
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dongjiang Environmental Company Limited (the “Company”), you should at once hand this circular and the accompanying reply slips and forms of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



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)

- (1) PROFIT DISTRIBUTION PLAN FOR 2023**
- (2) ANNUAL FINAL FINANCIAL REPORT FOR THE YEAR OF 2023**
- (3) FINANCIAL BUDGET REPORT FOR THE YEAR OF 2024**
- (4) APPLICATION OF INTEGRATED BANK CREDIT FACILITIES FOR 2024**
- (5) RE-APPOINTMENT OF AUDITORS FOR THE YEAR 2024**
- (6) PURCHASE OF LIABILITY INSURANCE FOR THE DIRECTORS,
SUPERVISORS AND SENIOR MANAGEMENT
AND**
- (7) NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the AGM to be held at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the People's Republic of China on Friday, 28 June 2024 at 3:00 p.m. is set out on pages 21 to 22 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's H share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares of the Company) as soon as possible but in any event, not less than 24 hours before the time appointed for the holding of the AGM (i.e. 3:00 p.m. on 27 June 2024 (Thursday)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

To facilitate the Company in making arrangements for the AGM, you are invited to complete the enclosed reply slip in accordance with the instructions printed thereon and return it to the Company's H share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time appointed for the holding of the AGM (i.e. 3:00 p.m. on Thursday, 27 June 2024). However, the completion and return of the reply slip or not will not affect your right to attend and/or vote at the AGM.

* For identification purposes only

28 May 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	A Share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in RMB on the Shenzhen Stock Exchange
“AGM” or “Meeting”	the 2023 annual general meeting of the Company to be held on 28 June 2024 (Friday) at 3:00 p.m. (or any adjournment thereof)
“AGM Notice”	the notice convening the AGM as set out on pages 21 to 22 of this circular
“Annual Final Financial Report” or “Annual Final Financial Report of the Year 2023”	the annual final financial report for the year of 2023 proposed to be adopted by the Company at the AGM, details of which are set out in Appendix I to this circular
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“close associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Company”	東江環保股份有限公司 (Dongjiang Environmental Company Limited*), a joint stock limited company established in the PRC, whose H Shares and A Shares are listed on the Stock Exchange and on the Shenzhen Stock Exchange, respectively
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Financial Budget Report” or “Financial Budget Report of the Year 2024”	the financial budget report for the year of 2024 proposed to be adopted by the Company at the AGM, details of which are set out in Appendix II to this circular
“form(s) of proxy”	the form(s) of proxy for the AGM dispatched to the Shareholders with this circular
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars on the Stock Exchange

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“reply slip”	the reply slip for the AGM dispatched to the Shareholders with the circular
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), as amended, revised and supplemented from time to time
“Share(s)”	share(s) of the Company, including A Share(s) and H Share(s), unless specified otherwise
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WUYIGE”	WUYIGE Certified Public Accountants LLP
“%”	per cent.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Rules, the Securities and Futures Ordinance or any modification thereof and used in this circular shall, where applicable, have the meaning assigned to it under the Listing Rules, the Securities and Futures Ordinance or any modification thereof, as the case may be.

* For identification purposes only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Bi'an (*Chairman*)
Mr. Li Xiangli (*Chief Executive Officer*)
Mr. Yu Fan

Non-executive Directors:

Mr. Huang Honggang
Mr. Liu Xiaoxuan
Mr. Jin Yongfu

Independent non-executive Directors:

Mr. Li Jinhui
Mr. Siu Chi Hung
Ms. Guo Suyi

Registered office:

1/F, 3/F, North of 8/F, 9/F-12/F
Dongjiang Environmental Building
No. 9 Langshan Road
North Zone of Hi-tech Industrial Park
Nanshan District, Shenzhen
the PRC

Principal place of business in Hong Kong:

6th Floor, O.T.B. Building
259-265 Des Voeux Road Central
Hong Kong

To the Shareholders

Dear Sir or Madam,

- (1) PROFIT DISTRIBUTION PLAN FOR 2023**
- (2) ANNUAL FINAL FINANCIAL REPORT FOR THE YEAR OF 2023**
- (3) FINANCIAL BUDGET REPORT FOR THE YEAR OF 2024**
- (4) APPLICATION OF INTEGRATED BANK CREDIT FACILITIES FOR 2024**
- (5) RE-APPOINTMENT OF AUDITORS FOR THE YEAR 2024**
- (6) PURCHASE OF LIABILITY INSURANCE FOR THE DIRECTORS,
SUPERVISORS AND SENIOR MANAGEMENT
AND**
- (7) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding (1) the Profit Distribution Plan for 2023; (2) Annual Final Financial Report for the Year of 2023; (3) Financial Budget Report for the Year of 2024; (4) application of integrated bank credit facilities for 2024; (5) re-appointment of auditors for the year of 2024; (6) purchase of liability insurance for the Directors, Supervisors and Senior Management and the notice of the AGM.

