12,546,878.46 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 2,705,095.85 | 17,403,936.96 |
| Net cash received from disposal of subsidiaries and other operating units | – | 1,390,443.15 |
| Other cash receipts relating to investing activities | – | – |
| Sub-total of cash inflows from investing activities | <u>2,045,539,738.34</u> | <u>2,212,141,258.57</u> |
| Cash paid on acquisition of fixed assets, intangible assets and other long-term assets | 163,802,402.47 | 206,652,468.68 |
| Cash paid on investments | 2,046,350,000.00 | 2,129,860,000.00 |
| Net increase in pledged loans | – | – |
| Net cash paid on acquisition of subsidiaries and other operating units | – | – |
| Other cash payments relating to investing activities | – | – |
| Sub-total of cash outflows from investing activities | <u>2,210,152,402.47</u> | <u>2,336,512,468.68</u> |
| Net cash flows from investing activities | <u>-164,612,664.13</u> | <u>-124,371,210.11</u> |
| III. Cash flows from financing activities: | | |
| Cash received from investment | 13,230,000.00 | – |
| Including: Cash received by subsidiaries from investment of minority interest | 13,230,000.00 | – |
| Cash received from borrowings | 2,739,256,764.68 | 2,599,307,075.56 |
| Cash received from issuance of bonds | 399,600,000.00 | 499,500,000.00 |
| Other cash receipts relating to financing activities | 40,000,000.00 | – |
| Sub-total of cash inflows from financing activities | <u>3,192,086,764.68</u> | <u>3,098,807,075.56</u> |

| Item | 2025 | 2024 |
|---|--------------------------------|-------------------------|
| Cash payments for settlement of debts | 3,152,488,817.62 | 3,082,460,939.49 |
| Cash payments for distribution of dividend, profits or interest expenses | 170,381,550.92 | 191,015,312.90 |
| Including: Cash payments for distribution of dividends and profits by subsidiaries to minority shareholders | 8,950,000.00 | 7,198,116.96 |
| Other cash payments relating to financing activities | 8,083,417.52 | 48,897,414.87 |
| Sub-total of cash outflows from financing activities | <u>3,330,953,786.06</u> | <u>3,322,373,667.26</u> |
| Net cash flows from financing activities | <u>-138,867,021.38</u> | <u>-223,566,591.70</u> |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 14,108.71 | 1,014,946.76 |
| V. Net increase in cash and cash equivalents | 83,565,662.08 | -221,503,611.50 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 1,016,307,175.22 | 1,237,810,786.72 |
| VI. Balance of cash and cash equivalents at the end of the period | <u>1,099,872,837.30</u> | <u>1,016,307,175.22</u> |

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

2025

Unit: RMB

| Item | Equity attributable to owners of the parent company | | | | | | | | | | Total owners' equity | | | | |
|--|---|------------------|-----------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|----------------------|-------------------|-----------------|--------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | | Undistributed profit | Others | Sub-total | Minority interests |
| I. Balance at the end of last year | 1,105,255,802.40 | - | - | - | 1,311,886,481.60 | - | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | - | 884,731,010.75 | - | 3,599,850,228.42 | 551,039,588.24 | 4,150,889,816.66 |
| Add: Changes in accounting policy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Correction of previous errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Business combination under common control | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Balance at the beginning of the year | 1,105,255,802.40 | - | - | - | 1,311,886,481.60 | - | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | - | 884,731,010.75 | - | 3,599,850,228.42 | 551,039,588.24 | 4,150,889,816.66 |
| III. Movement in the period | - | - | - | - | 3,554,075.00 | - | 46,135.37 | 4,193,113.80 | - | - | -1,231,537,772.44 | - | -1,223,743,948.27 | -105,164,164.57 | -1,328,908,012.84 |
| (Decrease represented by "+", signs) | - | - | - | - | - | - | 46,135.37 | - | - | - | -1,231,537,772.44 | - | -1,231,491,637.07 | -112,039,085.28 | -1,343,530,722.35 |
| (1) Total comprehensive income | - | - | - | - | - | - | 46,135.37 | - | - | - | -1,231,537,772.44 | - | -1,231,491,637.07 | -112,039,085.28 | -1,343,530,722.35 |
| (2) Owners' contribution to and reduction of capital | - | - | - | - | 3,554,075.00 | - | - | - | - | - | - | - | 3,554,075.00 | 13,230,000.00 | 16,784,075.00 |
| 1. Owners' contribution to ordinary shares | - | - | - | - | 3,554,075.00 | - | - | - | - | - | - | - | 3,554,075.00 | - | 16,784,075.00 |
| 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) | - | - | - | - | - | - | - | - | - | - | - | - | - | -7,950,000.00 | -7,950,000.00 |
| 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 | - | - | - | - | - | - | - | 4,193,113.80 | - | - | - | - | 4,193,113.80 | 1,594,920.71 | 5,788,034.51 |
| 1. Appropriation during the period | - | - | - | - | - | - | - | 16,956,486.38 | - | - | - | - | 16,956,486.38 | 7,179,561.56 | 24,136,047.94 |
| 2. Utilization during the period | - | - | - | - | - | - | - | 12,763,372.58 | - | - | - | - | 12,763,372.58 | 5,584,640.85 | 18,348,013.43 |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (6) Balance at the end of the period | 1,105,255,802.40 | - | - | - | 1,314,741,156.60 | - | 27,221,023.83 | 5,878,887.05 | 269,816,271.96 | - | -346,806,761.69 | - | 2,376,106,380.15 | 445,375,423.67 | 2,821,981,803.82 |
| IV. Balance at the end of the period | 1,105,255,802.40 | - | - | - | 1,314,741,156.60 | - | 27,221,023.83 | 5,878,887.05 | 269,816,271.96 | - | -346,806,761.69 | - | 2,376,106,380.15 | 445,375,423.67 | 2,821,981,803.82 |

| Item | Equity attributable to owners of the parent company | | | | | | | | | | | Total owners' equity | | | |
|--|---|------------------|-----------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|----------------------|------------------|----------------|--------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | | Others | Sub-total | Minority interests |
| I. Balance at the end of last year | 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 |
| Add: Changes in accounting policy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Correction of previous errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Business combination under common control | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Balance at the beginning of the year | 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 |
| III. Movement in the period | | | | | | | | | | | | | | | |
| (Decrease represented by "+", signs) | | | | | | | | | | | | | | | |
| (1) Total comprehensive income | - | - | - | - | -99,904,479.70 | - | 7,940,632.57 | -423,367.59 | - | - | -804,185,867.23 | - | -896,573,081.95 | 5,566,504.66 | -891,006,577.29 |
| (2) Owners' contribution to and reduction of capital | - | - | - | - | - | - | 7,940,632.57 | - | - | - | -804,185,867.23 | - | -796,245,234.66 | -83,369,499.97 | -879,614,734.63 |
| 1. Owners' contribution to ordinary shares | - | - | - | - | -99,904,479.70 | - | - | - | - | - | - | - | -99,904,479.70 | 96,348,259.96 | -3,556,219.74 |
| 2. Capital contribution from holders of other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Amount of share-based payment charged to owners' equity | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. Others | - | - | - | - | -99,904,479.70 | - | - | - | - | - | - | - | -99,904,479.70 | 96,348,259.96 | -3,556,219.74 |
| (3) Profits distribution | - | - | - | - | - | - | - | - | - | - | - | - | - | -7,000,000.00 | -7,000,000.00 |
| 1. Appropriation to surplus reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Appropriation to general risk reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Distribution to owners (or shareholders) | - | - | - | - | - | - | - | - | - | - | - | - | - | -7,000,000.00 | -7,000,000.00 |
| 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 | - | - | - | - | - | - | - | -423,367.59 | - | - | - | - | -423,367.59 | -412,255.33 | -835,622.92 |
| 1. Appropriation during the period | - | - | - | - | - | - | - | 17,166,929.05 | - | - | - | - | 17,166,929.05 | 6,809,735.60 | 23,976,664.65 |
| 2. Utilization during the period | - | - | - | - | - | - | - | 17,590,296.64 | - | - | - | - | 17,590,296.64 | 7,221,990.93 | 24,812,287.57 |
| (6) Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Balance at the end of the period | 1,105,255,802.40 | - | - | - | 1,311,186,481.60 | - | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | - | 884,731,010.75 | - | 3,599,850,228.42 | 551,039,586.24 | 4,150,889,816.66 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