* For identification purposes only

LETTER FROM THE BOARD

1. PROFIT DISTRIBUTION PLAN FOR 2023

According to the Notice on Further Implementing Cash Dividends of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), the Guidelines for the Supervision of Listed Companies No.3-Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) and other relevant laws, regulations and standards documents, the Articles, and the Shareholders' Return Plan for the Next Three Years (2021-2023) of Dongjiang Environmental Company Ltd. (《東江環保股份有限公司未來三年(2021-2023年)股東回報規劃》), the profit distribution plan for 2023 of the Company proposed by the Board at the AGM for consideration by the Shareholders is as follows:

Considering that the Company recorded a loss for 2023, the fierce competition in the hazardous waste treatment industry in which the Company operates, and the substantial capital needs for daily operation, business expansion and project construction, in order to ensure the sustainable development and stable operation of the Company, the Board proposes that no profit distribution, no conversion of capital reserve into share capital and no dividend will be distributed for the year ended 31 December 2023.

2. THE ANNUAL FINAL FINANCIAL REPORT, THE FINANCIAL BUDGET REPORT

According to the Articles, the Company proposes to adopt the Annual Final Financial Report for the year of 2023 and the Financial Budget Report for the Year of 2024.

Details regarding the proposed Annual Final Financial Report for the Year of 2023 and Financial Budget Report for the Year of 2024 are set out in Appendices I and II to this circular, respectively.

3. APPLICATION OF INTEGRATED BANK CREDIT FACILITIES FOR 2024

Reference is made to the Company's overseas regulatory announcement dated 27 March 2024 in relation to application of integrated bank credit facilities for 2024. The Board approved and resolved to propose to the Shareholders for considering, and if thought fit, approving the proposed application for integrated credit facilities by the Company to bank(s) in the amount of not exceeding RMB18.725 billion in 2024.

LETTER FROM THE BOARD

In order to meet the capital needs of production and operation of the Company, the Group intend to apply to bank(s) for integrated credit facilities in the amount of not exceeding RMB18.725 billion for 2024. The credit facilities may include but are not limited to working capital loans, non-current capital loans, acceptance bills, factoring, letter of guarantee, letter of credit issuance, bill discounting and other credit services. The details of the proposed application for integrated bank credit facilities are as follows:

No.	Name of Bank	Line of credit to be applied for (RMB100 million)	Term of credit
1	Industrial Bank Co., Ltd., Shenzhen Branch	12.00	Subject to the provisions of facility agreement(s)
2	China Merchants Bank Co., Ltd. Shenzhen Branch	10.00	
3	China CITIC Bank Co., Ltd. Shenzhen Branch	5.00	
4	HSBC Bank (China) Co., Ltd. Shenzhen Branch	5.00	
5	China Minsheng Banking Corporation Shenzhen Branch	3.00	
6	Bank of China Limited Shenzhen High-tech Zone Sub-branch	3.00	
7	Ping An Bank Co., Ltd. Shenzhen Branch	10.00	
8	Bank of Beijing Co., Ltd. Shenzhen Branch	6.00	
9	Postal Savings Bank of China Co., Ltd. Shenzhen Branch	3.50	
10	Agricultural Bank of China Co., Ltd. Shenzhen Phoenix Sub-branch	6.00	
11	Industrial and Commercial Bank of China Co., Ltd. Shenzhen High-tech Zone Sub-branch	3.00	
12	Everbright Bank Co., Ltd. Shenzhen Branch	3.00	
13	Bank of Communications Co., Ltd. Shenzhen Branch	5.00	
14	China Guangfa Bank Co., Ltd. Shenzhen Branch	11.00	
15	Bank of Ningbo Co., Ltd. Shenzhen Branch	3.00	
16	Bank of Jiangsu Co., Ltd. Shenzhen Branch	5.00	
17	Bank of Shanghai Co., Ltd. Shenzhen Branch	5.00	
18	The Export-Import Bank of China Shenzhen Branch	7.50	
19	China Development Bank Shenzhen Branch	8.00	
20	China Construction Bank Corporation Shenzhen Branch	3.00	
21	Bank of Dongguan Co., Ltd. Shenzhen Branch	5.00	
22	Zheshang Bank Co., Ltd. Shenzhen Branch	2.00	
23	Hua Xia Bank Co., Ltd. Shenzhen Branch	5.00	
24	Huishang Bank Co., Ltd. Shenzhen Branch	3.00	
25	Nanyang Commercial Bank (China) Limited Shenzhen Branch	4.00	
26	China Resources Bank of Zhuhai Co., Ltd. Shenzhen Branch	3.00	