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

There were no changes in significant accounting policies of the Company during the Reporting Period.

(2) Changes in Significant Accounting Estimates

There were no changes in significant accounting estimates of the Company during the Reporting Period.

(3) Correction of significant previous errors and the effects

For the year of 2025, the Company has no matter of correction of previous errors that need to be disclosed.

Going Concern

As of 31 December 2025, the Group's current liabilities exceeded its current assets by RMB1,157,940,870.90. In view of the net current liabilities position, the Directors of the Company have taken into account the Group's available sources of funding for the next twelve months, including but not limited to the unutilized banking facilities of RMB4,013 million obtained by the Group as at 31 December 2025, as well as the expected net cash inflows from operating activities for the next twelve months. This forecast has considered the relevant measures taken by the Group to improve profitability and cash flow, including strict control over costs and expenses, enhanced tracking and risk management of accounts receivable collection, and improved efficiency in use of funds. The Board of the Company believes that the Group has sufficient working capital to continue as a going concern for the next twelve months. Accordingly, the Board of the Company continues to prepare the Group's financial statements as at 31 December 2025 on a going concern basis.

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 the Reporting Period.

| | 2025 | 2024 |
|---|-------------------------|-------------------------|
| Business segments | | |
| Sales revenue from rare and precious metals recycling | 717,912,293.48 | 858,015,108.43 |
| Sales revenue from industrial waste recycling | 1,572,911,548.48 | 1,301,252,837.78 |
| Service income from industrial waste treatment and disposal | 734,086,095.68 | 935,401,534.07 |
| Service income from municipal waste treatment and disposal | 94,750,248.47 | 106,092,899.41 |
| Waste electrical appliance dismantling treatment | 187,469,874.00 | 117,002,138.83 |
| Revenue from environmental engineering and services | 70,185,734.56 | 97,526,484.49 |
| Renewable energy utilisation | 17,428,722.51 | 28,066,739.59 |
| Other business | 62,285,973.52 | 43,302,960.49 |
| | <u>3,457,030,490.70</u> | <u>3,486,660,703.09</u> |
| Total | <u>3,457,030,490.70</u> | <u>3,486,660,703.09</u> |

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:

| Reportable segment | Major activities |
|--|---|
| 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 solid 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 scrap materials 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 2025

| Items | Industrial waste recycling | Industrial waste treatment and disposal | Rare and precious metals recycling | Municipal waste treatment and disposal | Waste electrical appliance dismantling treatment | Environmental engineering and services | Renewable energy utilisation | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|----------------------------|---|------------------------------------|--|--|--|------------------------------|-----------------------|-------------------------|---------------------------|--------------------------|
| Operating revenue | 1,585,854,651.83 | 793,501,850.41 | 717,912,293.48 | 94,750,248.47 | 187,469,874.00 | 99,691,288.61 | 17,428,722.51 | 75,083,574.84 | - | -114,662,013.45 | 3,457,030,490.70 |
| Including: Revenue from sale to external customers | 1,572,911,548.48 | 734,086,095.68 | 717,912,293.48 | 94,750,248.47 | 187,469,874.00 | 70,185,734.56 | 17,428,722.51 | 62,285,973.52 | - | - | 3,457,030,490.70 |
| Revenue from inter-segment transactions | 12,943,103.35 | 59,415,754.73 | - | - | - | 29,505,554.05 | - | 12,797,601.32 | - | -114,662,013.45 | - |
| Cost of operation | 1,433,794,761.49 | 823,042,368.69 | 772,352,213.18 | 73,263,668.95 | 188,671,717.29 | 65,937,075.30 | 27,300,146.91 | 41,027,708.76 | 47,275,173.02 | - | 3,472,664,833.59 |
| Total profit (total loss) of segments | <u>-101,880,525.74</u> | <u>-433,223,000.46</u> | <u>-149,043,913.99</u> | <u>-6,266,560.41</u> | <u>-75,010,015.95</u> | <u>-9,475,118.34</u> | <u>-21,317,847.29</u> | <u>8,424,327.68</u> | <u>-265,464,316.02</u> | <u>-287,068,109.36</u> | <u>-1,340,325,079.88</u> |
| Total assets | <u>1,850,211,778.14</u> | <u>5,108,020,673.42</u> | <u>1,044,358,778.43</u> | <u>563,822,772.85</u> | <u>428,001,585.87</u> | <u>364,557,912.70</u> | <u>75,743,398.42</u> | <u>353,636,682.12</u> | <u>3,696,285,078.41</u> | <u>-3,577,010,759.34</u> | <u>9,907,627,901.02</u> |
| Total liabilities | <u>1,191,336,901.43</u> | <u>3,866,670,872.66</u> | <u>647,230,629.22</u> | <u>476,854,779.00</u> | <u>286,311,334.88</u> | <u>239,886,664.26</u> | <u>8,329,861.05</u> | <u>188,914,036.05</u> | <u>3,968,348,270.31</u> | <u>-3,788,227,251.66</u> | <u>7,085,646,097.20</u> |
| Depreciation and amortisation | <u>74,796,879.34</u> | <u>463,997,302.66</u> | <u>52,493,297.83</u> | <u>21,830,276.09</u> | <u>19,224,282.21</u> | <u>7,567,670.37</u> | <u>11,240,532.38</u> | <u>864,890.39</u> | <u>16,838,631.49</u> | <u>-</u> | <u>668,853,672.76</u> |
| Additions to construction in progress, fixed assets and intangible assets | <u>29,217,106.32</u> | <u>94,795,117.62</u> | <u>3,020,368.86</u> | <u>22,600,363.29</u> | <u>3,111,152.12</u> | <u>8,583,888.46</u> | <u>49,527.92</u> | <u>123,914,582.40</u> | <u>11,288,264.61</u> | <u>-</u> | <u>296,580,371.60</u> |

Reportable segments for 2024

| Items | Industrial waste recycling | Industrial waste treatment and disposal | Rare and precious metals recycling | Municipal waste treatment and disposal | Waste electrical appliance dismantling treatment | Environmental engineering and services | Renewable energy utilisation | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|----------------------------|---|------------------------------------|--|--|--|------------------------------|-----------------------|-------------------------|---------------------------|--------------------------|
| Operating revenue | 1,319,243,329.31 | 987,592,005.91 | 858,015,108.43 | 106,092,899.41 | 117,002,138.83 | 146,263,054.87 | 28,066,739.59 | 51,636,492.36 | - | -127,251,065.62 | 3,486,660,703.09 |
| Including: Revenue from sale to external customers | 1,301,252,837.78 | 935,401,534.07 | 858,015,108.43 | 106,092,899.41 | 117,002,138.83 | 97,526,484.49 | 28,066,739.59 | 43,302,960.49 | - | - | 3,486,660,703.09 |
| Revenue from inter-segment transactions | 17,990,491.53 | 52,190,471.84 | - | - | - | 48,736,570.38 | - | 8,333,531.87 | - | -127,251,065.62 | - |
| Cost of operation | 1,218,830,152.32 | 911,747,032.45 | 831,356,106.52 | 85,593,492.15 | 128,685,639.83 | 65,765,565.68 | 29,032,342.48 | 20,630,190.53 | 52,198,980.23 | - | 3,343,839,502.19 |
| Total profit (total loss) of segments | <u>-103,369,753.85</u> | <u>-403,900,419.36</u> | <u>-37,313,394.00</u> | <u>1,305,864.40</u> | <u>-47,752,631.39</u> | <u>26,934,288.49</u> | <u>-15,415,637.12</u> | <u>-1,359,953.14</u> | <u>-137,855,338.49</u> | <u>-161,293,680.59</u> | <u>-880,020,655.05</u> |
| Total assets | <u>2,396,704,532.28</u> | <u>4,751,472,807.15</u> | <u>1,177,380,580.23</u> | <u>975,640,064.19</u> | <u>513,184,781.72</u> | <u>423,053,308.40</u> | <u>142,170,093.14</u> | <u>540,910,514.07</u> | <u>4,569,018,262.32</u> | <u>-4,211,055,528.03</u> | <u>11,278,479,415.46</u> |
| Total liabilities | <u>680,108,422.95</u> | <u>3,049,136,888.10</u> | <u>637,519,430.87</u> | <u>537,254,223.11</u> | <u>296,795,414.78</u> | <u>41,531,482.85</u> | <u>53,464,249.01</u> | <u>187,286,406.71</u> | <u>2,846,757,423.62</u> | <u>-1,202,264,343.19</u> | <u>7,127,589,598.80</u> |
| Depreciation and amortisation | <u>67,766,576.72</u> | <u>486,588,494.95</u> | <u>49,082,721.35</u> | <u>23,852,836.53</u> | <u>19,477,823.59</u> | <u>6,974,089.54</u> | <u>9,416,745.10</u> | <u>2,254,947.50</u> | <u>14,296,319.48</u> | <u>-</u> | <u>679,710,554.75</u> |
| Additions to construction in progress, fixed assets and intangible assets | <u>18,702,988.19</u> | <u>158,694,297.34</u> | <u>34,037,034.32</u> | <u>60,507,841.45</u> | <u>4,413,160.22</u> | <u>5,957,942.90</u> | <u>776,094.16</u> | <u>10,243,345.06</u> | <u>10,852,758.89</u> | <u>-</u> | <u>304,185,462.53</u> |

5. GROSS PROFITS

| | 2025 | 2024 |
|-------------------------|-----------------------------|------------------------------|
| Total operating revenue | 3,457,030,490.70 | 3,486,660,703.09 |
| Less: Cost of operation | 3,425,389,660.57 | 3,291,640,521.96 |
| | <u>31,640,830.13</u> | <u>195,020,181.13</u> |

6. TOTAL PROFITS

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Total profits has been arrived at after charging/(crediting): | | |
| Staff costs (including directors' emolument) | | |
| – Wages, salaries and other benefits | 554,872,390.00 | 536,969,698.64 |
| – Retirement scheme contribution | <u>65,755,747.63</u> | <u>70,895,137.12</u> |
| Total staff costs | 620,628,137.63 | 607,864,835.76 |
| Amortization of intangible assets | 72,387,042.96 | 69,812,148.50 |
| Auditors' remuneration | 2,260,000.00 | 2,260,000.00 |
| Cost of inventories recognised as expense | 1,828,454,582.82 | 1,725,183,461.44 |
| Depreciation of fixed assets | 560,669,932.17 | 572,350,551.90 |
| (Reversal of) Provision for bad debts of trade receivable | 35,440,313.04 | 58,652,956.50 |
| Impairment loss on inventories | 18,668,630.44 | 9,514,718.12 |
| Impairment loss on goodwill | 305,551,952.62 | 164,787,623.84 |
| Impairment losses on fixed assets | 88,164,139.13 | 6,379,627.69 |
| Impairment loss on intangible assets | – | – |
| Impairment loss on long-term equity investments | – | – |
| Impairment loss on construction in progress | – | – |
| Impairment loss on contract assets | – | 12,656,646.06 |
| Minimum lease payment in respect of office, plant and staff quarter under operating leases | 11,731,620.87 | 15,078,286.78 |
| Research and development cost | 121,769,324.70 | 115,021,444.21 |
| Loss on disposal of fixed assets, net | -879,521.15 | -4,394,509.60 |
| (Increase) Decrease in the fair value of financial assets investment at fair value through profit or loss | -4,556,109.49 | -5,713,823.48 |
| (Increase) Decrease in the fair value of investment properties | 9,705,208.00 | 7,908,936.09 |
| Government grant | <u>36,003,725.68</u> | <u>50,642,982.48</u> |

7. FINANCE COSTS

| | 2025 | 2024 |
|-----------------------|-----------------------|-----------------------|
| Interest expenses | 190,697,804.90 | 198,850,961.59 |
| Less: Interest income | 6,453,898.15 | 5,384,340.29 |
| Add: Exchange loss | -3,985,927.57 | -8,074,225.97 |
| Add: Other expenses | <u>523,434.63</u> | <u>383,851.70</u> |
| Total | <u>180,781,413.81</u> | <u>185,776,247.03</u> |

Interest expenses consisting of:

| | 2025 | 2024 |
|---|-----------------------|-----------------------|
| Interest on bank borrowings wholly repayable within 5 years | 157,055,192.82 | 183,322,516.55 |
| Bond interest based on effective interest rate | 22,488,746.53 | 5,363,982.97 |
| Interest expenses on lease liabilities | 138,522.29 | 423,786.60 |
| Decommissioning expenses | 11,015,343.26 | 10,728,890.39 |
| | <u>190,697,804.90</u> | <u>199,839,176.51</u> |
| Less: Capitalised interest | – | 935,208.35 |
| Loan interests subsidy from governments | – | 53,006.57 |
| Total | <u>190,697,804.90</u> | <u>198,850,961.59</u> |

8. INCOME TAX

(1) Income tax expense

| | 2025 | 2024 |
|-----------------------------|---------------------|---------------------|
| Current income tax expense | 7,057,516.19 | 13,359,703.44 |
| Deferred income tax expense | -3,805,738.35 | -5,824,991.29 |
| Total | <u>3,251,777.84</u> | <u>7,534,712.15</u> |

(2) Current income tax

| | 2025 | 2024 |
|-------------------------------|---------------------|----------------------|
| Current income tax expense | | |
| – PRC | 6,341,863.29 | 13,796,773.60 |
| – Hong Kong | – | – |
| Over-provision in prior years | | |
| – PRC | 715,652.90 | -437,070.16 |
| Total | <u>7,057,516.19</u> | <u>13,359,703.44</u> |