LETTER FROM THE BOARD

No.	Name of Bank	Line of credit to be applied for (RMB100 million)	Term of credit
27	Hengfeng Bank Co., Ltd. Shenzhen Branch	5.00	
28	Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch	2.00	
29	Bohai Bank Co., Ltd., Qianhai Branch	2.00	
30	Xiamen Bank Co., Ltd. Xiamen Branch	0.09	
31	Industrial Bank Co., Ltd. Xiamen branch	0.14	
32	Xiamen Bank Co., Ltd. Haicang Sub-branch	0.80	
33	China Construction Bank Corporation Xiamen Xiang'an Sub-branch	1.80	
34	Hubei Jiangling Rural Commercial Bank Company Limited	0.20	
35	HSBC Bank (China) Limited Tangshan Branch	2.00	
36	China Merchants Bank Co., Ltd. Tangshan Branch	2.00	
37	Industrial and Commercial Bank of China Limited Nanping Branch	1.60	
38	Industrial Bank Co., Ltd. Nanping branch	0.30	
39	Xiamen Bank Co., Ltd. Nanping Branch	0.10	
40	Industrial and Commercial Bank of China Limited Foshan Branch	4.00	
41	China Construction Bank Corporation Jieyang Branch	2.64	
42	Industrial and Commercial Bank of China Limited Jieyang Branch	1.40	
43	Agricultural Development Bank of China Huilai County Sub-branch	3.30	
44	Postal Savings Bank of China Co., Ltd. Mianyang Branch	2.46	
45	Agricultural Bank of China Co., Ltd. Mianyang Branch	2.70	
46	Guangzhou Rural Commercial Bank Co., Ltd., Hengqin Guangdong Macao Deep Cooperation Zone Branch	4.30	
47	Bank of Beijing Co., Ltd., Shenzhen Branch	0.10	
48	Bank of Dongguan Co., Ltd., Dongguan Branch	0.10	
49	Dongguan Rural Commercial Bank Co., Ltd., Machong Sub-branch	0.50	
50	Industrial Bank Co., Ltd., Chenzhou Branch	2.00	
51	Hua Xia Bank Co., Limited Chenzhou Branch	0.50	
52	Bank OF Changsha Co., Ltd., Yongxing Sub-branch	0.50	
53	Shanghai Pudong Development Bank Co., Ltd. Chenzhou Branch	0.50	

LETTER FROM THE BOARD

No.	Name of Bank	Line of credit to be applied for (RMB100 million)	Term of credit
54	China Construction Bank Corporation, Yongxing Sub-branch	0.50	
55	Everbright Bank Co., Ltd., Nanchan Branch	0.16	
56	Everbright Bank Co., Ltd., Fengcheng Guomao Sub-branch	0.30	
57	Bank of Jiangsu, Shenzhen Branch	0.10	
58	Agricultural Bank of China Co., Ltd. Qujiang Sub-branch	1.16	
59	Haitong Unitrust International Financial Leasing Co., Ltd.	3.00	
	Total	<hr/> <u>187.25</u>	

The above-mentioned credit facilities include new credit facilities and the extension or renewal of the existing credit facilities, which is not the actual financing amount of the Company. The specific financing amount will be determined according to the actual capital needs of production and operation of the Company, and the relevant approval procedures will be carried out by the Company.

Within the above-mentioned credit facilities and validity period, the Company can increase the scope of credit banks or adjust the line of credit between banks according to operating conditions, and the credit facilities are recurring facility. The specific financing amount, credit period and other relevant terms will be subject to the actual needs of the Company, and the relevant agreement entered into by banks and the Company.

The proposal is subject to the consideration and approval of the Shareholders at the AGM. The credit line is valid from the date of approval at the AGM to the day when the integrated credit facility is approved at the general meeting in 2024. It will be sought at the AGM that the chairman of the Board or its designated authorised agent be authorised to handle the above-mentioned relevant credit facility application matters and the signing of relevant legal documents.

4. RE-APPOINTMENT OF AUDITORS FOR THE YEAR OF 2024

As WUYIGE have been diligent, responsible, meticulous and rigorous in the course of audit for the year 2023 of the Company, the audit reports have objectively and fairly reflected the Company's financial position and operating results. The Company intends to re-appoint WUYIGE as the auditor and internal control auditor of the Company for 2024.

An ordinary resolution will be put forward at the AGM to re-appoint WUYIGE as the auditor and internal control auditor of the Company, with a term from the date on which the resolution is considered and approved at the AGM to the date of the 2024 annual general meeting of the Company, and to authorise the chief executive officer of the Company to fix the financial audit fee and internal control audit fee for 2024 according to industry standards and the actual audit work of the Company. The appointment is subject to approval by the Shareholders at the AGM.