Enterprise Income Tax Incentives

- (1) According to Article 27 of the Enterprise Income Tax Law of the People's Republic of China, enterprises that engage in environmental protection and energy saving and water saving projects which meet certain requirements enjoy full EIT exemption from the first year (that is the tax year in which the project generates revenue from production and business operation for the first time) to the third year, and 50% EIT reduction from the fourth year to the sixth year. In particular:
 - ① Nanping Oasis High-Temperature Steaming Project enjoyed full EIT exemption from 2024 to 2026 and 50% EIT reduction from 2027 to 2029;
 - ② Jingzhou Dongjiang and Tangshan Wandesi enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025;
 - ③ Fujian Oasis Rotary Kiln Incineration Project enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025. Materialization project and landfill project enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026;
 - ④ Jiangsu Dongjiang Rigid landfill enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026.
 - ⑤ Huaxin Environmental enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025 (70t incineration project).
- (2) According to Article 33 of the Enterprise Income Tax Law of the People's Republic of China, only 90% of the revenue of an enterprise generated from production of products that are not restricted and prohibited by the state and meet the relevant national and industrial standards and of which the main raw materials are the resources specified in the Enterprise Income Tax Preferential Catalogue for Resource Comprehensive Utilization is included in the total revenue. Huizhou Dongjiang, Kunshan Purification, Jiangmen Dongjiang, Qingyuan Xinlv, Jiaxing Deda, Xiamen Oasis, Jiangxi Dongjiang, Baoan Dongjiang and Xiongfeng Environment are entitled to the incentive.
- (3) According to the Announcement of Ministry of Finance, State Administration of Taxation, Ministry of Ecology and Environment and National Development and Reform Commission in relation to the Corporate Income Tax Issues on Third-Party Enterprises Engaging in Pollution Prevention and Control》(Caishui [2023] No. 38 of Ministry of Finance, State Administration of Taxation, Ministry of Ecology and Environment and National Development and Reform Commissioning), third-party enterprises engaging in pollution prevention and control which meet the conditions are entitled to 15% EIT tax rate for a term from 1 January 2024 to 31 December 2027. Humen Lvyuan, Xiantao Dongjiang, Jingzhou Dongjiang and Foshan Fulong are qualified as enterprises engaged in pollution prevention and control, and enjoy this incentive in 2025.
- (4) According to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, Dongjiang Environmental, Longgang Dongjiang, Huizhou Dongjiang, Huabao Technology, Huateng Environment, Shaoguan Dongjiang, Dongguan Hengjian, Jiaxing Deda, Jiangmen Dongjiang, Fujian Oasis, Wosen Environmental, Jiangxi Dongjiang, Zhuhai Yongxingsheng, Jiangsu Dongjiang, Baoan Dongjiang, Tangshan Wandesi, Foshan Fulong and Xiongfeng Environment are entitled to tax incentive as new and high technology enterprises, and enjoy 15% EIT tax rate.
- (5) According to Article 3 of the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Small and Micro – sized Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023 by the Ministry of Finance and the State Taxation Administration)(《財政部稅務總局關於進一步支援小微企業和個體工商戶發展有關稅費政策的公告》)(財政部稅務總局公告2023年第12號), only 25% of the taxable income of small and micro – profitable enterprises is included in the taxable income and they enjoy a 20% corporate income tax rate, which shall be extended until 31 December 2027.

Dongjiang Feeds, Yunnan Dongjiang, Port and Shipping Logistics, Qingdao Dongjiang, Huateng Environment, Nanchang Energy, Hefei Energy, Baoan Energy, Dongjiang Logistics, Longyan Oasis, Nanping Oasis, Sanming Oasis, Dongjiang Kaida, Kaian Transportation and Dongjiang Energy Saving all being subsidiaries of the Company, qualified as small and micro-profit enterprises, and are entitled to the incentive in 2025.

Value-added Tax Incentives

- (1) Pursuant to the “Catalogue of Preferential VAT Treatment for Products and Labor Services Involving Comprehensive Utilization of Sources” (2022 Revision) in the Announcement on Improving the VAT Policies for the Resource Comprehensive Utilizations (2021 Announcement No. 40 of the Ministry of Finance and the State Administration of Taxation):
 - ① Revenue from power generation with biogas produced in the course of waste fermentation qualifies for tax incentive of refund of 100% VAT upon collection, and Renewable Energy, Nanchang Energy, Hefei Energy and Baoan Energy are entitled to the incentive;
 - ② Revenue from garbage treatment, sludge treatment and disposal services qualifies for tax incentive of refund of 70% VAT upon collection, and Dongjiang Environmental, Nantong Dongjiang, Jiaxing Deda, Wosen Environmental, Jiangxi Dongjiang, Jiangsu Dongjiang, Hengshui Ruitao, Baoan Dongjiang and Huaxin Environmental are entitled to the incentive;
 - ③ Revenue from wastewater treatment services qualifies for tax incentive of refund of 70% VAT upon collection, and Huizhou Dongjiang, Qianhai Dongjiang and Xiantao Dongjiang are entitled to the incentive;
 - ④ Wastewater treatment services qualify for VAT exemption under tax incentive policies, and Humen Lv Yuan and Jingzhou Dongjiang are entitled to the incentive;
 - ⑤ Revenue from production and sales of resource comprehensive utilization products qualifies for tax incentive of refund of 30% VAT upon collection, and Huizhou Dongjiang, Qingyuan Xinlv, Jiaxing Deda, Xiamen Oasis, Jiangxi Dongjiang, Baoan Dongjiang and Xiong feng Environment are entitled to the incentive.
- (2) 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告》(財稅[2003]86號)), domestic platinum-producing companies are entitled to tax incentives of refund of 100% VAT upon collection for revenue from self-production and self-sale. Xiong feng Environment is a domestic platinum-producing enterprise, and enjoys this incentive.
- (3) According to the Announcement on the Policy of Granting Additional Deduction On Input Tax of VAT For Advanced Manufacturing Enterprises (2023 Announcement 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 deduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027. Huizhou Dongjiang, Dongguan Hengjian and Xiong feng Environment enjoy the above-mentioned incentive of additional deduction on input tax of VAT.

9. EARNINGS PER SHARE

The basic earnings per share for the year ended 31 December 2025 is calculated based on the net profits for the year attributable to shareholders of the Company of RMB-1,231,537,772.44 (2024: RMB-804,185,867.23) and the weighted average number of approximately 1,105,255,802 ordinary shares in issue during the year ended 31 December 2025 (2024: 1,105,255,802 shares).

Diluted earnings per share was same as basic earnings per share for the two years ended 31 December 2025 as there were no diluting events during both years.