LETTER FROM THE BOARD

5. PURCHASE OF LIABILITY INSURANCE FOR THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Reference is made to the Company's overseas regulatory announcement dated 28 May 2024 in relation to purchasing liability insurance for Directors, Supervisors and senior management of the Company. To enhance standard of the compliance operation of the Company, improve our risk management system and reasonably safeguard the rights and interests of the Company, Directors, Supervisors and senior management, the Company proposes to purchase liability insurance for all Directors, Supervisors and senior management with the details as follows:

1. Policyholder: Dongjiang Environmental Company Limited
2. The insured: all Directors, Supervisors and senior management of the Company
3. Gross premium: no more than RMB300,000 per year (the specific amount shall be subject to the agreement with the insurance company and to be paid year by year)
4. Duration: 36 months (can be renewed or re-insured within the insurance period)

The Board will propose at the AGM to authorize the chairman of the Company or his/her authorized person(s) to carry out such matters related to purchasing liability insurance for Directors, Supervisors and senior management of the Company (including but not limited to determining the insurance company, insurance amount, insurance premium and other insurance clauses; the execution of insurance contracts and relevant legal documents, and handling other matters concerning purchase of insurance) and to renew or repurchase the insurance within the term of the insurance.

The above issue is subject to consideration and approval of Shareholders at the AGM.

THE AGM AND CLOSURE OF REGISTER OF MEMBERS OF H SHARES

Set out on pages 21 to 22 of this circular is the notice convening and holding the AGM at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the PRC on 28 June 2024 (Friday) at 3:00 p.m.

The register of members of H Shares will be closed from 25 June 2024 (Tuesday) to 28 June 2024 (Friday) (both days inclusive), during which no transfer of H Shares will be registered, for the identification of Shareholders qualified to attend and vote at the AGM. In order to be entitled to attend and vote at the AGM, share transfer documents accompanied by relevant H Share certificates should be lodged with the Company's H share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 4:30 p.m. on 24 June 2024 (Monday). Shareholders whose names appear on the register of members of the H Shares at 4:30 p.m. on 24 June 2024 (Monday) are entitled to attend and vote at the AGM.

LETTER FROM THE BOARD

The form of proxy in connection with the AGM is enclosed with this circular. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return them to the Company's H share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event for the form of proxy not less than 24 hours before the time appointed for holding of the AGM (i.e. 3:00 p.m. on 27 June 2024 (Thursday)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

To facilitate the Company in making arrangements for the AGM, you are invited to complete the enclosed reply slip in accordance with the instructions printed thereon and return it to the Company's H share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time appointed for the holding of the AGM (i.e. 3:00 p.m. on 27 June 2024 (Thursday)). However, the completion and return of the reply slip or not will not affect your right to attend and/or vote at the AGM.

LISTING RULES REQUIREMENTS

According to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, resolutions put to vote at the Meeting will be taken by way of poll.

RECOMMENDATION

Having considered the above reasons set out in this circular, the Directors consider that the proposed profit distribution plan, Annual Final Financial Report for the Year of 2023, Financial Budget Report for the Year of 2024, application of integrated bank credit facilities for 2024, re-appointment of auditors for the year of 2024 and purchase of liability insurance for the Directors, Supervisors and Senior Management of the Company are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Meeting.

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

Shenzhen, the PRC, 28 May 2024

* *For identification purpose only*

The Annual Final Financial Report for the Year of 2023 proposed to be adopted at the AGM is set out as follows:

ANNUAL FINAL FINANCIAL REPORT FOR THE YEAR OF 2023

I. AUDIT OF 2023 FINANCIAL STATEMENTS OF THE COMPANY

1. The 2023 financial statements of the Company were audited by WUYIGE Certified Public Accountants LLP which issued the standard unqualified audit report. In the opinion of the auditor, “the financial statements of Dongjiang Environmental Company Limited* have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises in all material respects, and fairly reflect the consolidated and the parent company’s financial position of Dongjiang Environmental Company Limited* as at 31 December 2023, the consolidated and the parent company’s results of operations and cash flows for 2023.”
2. Key financial data and indicators:

Unit: RMB’0,000

Item	January to December 2023	January to December 2022	Amount of change	Percentage of change
Operating revenue	402,246.81	387,847.40	14,399.41	3.71%
Gross profit	17,414.63	61,038.22	-43,623.59	-71.47%
Gross profit margin	4.33%	15.74%		-11.41%
Expenses of the period	86,752.18	88,008.97	-1,256.79	-1.43%
Including: Sales expenses	9,059.29	11,379.85	-2,320.56	-20.39%
Administrative expenses	43,679.70	43,893.37	-213.67	-0.49%
Research and development expenses	17,116.31	16,282.83	833.48	5.12%
Finance costs	16,896.88	16,452.92	443.96	2.70%
Percentage of expenses over revenue of the period	21.57%	22.69%		-4.94%
Net profit	-88,947.16	-56,574.24	-32,372.92	-57.22%
Net profit margin	-22.11%	-14.59%		-7.52%
Net profit attributable to the shareholders of the listed company	-75,047.06	-49,907.19	-25,139.87	-50.37%
Net profit attributable to the shareholders of the listed company (net of non-recurring profit or loss)	-79,779.33	-54,450.84	-25,328.32	-46.52%
Weighted average return on net assets	-19.67%	-11.52%		-8.15%

APPENDIX I ANNUAL FINAL FINANCIAL REPORT FOR THE YEAR OF 2023

Item	January to December 2023	January to December 2022	Amount of change	Percentage of change
Weighted average return on net assets (net of non-recurring profit or loss)	-20.77%	-12.57%		-8.20%
Basic earnings per share (RMB/share)	-0.74	-0.57	-0.17	-29.82%
Basic earnings per share (RMB/share) (net of non-recurring profit or loss)	-0.78	-0.62	-0.16	-25.81%
As compared to the beginning of year				
Item	31 December 2023	31 December 2022	Amount of change	Percentage of change
Total assets	1,216,149.76	1,173,837.89	42,311.87	3.60%
Total liabilities	711,960.13	695,895.10	16,065.03	2.31%
Equity attributable to the shareholders of the listed company	449,642.33	405,859.45	43,782.88	10.79%
Net assets per share (RMB/share)	4.07	4.62	-0.55	-11.90%

II. ANALYSIS ON FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOW

1. Analysis of major items in balance sheet with significant changes

Unit: RMB'0,000

Item	31 December 2023	31 December 2022	Amount of change	Percentage of change
Monetary fund	124,060	62,272	61,788	99.22%
Notes receivable	6,322	1,654	4,668	282.22%
Construction in progress	22,562	108,611	-86,049	-79.23%
Short-term borrowings	126,899	95,674	31,225	32.64%
Tax payable	1,829	3,973	-2,144	-53.96%
Other accounts payable	16,658	48,355	-31,697	-65.55%
Non-current liabilities due within one year	93,013	57,677	35,336	61.27%
Other current liabilities	5,271	52,920	-47,649	-90.04%
Long-term borrowings	339,091	257,706	81,385	31.58%
Bonds payable	-	49,981	-49,981	-100.00%

Explanation on significant changes:

- (1) Monetary fund increased by RMB617.88 million as compared with the beginning of the year, which was mainly due to the proceeds received from the non-public issuance of ordinary shares during the Reporting Period.
- (2) Notes receivable increased by RMB46.68 million as compared with the beginning of the year, which was mainly due to the increase in bank acceptance bills received during the Reporting Period.
- (3) Construction in progress decreased by RMB860.49 million as compared with the beginning of the year, which was mainly due to the transfer of construction projects of Jieyang Dongjiang and Zhuhai Dongjiang to fixed assets during the Reporting Period.
- (4) Short-term borrowings increased by RMB312.25 million as compared with the beginning of the year, which was mainly due to the increase in bank borrowings of the Company according to its operating needs during the Reporting Period.
- (5) Tax payable decreased by RMB21.44 million as compared with the beginning of the year, which was mainly due to the decrease in value-added tax payable by the Company during the Reporting Period.
- (6) Other accounts payable decreased by RMB316.97 million as compared with the beginning of the year, which was mainly due to the repayment of the principal and interest of the borrowings of Guangdong Rising Holdings Group Co., Ltd. during the Reporting Period.
- (7) Non-current liabilities due within one year increased by RMB353.36 million as compared with the beginning of the year, which was mainly due to the increase in long-term borrowings due within one year during the Reporting Period.
- (8) Other current liabilities decreased by RMB476.49 million as compared with the beginning of the year, which was mainly due to the repayment of super short-term financing bonds during the Reporting Period.
- (9) Long-term borrowings increased by RMB813.85 million as compared with the beginning of the year, which was mainly due to the increase in bank borrowings as a result of the increase in project construction and working capital of the Company.
- (10) Bonds payable decreased by RMB499.81 million as compared with the beginning of the year, which was mainly due to the repayment of part of medium-term notes and the reclassification of bonds payable due within one year to non-current liabilities due within one year during the Reporting Period.

2. Business operation

Operating revenue: In 2023, the Company recorded operating revenue of RMB4,022.47 million (2022: RMB3,878.47 million), representing an increase of RMB143.99 million or 3.71% as compared with last year. The increase was mainly because rare and precious metals recycling business increased by approximately 72.12% compared with the same period of last year to RMB1,501.43 million (2022: approximately RMB872.32 million). Meanwhile, the revenue from both the recycled products and non-hazardous treatment business decreased due to the downward movement in the market. In particular, the operating revenue of industrial waste treatment and disposal decreased by approximately 24.92% compared with the same period of last year to RMB913.66 million (2022: approximately RMB1,216.92 million), and the operating revenue of the business of sales of recycled products decreased by approximately 13.69% compared with the same period of last year to approximately RMB1,129.15 million (2022: approximately RMB1,308.26 million).

Net profit: In 2023, the net profit attributable to shareholders of the parent company amounted to RMB-750.4706 million (2022: RMB-499.0719 million), representing a decrease of 50.37% as compared to last year. The net profit attributable to shareholders of the parent company (net of non-recurring profit or loss) was RMB-797.7916 million (2022: RMB-544.5084 million), representing a decrease of 46.52% as compared to last year.