10. DIVIDENDS

Dividends attributable to the Reporting Period are as follows:

| | 2025 | 2024 |
|--|--------------------|--------------------|
| Interim dividend declared and distributed | – | – |
| Final dividend proposed for payment after the balance sheet date | <u>0.00</u> | <u>0.00</u> |
| Total | <u><u>0.00</u></u> | <u><u>0.00</u></u> |

11. OTHER RECEIVABLES

| | 2025 | 2024 |
|--|--------------------------------|--------------------------------|
| Trade receivable | 925,431,521.87 | 1,157,870,341.29 |
| Less: Provision for bad debts of accounts receivable | <u>179,543,631.57</u> | <u>134,272,710.38</u> |
| | 745,887,890.30 | 1,023,597,630.91 |
| Notes receivable | 64,181,747.29 | 36,904,227.19 |
| Including: Within 1 year | 64,181,747.29 | 36,904,227.19 |
| Less: Provision for bad debts of notes receivable | 21,500.22 | – |
| Receivables financing | 18,059,053.26 | 18,055,682.89 |
| Prepayments | 121,744,957.40 | 140,488,382.04 |
| Other receivables | 310,560,488.34 | 317,697,476.03 |
| Less: Provision for bad debts of other receivables | 87,579,948.41 | 93,041,852.39 |
| Non-current assets due within one year | <u>9,161,805.65</u> | <u>26,597,785.36</u> |
| Total | <u><u>1,181,994,493.61</u></u> | <u><u>1,470,299,332.03</u></u> |

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 presented based on the recognition date is as follows:

| | 2025 | 2024 |
|---------------|------------------------------|--------------------------------|
| Aged | | |
| Within 1 year | 389,446,499.13 | 540,139,017.80 |
| 1-2 years | 109,186,096.94 | 188,934,086.00 |
| 2-3 years | 103,441,058.73 | 192,854,302.94 |
| Over 3 years | <u>323,357,867.07</u> | <u>235,942,934.55</u> |
| Total | <u><u>925,431,521.87</u></u> | <u><u>1,157,870,341.29</u></u> |

12. OTHER PAYABLES

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

| | 2025 | 2024 |
|---------------------|-----------------------|----------------|
| Aged | | |
| Within 90 days | 315,054,202.83 | 431,234,655.06 |
| 91 to 180 days | 17,243,175.26 | 43,751,599.77 |
| 181 to 365 days | 40,779,073.35 | 34,502,763.87 |
| Over 1 year | 147,941,816.79 | 105,247,862.26 |
| | <hr/> | <hr/> |
| Trade payable | 521,018,268.23 | 614,736,880.96 |
| Receipts in advance | 834,893.77 | 963,309.66 |
| Other payables | 304,137,151.63 | 223,215,429.02 |
| | <hr/> | <hr/> |
| Total | 825,990,313.63 | 838,915,619.64 |
| | <hr/> <hr/> | <hr/> <hr/> |

13. NET CURRENT ASSETS

| | 2025 | 2024 |
|---------------------------|--------------------------|------------------|
| Current assets | 3,129,186,225.07 | 3,563,956,903.50 |
| Less: Current liabilities | 4,287,127,095.97 | 3,877,229,219.04 |
| | <hr/> | <hr/> |
| Net current assets | -1,157,940,870.90 | -313,272,315.54 |
| | <hr/> <hr/> | <hr/> <hr/> |

14. TOTAL ASSETS LESS CURRENT LIABILITIES

| | 2025 | 2024 |
|---------------------------------------|-------------------------|-------------------|
| Total assets | 9,907,627,901.02 | 11,278,479,415.46 |
| Less: Current liabilities | 4,287,127,095.97 | 3,877,229,219.04 |
| | <hr/> | <hr/> |
| Total assets less current liabilities | 5,620,500,805.05 | 7,401,250,196.42 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 RMB16,828,515.58 (last year: RMB18,929,049.48).

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:

| Period | Amount of the current year | Amount of last year |
|---------------|-------------------------------|------------------------|
| Within 1 year | 18,886,403.53 | 18,175,697.01 |
| 1 to 2 years | 18,501,590.14 | 16,787,679.19 |
| Total | <u>37,387,993.67</u> | <u>34,963,376.20</u> |

(2) As lessee

Leases of the Company as lessee

| Type | Amount |
|--|---------------|
| Short-term lease expense included in profit or loss of the current period | 4,516,240.63 |
| Lease expense of low value assets | 82,639.01 |
| 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 | 11,731,620.87 |
| Gain or loss from sales and leaseback transactions | |

FINANCIAL REVIEW

Total operating revenue

For the year ended 31 December 2025, the Group's total operating revenue decreased by 0.85% as compared to 2024 to approximately RMB3,457,030,491 (2024: approximately RMB3,486,660,703). The Company's total operating revenue remained largely stable. In particular, operating revenue from sale of recycled products increased by approximately 20.88% over the last year to approximately RMB1,572,911,549 (2024: approximately RMB1,301,252,838), operating revenue from industrial waste treatment and disposal decreased by approximately 21.52% over the last year to RMB734,086,096 (2024: approximately RMB935,401,534), and revenue of rare and precious metals recycling business decreased by approximately 16.33% as compared to the last year to RMB717,912,294 (2024: approximately RMB858,015,108).

Profit

For the year ended 31 December 2025, the Group's integrated gross profit margin was 0.92% (2024: 5.59%). The integrated gross profit margin decreased by approximately 4.67 percentage points as compared with last year.

For the year ended 31 December 2025, net profit attributable to equity holders of the parent was approximately RMB-1,231,537,772 (2024: approximately RMB-804,185,867), representing a decrease of 53.14% over last year. This was mainly because affected by the domestic macroeconomic situation, the competitive landscape of the hazardous waste industry did not show significant improvement, and the Company as a whole continued to face substantial operational pressure. The persistent decline in the prices of our principal businesses led to a year-on-year decrease in gross profit margin. In addition, in view of the industry's development environment and the Company's actual operating conditions, the Company recognized asset impairment losses and credit impairment losses on relevant assets during the Reporting Period, and also made provision for corresponding losses based on the outcomes of litigation judgments. These factors collectively had a significant impact on the profit for the year.

Selling expenses

For the year ended 31 December 2025, the Group's selling expenses were approximately RMB103,686,304 (2024: approximately RMB86,936,913), accounting for 3.00% of the total operating revenue (2024: 2.49%). The increase in the Company's selling expenses during the Reporting Period was primarily due to the Company's implementation of remuneration system reform, which strengthened incentives for marketing and sales staff.

Administrative expenses

For the year ended 31 December 2025, the Group's administrative expenses were approximately RMB381,341,286 (2024: approximately RMB394,933,198), accounting for 11.03% of the total operating revenue (2024: 11.33%). The administrative expenses decreased due to effective control measures taken by the Company during the Reporting Period.

Finance costs

For the year ended 31 December 2025, the Group's finance costs were approximately RMB180,781,414 (2024: approximately RMB185,776,247), accounting for 5.23% (2024: 5.33%) of the total operating revenue. The decrease in financial costs was primarily due to a decline in the overall financing costs of interest-bearing liabilities during the Reporting Period.

Income tax expense

For the year ended 31 December 2025, the Group's income tax expense were approximately RMB3,251,778 (2024: approximately RMB7,534,712). The decrease in income tax expense was mainly due to the decrease in total profit during the Reporting Period.

Financial position and liquidity

As of 31 December 2025, net current assets of the Group amounted to approximately RMB-1,157,940,870.90 (2024: approximately RMB-313,272,316), including cash and cash equivalents of approximately RMB1,099,872,837 in total (2024: approximately RMB1,016,307,175).

As of 31 December 2025, total liabilities of the Group amounted to approximately RMB7,085,646,097 (2024: approximately RMB7,127,589,599). The gearing ratio was 71.52% (2024: 63.20%). The current liabilities of the Group amounted to approximately RMB4,287,127,096 (2024: approximately RMB3,877,229,219). As of 31 December 2025, bank loans of the Group amounted to approximately RMB4,627,770,190 (2024: approximately RMB5,088,018,406).

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, associates and joint ventures

During the Reporting Period, the Group had no other significant investment, acquisition and disposal of subsidiaries, associates 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 has established the Foreign Exchange Hedging Management System with a sound management process, and 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.

Contingencies

1. *Litigation*

On 27 February 2008, Shaoyang Municipal People’s Government and its authorized unit Shaoyang Municipal Administration and Law Enforcement Bureau (whose name is changed to “Shaoyang Municipal Administration and Comprehensive Law Enforcement Bureau”, hereinafter referred to as “**Shaoyang Urban Management Bureau**”) as Party A signed the Shaoyang Municipal Domestic Waste Sanitary Landfill Construction and Concession Contract (the “**Concession Contract**”) with the Company and its authorized unit Hunan Dongjiang Environmental Protection Investment Development Ltd.* (湖南東江環保投資發展有限公司) (“**Hunan Dongjiang**”) as Party B. It was agreed that Party A would grant Party B the Concession of Shaoyang Municipal Domestic Waste Sanitary Landfill for a period of 30 years from June 2011 to June 2041, counting from the opening date of the landfill.

During the process of the implementation of Concession Contract, Shaoyang’s domestic garbage was converted from landfill to incineration according to the local government’s plan due to policy changes. On 29 February 2024, Shaoyang Municipal People’s Government served a letter to Dongjiang Environmental Protection, revoking the Concession Contract and recovering the concession on the grounds of major public interests such as energy saving and emission reduction. The Company negotiated with the Shaoyang Municipal People’s Government regarding compensation for the government’s unilateral termination of the contract. On 18 April 2024, the transfer of assets and operational maintenance responsibilities for the Shaoyang Municipal Domestic Waste Sanitary Landfill and its leachate treatment facilities was completed. After the transfer, multiple rounds of negotiations between the two parties failed to reach an agreement. On 29 September 2024, the Company initiated an administrative lawsuit, demanding that the Shaoyang Municipal Government pay the project investment amount and other related costs. The case was heard in court on 21 November 2024. The Company received the Administrative Judgment ((2024) Xiang 05 Xing Chu No. 125) from the Shaoyang Intermediate People’s Court. The main contents of the first-instance judgment are as follows: (1) The defendant, Shaoyang Municipal People’s Government, is ordered to make a compensation decision to the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., within 60 days from the effective date of this judgment; (2) The other claims of the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., are dismissed.

The Company, aggrieved by the first-instance judgment, filed an appeal with the Hunan Provincial Higher People’s Court. On 26 February 2026, the Company received the Administrative Judgment ((2025) Xiang Xing Zhong No. 1088) from the Hunan Provincial Higher People’s Court. The second-instance judgment is as follows: the appeal is dismissed, and the original judgment is upheld. As of the date of this announcement, the final compensation amount has not yet been determined.

2. *Change in environmental policies*

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 contingencies for the year ended 31 December 2025.

Capital commitment

As at 31 December 2025, the capital expenditure commitment of the Group was as follows:

| Items | 2025 | 2024 |
|---|------------------------------|-----------------------|
| | RMB | RMB |
| Capital expenditures contracted for but not recognized in the financial statement in respect of external investment | | |
| – External investment commitments | 40,976,136.84 | 23,406,302.44 |
| – Significant outsourcing contracts | 63,457,973.59 | 71,830,125.95 |
| – Commitments to purchase and build long-term assets | 16,172,858.76 | 23,002,506.21 |
| Total | <u>120,606,969.19</u> | <u>118,238,934.60</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, amidst an industry environment characterized by the reshaping of the competitive landscape and the restructuring of recycling product value, the Company adhered to its mission of “developing ecological civilization to build a better China”. Centered on the strategic deployment of the “Three Pillars and Four Strengths”, the Company deeply integrated reform with high-quality development, and achieved solid results in areas such as reform, innovation and management enhancement, thereby stabilizing its core business operations.

During the Reporting Period, the Company achieved operating revenue of approximately RMB3,457 million, which remained largely flat compared with last year, and the total volume of hazardous waste collected and transported increased slightly year-on-year. However, due to the persistent downturn in the market environment, revenue from harmless treatment business experienced a significant year-on-year decline. For collection and transportation prices, the average price for incinerable waste decreased by approximately 15% year-on-year; among landfill waste, the average price for flexible landfill waste and rigid landfill waste decreased by over 15% and 20% year-on-year, respectively; the average collection and transportation discount rate for recycling of metal-containing waste liquids increased by over 1%. As a result, the Company’s operating profit recorded a loss of RMB1,238 million, widening by approximately RMB397 million year-on-year. Total profit recorded a loss of RMB1,340 million, widening by approximately RMB460 million year-on-year. Despite significant short-term profitability pressure, through a dedicated accounts receivable program and the implementation of various measures to increase revenue and reduce expenditure, the Company achieved operating net cash flow of RMB387 million, a year-on-year increase of 208.59%, which effectively alleviated debt pressure and provided ample liquidity support for the Company’s transformation and upgrade.

In expanding its comprehensive environmental services and recycling businesses, the Company accelerated its development using an asset-light model. It established joint ventures with various enterprises to carry out multiple collaborations in areas such as auto parts dismantling, energy saving transformation, environmental consulting and green and intelligent logistics. These projects are being implemented steadily. Regarding the transformation and upgrading of its existing industrial hazardous waste business, the Company promoted process development and technical improvements, and independently tackled key projects such as “production of copper chloride dihydrate by acid evaporation method”, “industrialization of preparing monoammonium phosphate from waste phosphoric acid” and “industrialization research on preparing calcium fluoride from fluorine-containing waste liquid” and achieved certain progress. In addition, the Company vigorously promoted the high-value and diversified transformation of recycling products. High-end products such as nano-scale basic copper sulfate and copper hydroxide were fully brought into production, and firework-grade copper oxide achieved full production and sales, steadily enhancing the competitiveness of recycling products.

In technological innovation, the Company was awarded one second prize for Scientific and Technological Progress in Guangdong Province during the year, and continued to develop 11 research and development platforms at provincial and ministerial level or above such as national postdoctoral research stations, provincial key laboratories and engineering technology research centers, thereby establishing a multi-level and multi-type scientific research platform system covering national, provincial, ministerial, municipal and departmental levels. It also added one provincial-level “Specialization and Innovation” SME, accumulating a total of 14 such enterprises across all levels. It also deepened industry-academia-research cooperation with renowned universities such as Tsinghua University, Central South University, Shenzhen University, and South China Normal University, providing robust support for technological innovation. Throughout the year, the Company secured 56 new patents, including 15 invention patents. In particular, it obtained three U.S. patents for “A Method for Preparing Electronic-Grade Copper Chloride Dihydrate”, “A Method for Recycling of Electroless Nickel Plating Waste Liquid” and “A Method for Treating Leachate from Hazardous Waste Landfills”.

In talent development, the Company comprehensively built a “1+1+2+N” talent cultivation system, precisely recruited key and urgently needed talents, promoted the deployment of core R&D personnel to the front line, and established a pool of high-potential talents. During the year, it completed five rounds of open competition for 37 mid-level management positions, appointed 18 new mid-level cadres, completed rotational exchanges for 15 management personnel, certified 617 individuals in vocational skill levels, and added 2 senior technicians, filling key talent gaps within the Company. It also conducted 19 specialized training sessions, including the “Jungle Arms Training Camp” and “Dongjiang Star Training Camp”, with over 1,300 participants, bringing the total training attendance for the year to more than 14,000 person-times, which established a tiered and categorized training matrix that enables precise capability development. The Company comprehensively deepened the implementation of measures in key areas such as talent cultivation, introduction, utilization, evaluation and motivation, providing talent support for its transformation and development.