The decline in profit was primarily due to year-on-year decrease in the gross profit margin and loss in net profit of the Company as sever challenges remained for hazardous waste disposal enterprises in the absence of significant improvement in the competition pattern of the hazardous waste disposal market due to domestic economic situation, and a sharp drop in the disposal price of the Company's non-hazardous treatment business and the effect of the increase in discount rate for collection and transportation of recycled products. Meanwhile, considering the adverse effects of the industry where we operate and the changes in the business environment, the Company has made provision for asset impairment losses and credit impairment losses for certain assets, which has a significant impact on the annual profit.

Earnings per share: In 2023, earnings per share were RMB-0.74, decreasing by 29.82% from last year; and basic earnings per share (net of non-recurring profit or loss) were RMB-0.78, decreasing by RMB0.16/share or 25.81% from RMB-0.62 of last year.

3. Expenses of the period

Unit: RMB'0,000

Item	January to December 2023	January to December 2022	Amount of change	Percentage of change
Sales expenses	9,059	11,380	-2,321	-20.40%
Administrative expenses	43,680	43,893	-213	-0.49%
Research and development expenses	17,116	16,283	833	5.12%
Finance costs	16,897	16,453	444	2.70%
Total	86,752	88,009	-1,257	-1.43%
Percentage of expenses over revenue of the period	21.57%	22.69%	/	-1.12%

- (1) Sales expenses amounted to RMB90.59 million, representing a decrease of 20.40% over the previous year and a decrease of 0.68 percentage point as a percentage of revenue. The decrease in sales expenses was mainly due to the decrease in business commission as a result of the decrease in revenue from resource utilization business and industrial treatment and disposal business.
- (2) Administrative expenses amounted to RMB436.80 million, representing a decrease of 0.49% from last year and a decrease of 0.46 percentage point as a percentage of revenue. During the Reporting Period, the administrative expenses decreased due to effective control measures taken by the Company.
- (3) Research and development expenses amounted to RMB171.16 million, representing an increase of 5.12% from last year and an increase of 0.06 percentage point as a percentage of revenue. The increase in research and development expenses was mainly due to the Company's increased investment in research and development projects.
- (4) Finance costs amounted to RMB168.97 million, representing an increase of RMB4.44 million or 2.70% from last year and a decrease of 0.04 percentage point as a percentage of revenue, which was basically the same as that of the same period of last year.

4. Cash flow indicator

Unit: RMB'0,000

Item	2023	2022	Amount of change	Percentage of change
Net cash flows from operating activities	103	28,354	-28,251	-99.64%
Net cash flows from investing activities	-49,355	-55,533	6,178	-11.12%
Net cash flows from financing activities	111,199	36,681	74,518	203.15%
Effect of foreign exchange rate changes on cash and cash equivalents	49	141	-92	-65.25%
Net increase in cash and cash equivalents	61,995	9,643	52,352	542.90%
Add: Balances of cash and cash equivalents at the beginning of period	61,786	52,143	9,643	18.49%
Balances of cash and cash equivalents at the end of period	123,781	61,786	61,995	100.34%
Net cash flows from operating activities per share (RMB/share)	-	0.32	-0.32	-100.00%
Net cash flows per share (RMB/share)	0.56	0.11	0.45	409.09%

- (1) In 2023, net cash flows from operating activities of the Company amounted to RMB1.03 million, representing a decrease of RMB282.51 million from last year, which was mainly due to the loss in the Company's operating performance and the increase in inventories during the Reporting Period.
- (2) In 2022, net cash outflows from investing activities of the Company amounted to RMB493.55 million, representing a decrease in outflows of RMB61.78 million from last year, which was mainly due to the decrease of project construction investment during the Reporting Period.
- (3) In 2022, net cash inflows from financing activities of the Company amounted to RMB1,111.99 million, representing an increase in inflows of RMB745.18 million from last year, which was mainly due to the proceeds received from the non-public issuance of ordinary shares during the Reporting Period.

5. Other significant items

Unit: RMB'0,000

Item	2023	2022	Amount of change	Percentage of change
Other income	5,453	5,638	-185	-3.28%
Investment income	-374	842	-1,216	-144.42%
Credit impairment loss	-1,857	-3,537	1,680	47.50%
Impairment loss for assets	-17,949	-26,381	8,432	31.96%
Disposal gain on asset	71	97	-26	-26.80%
Income tax expenses	228	2,842	-2,614	-91.98%

- (1) Other income decreased by RMB1.85 million over the previous period, which was basically the same as that of the same period of last year.
- (2) Investment income decreased by RMB12.16 million over the previous period, which was mainly due to the decrease in investment income of joint ventures and associated companies in the current period.
- (3) Credit impairment loss decreased by RMB16.80 million over the previous period, which was mainly due to the increase in the estimated expected credit loss rate as that of the same period of last year.
- (4) Impairment loss for assets decreased by RMB84.32 million over the previous period, which was mainly due to the decrease in the provision for impairment of long-term assets in the current period.
- (5) Disposal gain on asset decreased by RMB0.26 million over the previous period, with no significant change.
- (6) Income tax expenses decreased by RMB26.14 million over the previous period, which was mainly due to the decrease in total profit during the Reporting Period.

III. GENERAL FINANCIAL INDICATORS

Item	Financial indicators	31 December 2023	31 December 2022	Year-on-year change
Solvency indicators	Current ratio	1.12	0.88	0.24
	Quick ratio	0.88	0.69	0.19
	Gearing ratio	58.54%	59.28%	-0.74%
Item	Financial indicators	January to December 2023	January to December 2022	Year-on-year change
Assets management indicators	Accounts receivables turnover days	97	101	-4
	Inventories turnover days	68	67	1
	Total assets turnover days	1,083	1,107	-24
Profitability indicators	Net return on total assets	-7.45%	-4.81%	-2.64%
	Weighted average return on net assets	-19.67%	-11.52%	-8.15%
	Weighted average return on net assets (net of non-recurring profit or loss)	-20.77%	-12.57%	-8.20%

Dongjiang Environmental Company Limited*

27 March 2024

* For identification purposes only

The Financial Budget Report for the Year of 2024 proposed to be adopted at the AGM is set out as follows:

DONGJIANG ENVIRONMENTAL COMPANY LIMITED*
FINANCIAL BUDGET REPORT FOR THE YEAR OF 2024

I. EXPLANATION FOR PREPARATION OF BUDGET

This budget report 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 development plan of each business segment, waste treatment and disposal plan, production and sales plan of recycled products and rare and precious metals for Year 2024. This budget report 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 report is summarized the operation condition in 2023 and analysis of the circumstances of the operation in 2024, as well as the Company's corporate development strategy. Moreover, this budget report has fully taken into consideration the impacts of factors, including market environment, business expansion and sales prices on the budget period. This budget report includes the parent company, its controlling subsidiaries and branches.

II. BASIC ASSUMPTIONS

1. No material changes in the applicable current national and local laws, regulations and rules with which the Company complies with.
2. No material changes in social and economic environment of the place of principal operations and relevant regions of business of the Company.
3. No adverse impacts will arise from material changes in objective factors including transportation, telecommunication, severe shortage in water and electricity and raw materials and costs which will affect production and operation of the Company in 2024.
4. Fluctuation of the credit interest rate, taxation policy regarding production and operation of the Company are within normal scope.
5. No material changes in the existing production organization structure of the Company, completion and commencement for production of the planned investment projects will take place on schedule.
6. No material adverse impacts on the Company due to other force majeure and unpredictable factors.

III. KEY INDICATORS OF THE BUDGET OF 2024

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

IV. MEASURES TO ENSURE THE PERFORMANCE OF FINANCIAL BUDGET

In 2024, Dongjiang Environmental will adhere to the guidance of Xi Jinping's thoughts on socialism with Chinese characteristics in the new era, deeply study and implement the spirits of the 20th National Congress of the Communist Party of China and the important speeches and important instructions of General Secretary Xi Jinping during his inspection of Guangdong, fully implement the spirits of the provincial high-quality development conference, promote the implementation of the specific deployment of "1310" of the Provincial Party Committee in Dongjiang Environmental, take "ensuring operation" and "igniting new hope" as the goals, take "three extremes and four strengths" ("extreme cost reduction, extreme speed and efficiency improvement, extremely rapid transformation" and "strong assessment, strong incentives, strong constraints and strong fault tolerance") as important means, strive to transform with the thinking and state of "fighting", and endeavor to achieve a new round of high-quality development.

Firstly, the Company will realize cost reduction and efficiency improvement with "extreme cost reduction". Taking the "three refinements" management as an important starting point to promote cost reduction and efficiency improvement, the Company will deepen and strengthen the implementation of various cost reduction measures, and promote the "extreme cost reduction" in an all-round, targeted and refined manner. We will continue to explore the space for cost reduction, firmly seize the key factors affecting production costs such as the unit consumption of auxiliary materials and energy consumption, and formulate a program of incentives and penalties for cost reduction and efficiency improvement, so as to promote the year-on-year decrease in total variable costs.

Secondly, we will accelerate revenue generation and profit generation with "extreme speed and efficiency improvement". We will give full play to the advantages of complete qualification categories and sufficient production capacity, strengthen the connection and cooperation with the government and large enterprises, and continuously enhance the market share through the implementation of supporting value-added services. The Company will accelerate the implementation of the "going out" strategy, establish a "military group" for overseas market expansion, and actively seek sales market of recycled products and investment opportunities such as recycling and disposal of industrial hazardous wastes in overseas regions such as Southeast Asia. Based on the strong market team with nationwide distribution, we will broaden the channels for the acquisition of rare and precious metals raw materials, enhance the bargaining power, strengthen the resource coordination between shareholders and associate organizations, strengthen the control of production, supply and sales, and promote the rapid development of rare and precious metals business. We will accelerate the disposal and withdrawal of inefficient and ineffective assets, make good use of idle assets around the country, explore investment and cooperation opportunities such as aluminum ash and fly ash resource utilization and construction, healthcare, kitchen waste disposal capacity and venue leasing, and seek new ways to increase asset value and efficiency.