In cost reduction and efficiency enhancement, the Company introduced a special “extreme cost reduction” action plan, implemented differentiated cost-reduction strategies tailored to each enterprise and deeply promoted empowerment through technological transformation. Through initiatives such as process optimization, auxiliary material substitution, waste-to-waste treatment, reducing secondary waste generation and optimizing centralized procurement strategies, the Company achieved cumulative cost reductions of over RMB70 million in 2025. In addition, based on market conditions, it implemented 23 “extreme rate efficiency improvement” projects across its subsidiaries and branches, including projects on recycling of waste packaging materials, structural adjustment of recycling products and utilization of steam resources, which generated efficiency gains of over RMB40 million for the year.

Although the market shows signs of a slow consolidation, there has been no significant improvement in the current hazardous waste disposal industry, and the Company’s operations continue to face pressure. Going forward, the Company will adopt various measures to address potential risks proactively, continuously optimize its asset structure, accelerate capital recovery, strive to enhance profitability, and build core competitiveness through technological transformation and innovation. While actively cultivating new businesses, it will persistently seek high-quality merger and acquisition targets to create new performance growth drivers through merger and acquisition. Building on its position as a leading enterprise in hazardous waste disposal, the Company aims to accelerate its transformation into an “outstanding comprehensive environmental service provider and a leading enterprise in resource recycling industry”.

FUTURE PROSPECTS OF THE COMPANY

2026 marks the inaugural year of the “15th Five-Year Plan” period and represents a critical year for Dongjiang Environmental’s transformation and development. All staff of the Company will unite with one heart and strive diligently to win the crucial battles for transformative breakthrough. In operations, we will strengthen strategic leadership, accurately grasp national, regional and industry policy directions and market development trends, adjust our focus, and concentrate on differentiated, high-end and high-value businesses. In management, we will deepen reforms and tackle key challenges, adhere to a problem-oriented and grassroots-oriented approach, and formulate and implement operational strategies with precision and detail. In business development, we will build an industrial ecosystem, accelerate the cultivation and conversion efficiency of new businesses, and strive for breakthroughs in transitioning towards a full-chain industrial ecosystem. Meanwhile, we will coordinate efforts in deepening reforms, technological innovation, lean management and talent development, and advance on all fronts to win the two major battles of “stabilizing operations” and “accelerating transformation”.

First, we will initiate development momentum through reforms. We will adhere to a market and customer-centric approach, improve the market-oriented operational mechanism, and rigidly implement adjustments for the bottom performers and the exit of those who are incompetent. We will optimize resource allocation by focusing on core sectors such as in-depth recycling and green and low-carbon development, and resolutely shut down, merge or transfer persistently loss-making and non-strategic businesses. We will precisely meet the environmental supervision needs of retired new energy equipment, leverage digital means to explore market potential, strengthen cash flow control, and effectively enhance operational quality and efficiency.

Second, we will build competitive advantages through technological innovation. We will increase R&D investment with focus on tackling key technologies for the high-end utilization and recycling of hazardous waste. We will explore applications such as intelligent identification, robotic operations and intelligent process optimization to drive digital, intelligent and smart transformation and upgrade. We will also form innovation consortia with research institutions to accelerate the transformation of achievements and cultivate new quality productive forces, making technological innovation the core engine driving the Company’s breakthrough development.

Third, we will deeply explore merger and acquisition targets to facilitate transformation. We will treat strategic merger and acquisition as a key lever for transformation and upgrading, center on the core business of “recycling”, focus on technology-driven, regional market, and industrial chain complementing targets, and take proactive action. For high-quality projects, we will make scientific decisions and move forward quickly, acquire core technologies and market access channels through merger and acquisition to achieve a strategic leap in capabilities and scale.

Fourth, we will consolidate the foundation for survival through lean management and control. We will firmly establish the mindset of “living through tight times”, comprehensively review the entire processes of production, procurement, energy consumption and operational maintenance, and strengthen cost control and lean management. We will optimize human resource allocation, enhance personnel efficiency, and reduce resource waste. We will also strictly adhere to the bottom lines of safety, environmental protection and compliant operations to ensure that risks are controllable, and build a solid foundation for the Company’s stable operation.

Fifth, we will pool our strengths for critical battles by empowering the Company with talent. We will adhere to a combination of internal selection and external talent acquisition, breaking away from the rigid mindset of seniority-based promotion. We will improve performance-based incentive mechanisms to fully stimulate the team's entrepreneurial vitality. We will also conduct targeted professional training to cultivate versatile talent teams that understand technology, excel in management and dare to take responsibility, thereby providing strong talent support for the Company's transformation and development.

POSSIBLE RISKS AND COUNTERMEASURES

1. Risk related to intense 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 over the years, 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 adhere 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

In terms of safety, 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. There are certain safety risks during its collection, storage, and disposal processes. In terms of environmental protection, factors such as management capabilities, techniques and processes, environmental protection equipment and facilities, capital investment, and natural disasters collectively impact the environmental management effectiveness of hazardous waste disposal companies, increasing environmental risks. At the same time, changes in environmental policies and regulations may impose new requirements on the Company's hazardous waste disposal operations. If an enterprise fails to adapt in a timely manner, it may face risks of non-compliance and environmental pressure. 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 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 metal products such as crude lead, 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.

FINANCIAL BUDGET FOR THE YEAR 2026

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 2026. 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 2025 and analyzing the circumstances of the operation in 2026, 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 controlled 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 complies.
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 2026.
4. Fluctuation of the credit interest rate, taxation policy regarding production and operation of the Company are within normal range.
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 unforeseeable factors.

III. KEY INDICATOR OF THE BUDGET OF 2026

The net profit attributable to the parent company is expected to record a year-on-year loss reduction of no less than 20% in 2026.

Special notice: The budget is a control indicator for internal management for the Company’s business plan in 2026 and is set out for the information of the shareholders of the Company (“Shareholders”) and potential investors. It should not be taken as the Company’s profit forecast in 2026. 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. Shareholders and potential investors should consult their professional consultants if they have any questions about their own situation.

DIVIDENDS

Taking into account the profit distribution policy of the Company (including the fact 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 2025 (2024: Nil).

EVENTS DURING THE REPORTING PERIOD

Issuance of the first tranche of medium-term notes in 2025

On 27 March 2025, the Company successfully issued the first tranche of the medium-term notes of 2025 with an issue size of RMB400 million and an interest rate of 2.66% per annum.

For details, please refer to the Company’s overseas regulatory announcements dated 27 February 2023 and 20 November 2024, circular dated 20 November 2024, and announcements dated 17 March 2023, 12 July 2023 and 28 March 2025.

Discloseable and Continuing Connected Transactions – New Financial Services Agreement

On 24 December 2024, the Company has entered into the new financial services agreement (the “**New Financial Services Agreement**”) with Guangdong Rising Finance Co., Ltd.* (廣東省廣晟財務有限公司) (“**Rising Finance**”), pursuant to which Rising Finance has agreed to provide financial services (including deposit services, credit facility services, settlement services and other financial services) to members of the Group for a term of three years. At the first extraordinary general meeting in 2025 held on 23 April 2025, the New Financial Services Agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company.