Thirdly, we will promote industrial optimization with “extremely rapid transformation”. We will conduct in-depth research on the Opinions on Accelerating the Construction of a Waste Recycling System issued by the General Office of the State Council, actively participate in the construction of “waste-free cities”, “waste-free parks” and “waste-free factories”, explore new space and new fields in the hazardous waste industry, actively expand new businesses such as the reduction and recycling of mine tailings and smelting wastes, and rapidly promote the process optimization of high-end resource-based product such as alkali copper and stable copper hydroxide. We will rapidly cultivate and expand the environmental service industry, including industrial and municipal sewage, rural domestic sewage, garbage operation and management, expand environmental consulting, design, engineering, monitoring, environmental protection housekeeper services, etc., and we are committed to becoming the best environmental solution provider and service provider for governments at all levels, industrial parks and enterprises. We will quickly deploy new tracks and seek cooperation opportunities of investment and M&A such as recycling of power batteries and retired photovoltaic modules.

Fourthly, we will enhance the entrepreneurial motivation of officers, stimulate the vitality of reform and innovation, hold the bottom line of risks and encourage responsibility with “strong assessment, strong incentives, strong constraints and strong fault tolerance”. We will reorganize the enterprise management system in accordance with the modes of the direct management by the headquarters, mergers and restructuring and custody, re-establish the level of subordinate enterprises and implement a differentiated assessment system. We will set up awards for over-performance, major contribution awards and special awards, and actively explore various medium and long-term incentive mechanisms. We will strictly adhere to the goal-oriented principle, adjust the category of the enterprise, the remuneration packages of the leading team based on the fulfillment of operating results and development of the enterprise, and strengthen the construction of the Company’s supervision system and supervision capacity. We will improve the fault trial, tolerance and correction mechanism, establish a risk reporting system, and build a risk management database.

V. SPECIAL NOTICE

The budget is a control indicator for internal management for the Company’s business plan in 2024, but does not represent the Company’s profit forecast in 2024. Whether the budget could be realized depends on a number of factors including changes in market conditions and the efforts of the operation team, and is subject to a high degree of uncertainties, and investors should pay special attention to such factors.

Dongjiang Environmental Company Limited*

27 March 2024

* For identification purpose only

NOTICE OF THE AGM



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)

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “AGM”) of Dongjiang Environmental Company Limited* (the “Company”) will be held at Meeting Room, 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the People’s Republic of China (the “PRC”) on 28 June 2024 (Friday) at 3:00 p.m. for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. The resolution regarding the 2023 annual report of the Company, its extract and annual result announcement;
2. The resolution regarding the 2023 report of the board of directors of the Company;
3. The resolution regarding the 2023 report of the supervisory committee of the Company;
4. The resolution regarding the 2023 annual final financial report of the Company;
5. The resolution regarding the 2024 financial budget report of the Company;
6. The resolution regarding the 2023 profit distribution plan of the Company;
7. The resolution regarding the application of integrated bank credit facilities for 2024;
8. The resolution regarding the resolution on re-appointment of accounting firms for the year 2024; and
9. The resolution regarding the purchase of liability insurance for the directors, supervisors and senior management of the Company.

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

Shenzhen, the PRC, 28 May 2024

* For identification purpose only

NOTICE OF THE AGM

Notes:

1. For the purpose of identification of shareholders who are qualified to attend and vote at the AGM, the register of members of H shares of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024 (both days inclusive) during which period no transfer of shares can be effected. In order to be entitled to attend and vote at the AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares) not later than 4:30 p.m. on Monday, 24 June 2024.
2. Holders of H shares whose names appear on the register of members of H shares of the Company at 4:30 p.m. on Monday, 24 June 2024 are entitled to attend and vote at the AGM.
3. Holders of shares may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves at the AGM. A proxy needs not be a member of the Company.
4. A form of proxy for use at the AGM is enclosed herewith. In the case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the registers of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
5. In order to be valid, the form of proxy must be deposited by hand or post to the Company's H share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares) not less than 24 hours before the time for holding the AGM (i.e. 3:00 p.m. on Thursday, 27 June 2024). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
6. Shareholders and their proxies should submit identity proof when attending the AGM.
7. The AGM is not expected to last for more than half a day. Shareholders and their proxies shall be responsible for their own travelling and accommodation expenses for attending the meeting.
8. To facilitate the Company in making arrangements for the AGM, you are invited to complete the enclosed reply slip in accordance with the instructions printed thereon and return it to the Company's H share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time appointed for the holding of the AGM (i.e. 3:00 p.m. on Thursday, 27 June 2024). However, the completion and return of the reply slip or not will not affect your right to attend and/or vote at the AGM.