For details, please refer to the Company’s announcements dated 24 December 2024 and 23 April 2025, and circular dated 28 March 2025.

Performance of guarantee obligations – Tangshan Wandesi

The Company has provided a joint liability guarantee with a maximum debt amount of RMB160 million in favour of Wandesi (Tangshan Caofeidian) Environmental Protection Technology Co., Ltd.* (萬德斯(唐山曹妃甸)環保科技有限公司, “**Tangshan Wandesi**”), a controlled subsidiary of the Company, for a loan facility of RMB200 million granted by HSBC Bank (China) Co., Ltd. Tangshan Branch* (滙豐銀行(中國)有限公司唐山分行, “**HSBC**”).

Tangshan Wandesi has been facing liquidity difficulties in working capital for production and operations. The Company has fulfilled its guarantee obligations to pay in place of Tangshan Wandesi its outstanding loan to HSBC in the amount of RMB111.0977 million.

For details, please refer to the announcement of the Company dated 28 March 2025.

Amendment of the Articles of Association

On 5 December 2025, at the second extraordinary general meeting in 2025, the first A Shares class meeting in 2025 and the first H shares class meeting of 2025 of the Company, the resolutions on the amendments to the Articles of Association of the Company were considered and approved. The amendments to the Articles of Association were mainly to abolish the supervisors and the supervisory committee, to clarify that the audit and risk management committee (the “**Audit and Risk Management Committee**”) established under the Board will fully assume the duties previously held by the supervisory committee as stipulated under the “New Company Law”, and to amend or remove certain provisions (including the relevant provisions in relation to class meetings) that are no longer applicable due to the invalidation of external regulatory rules.

For details, please refer to the Company’s announcement and circular both dated 17 November 2025, and poll results announcement dated 5 December 2025.

Continuing Connected Transaction – Zinc Oxide Minerals Sales Agreement

On 17 November 2025, Guangdong Province Dabaoshan Minerals Co., Ltd.* (廣東省大寶山礦業有限公司, “**Dabaoshan Minerals**”) 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), (a subsidiary of the Company, “**Shaoguan Sustainable Resources**”) have entered into the a zinc oxide minerals sales agreement (the “**Zinc Oxide Minerals Sales Agreement**”), pursuant to which Dabaoshan Minerals has agreed to sell and Shaoguan Sustainable Resources has agreed to purchase zinc oxide minerals for a term from 17 November 2025 to 31 December 2025. The maximum transaction amount (annual cap) for the purchase of zinc oxide minerals by the Group from Dabaoshan Minerals is approximately RMB7.17 million.

Dabaoshan Minerals is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. The Zinc Oxide Minerals Sales Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 17 November 2025.

Continuing Connected Transaction – Tailings Sales Agreement

On 22 December 2025, Dabaoshan Minerals and Shaoguan Sustainable Resources (a subsidiary of the Company) have entered into a tailings sales agreement (the “**Tailings Sales Agreement**”), pursuant to which Dabaoshan Minerals has agreed to sell and Shaoguan Sustainable Resources has agreed to purchase tailings for a term from 22 December 2025 to 31 May 2026. The maximum transaction amount for the purchase of tailings by the Group from Dabaoshan Minerals for the periods from 22 December 2025 to 31 December 2025 and from 1 January 2026 to 31 May 2026 are approximately RMB1.4895 million and RMB1.4895 million, respectively.

Dabaoshan Minerals is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. The Tailings Sales Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 22 December 2025.

Litigation

Due to a contractual dispute, Jiangxi Environmental Protection Co., Ltd.* (江西環保股份有限公司, “**Jiangxi Environmental Protection**”), as plaintiff, has initiated legal proceedings at the court against the Company, Gui Jianping* (桂建平) and Zhou Yue* (周玥) as defendants (collectively, the “**Defendants**”), involving an aggregate amount of approximately RMB96.32 million. In September 2025, the Company received the judgment of the first instance, ordering the Defendants to jointly and severally compensate the plaintiff, Jiangxi Environmental Protection, in the amount of approximately RMB94.66 million. In December 2025, the Company received the judgment of the second instance, which upheld the original judgment. As at the date of this announcement, the Company has complied with the second instance judgement.

For details, please refer to the announcements of the Company dated 20 August 2024, 1 September 2025, 30 December 2025 and 16 January 2026.

Change in Use of Proceeds

The Company has revised the intended use of certain proceeds from the non-public issuance of A shares, with details set forth below:

- (1) In light of the actual progress of the project, the Company has completed the closure of the expansion project of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荆州市江陵縣). Except for approximately RMB10.00 million reserved specifically for the settlement of outstanding survey and design fees and quality retention funds in respect of the project, the remaining unused net proceeds from the fund raising of RMB83.99 million will be used to replenish general working capital.
- (2) To meet the Company's operational and development needs, the Company has terminated the development of the Green Recycling Centre (Phase 1) located in Petrochemical Industrial Area, Dananhai, Jieyang* (揭陽大南海石化工業區) and the smart digitalization development project. The unused net proceeds from the fund raising in respect of the above two projects, amounting to RMB264.25 million and RMB159.70 million respectively, will be used to replenish general working capital.

The aforementioned change in use of proceeds were approved at the first extraordinary general meeting of the Company in 2026 held on 12 January 2026.

For details, please refer to the Company's announcement dated 22 December 2025, circular dated 12 January 2026 and poll results announcement dated 30 January 2026.

SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2025

Connected Transaction – Capital Injection into Embodiment Intelligence

On 3 February 2026, the Company and Guangdong Embodiment Intelligence Technology Co., Ltd.* (廣東省具身智能科技有限公司, “**Embodied Intelligence**”) entered into a capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which the Company agreed to inject RMB8.00 million in cash as capital contribution to Embodied Intelligence. Upon completion of the capital increase, the Company held approximately 2.67% of the equity interest in Embodied Intelligence.

Embodied Intelligence is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transaction under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 22 December 2025, 16 January 2026 and 3 February 2026.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the Reporting Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct of securities transactions by the Directors. Having made specific enquiries with all Directors by the Company, they confirmed that they have complied with the requirements set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE

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 (the “**CG Code**”) set out in Appendix C1 to the Listing Rules throughout the Reporting Period.

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 established an Audit and Risk Management Committee (the “**Audit and Risk Management Committee**”) in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the CG Code 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 control of the Company.

The Audit and Risk Management Committee comprises three independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Li Jinhui and Ms. Xiang Ling. Mr. Lee Kwok Tung Louis, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee has reviewed the audited consolidated results for the year ended 31 December 2025 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 2025 ANNUAL RESULTS AND ANNUAL REPORT

This 2025 annual results announcement is published respectively on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company's website (www.dongjiang.com.cn). The 2025 annual report of the Company will be despatched to the Shareholders, if necessary, and published on the respective websites of the Stock Exchange and the Company in April 2026.

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

Shenzhen, the PRC
27 March 2026

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Bi'an, Mr. Li Xiangli and Mr. Zhu Lintao; two non-executive Directors, Mr. Liu Xiaoxuan and Mr. Jia Guorong; and three independent non-executive Directors, being Mr Lee Kwok Tung Louis, Mr. Li Jinhui and Ms. Xiang Ling.

* For identification purpose only