



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)



# 2024 Interim Report

\* For identification purpose only



## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

WANG Bi'an (Chairman)  
*(appointed on 21 February 2024)*  
LI Xiangli (Chief executive officer)  
*(appointed on 21 February 2024)*  
YU Fan *(appointed on 21 February 2024)*  
TAN Kan (Chairman) *(resigned on 21 February 2024)*  
YU Zhongmin (Chief executive officer)  
*(resigned on 16 January 2024)*  
LIN Peifeng *(resigned on 16 January 2024)*

### NON-EXECUTIVE DIRECTORS

LIU Xiaoxuan  
*(appointed on 21 February 2024)*  
JIN Yongfu  
HUANG Honggang  
*(resigned on 23 July 2024)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS

LI Jinhui  
SIU Chi Hung  
GUO Suyi

### SUPERVISORS

PENG Zhuozhuo  
*(appointed on 21 February 2024)*  
YU Fan *(resigned on 21 February 2024)*  
ZHANG Hao  
JIANG Ping

### COMPANY SECRETARY

WU Qi

### AUDIT AND RISK MANAGEMENT COMMITTEE

SIU Chi Hung (Chairman)  
LI Jinhui  
GUO Suyi

### REMUNERATION AND APPRAISAL COMMITTEE

GUO Suyi (Chairman)  
HUANG Honggang  
*(appointed on 21 February 2024, and resigned on 23 July 2024)*  
LI Jinhui *(resigned on 21 February 2024)*  
SIU Chi Hung

### NOMINATION COMMITTEE

LI Jinhui (Chairman)  
WANG Bi'an  
*(appointed on 21 February 2024)*  
TAN Kan *(resigned on 21 February 2024)*  
SIU Chi Hung

### STRATEGIC DEVELOPMENT COMMITTEE

WANG Bi'an (Chairman)  
*(appointed on 21 February 2024)*  
TAN Kan (Chairman)  
*(resigned on 21 February 2024)*  
LI Xiangli *(appointed on 21 February 2024)*  
LIN Peifeng *(resigned on 16 January 2024)*  
LI Jinhui

### AUTHORISED REPRESENTATIVES

WANG Bi'an  
*(appointed on 21 February 2024)*  
TAN Kan *(resigned on 21 February 2024)*  
WU Qi



## STOCK CODES

A shares listed on Shenzhen Stock Exchange:  
002672

H shares listed on The Stock Exchange of  
Hong Kong Limited: 00895

## AUTHORISED REPRESENTATIVE TO ACCEPT SERVICE OF PROCESSES AND NOTICES

Jeffrey Mak Law Firm

## AUDITORS

WUYIGE Certified Public Accountants LLP

## LEGAL ADVISERS

Jeffrey Mak Law Firm (as to Hong Kong law)  
Beijing Kangda (Guangzhou) Law Firm  
(as to PRC law)

## PRINCIPAL BANKER

China Merchants Bank

## HONG KONG H SHARE REGISTRAR

Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

1st Floor, 3rd Floor,  
North of 8th Floor, 9th – 12th Floors  
Dongjiang Environmental Building  
No. 9 Langshan Road  
North Zone of Hi-tech Industrial Park  
Nanshan District, Shenzhen  
The People's Republic of China

## COMPANY'S WEBSITE

[www.dongjiang.com.cn](http://www.dongjiang.com.cn)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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



## DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall 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
“Articles”	the articles of association of the Company currently in force
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Baowu Environment”	Baowu Group Environmental Resources Technology Co., Ltd.* (寶武集團環境資源科技有限公司), a company incorporated in the PRC with limited liability, and being a substantial shareholder of the Company as at the date of this report, which is controlled by China Baowu Steel Group Co., Ltd., * (中國寶武鋼鐵集團有限公司)
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Company” or “Dongjiang Environmental”	Dongjiang Environmental Company Limited* (東江環保股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares and A Shares are listed on the Stock Exchange and the Shenzhen Stock Exchange, respectively
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules



“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“First Half of 2024” or “Reporting Period” or “the First Half”	the six months from 1 January 2024 to 30 June 2024
“Group”	the Company and its subsidiaries
“Guangdong Rising Holdings Group”	Guangdong Rising Holdings Group Co., Ltd.* (廣東省廣晟控股集團有限公司), a company incorporated in the PRC with limited liability, and being a substantial shareholder of the Company as at the date of this report; which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會)
“H Share(s)”	share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are listed on the Stock Exchange, subscribed for and traded in HK\$
“High Hope Group”	Jiangsu High Hope International Group Co., Ltd.,* (江蘇匯鴻國際集團股份有限公司), a joint stock limited company established in the PRC, which is listed on the Shanghai Stock Exchange with the stock code 600981, and being a substantial shareholder of the Company as at the date of the report and is controlled by Jiangsu SOHO Holdings Group Co., Ltd.,* (江蘇省蘇豪控股集團有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	A Share(s) and H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Development Committee”	the strategic development committee of the Board
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supervisory Committee”	the supervisory committee of the Company
“Wosen Environmental”	Karamay Wosen Environmental Technology Co., Ltd.* (克拉玛依沃森環保科技有限公司), a company established in the PRC with limited liability, and being a wholly-owned subsidiary of the Company
“%”	per cent

In this interim report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purposes only. In the event of any inconsistency between the Chinese and English names, the Chinese names shall prevail.

The Board hereby announces the unaudited interim results of the Group for the six months ended 30 June 2024, together with the comparative figures of the corresponding period of 2023, as follows:

Unless otherwise stated, in this report, the financial information without specifying denominated currency is presented in Renminbi, otherwise presented in the specified currency.

## CONSOLIDATED BALANCE SHEET

As at 30 June 2024

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Current assets:</b>		
Monetary fund	903,842,878.28	1,240,597,614.74
Settlement deposits		
Lendings to banks and other financial institutions		
Held-for-trading financial assets	79,678,539.85	60,251,506.84
Derivative financial assets		
Notes receivable	45,161,301.74	63,217,511.87
Trade receivable	1,028,273,163.90	1,021,948,407.16
Receivables financing	33,727,399.65	8,265,364.14
Prepayments	254,693,865.68	109,245,227.02
Premium receivable		
Reinsurance accounts receivable		
Provision for reinsurance contract receivable		
Other accounts receivable	175,857,824.59	167,064,913.33
Including: Interest receivable		
Dividend receivable		
Financial assets held under resale agreements		
Inventories	803,791,922.60	789,824,538.47
Including: Data resources		
Contract assets	43,110,864.60	43,110,864.60
Assets held-for-sale		
Non-current asset due within one year	26,597,785.36	40,359,253.25
Other current assets	84,438,876.57	117,072,116.35
<b>Total current assets</b>	<b>3,479,174,422.82</b>	<b>3,660,957,317.77</b>

## CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	269,810,993.73	277,263,939.59
Investment in other equity instruments	4,242,896.51	4,242,896.51
Other non-current financial assets		
Investment properties	533,047,673.92	522,789,890.30
Fixed assets	4,925,360,723.82	5,148,382,776.17
Construction in progress	221,961,836.41	225,617,248.30
Productive biological assets		
Oil and gas assets		
Right-of-use assets	9,543,117.51	9,819,236.01
Intangible assets	1,133,698,469.79	1,159,995,165.87
Including: Data resources		
Development expenditure	6,389,322.31	5,758,886.61
Including: Data resources		
Goodwill	848,339,530.25	848,339,530.25
Long-term unamortized expenses	106,014,830.24	110,982,301.18
Deferred income tax assets	62,926,538.06	62,492,766.91
Other non-current assets	113,428,129.84	124,855,689.08
<b>Total non-current assets</b>	<b>8,234,764,062.39</b>	<b>8,500,540,326.78</b>
<b>Total assets</b>	<b>11,713,938,485.21</b>	<b>12,161,497,644.55</b>



## CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Current liabilities:</b>		
Short-term borrowings	1,246,966,040.46	1,268,986,439.35
Borrowings from central bank		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Trade payable	560,300,497.54	675,266,359.63
Receipts in advance	581,058.07	872,774.74
Contract liabilities	239,754,171.42	126,420,707.75
Proceeds from disposal of financial assets under agreements to repurchase		
Receipt of deposits and placements from banks and other financial institutions		
Acting trading securities		
Acting underwriting securities		
Employee benefits payables	15,267,297.78	36,817,303.29
Tax payable	29,890,701.12	18,293,384.23
Other payables	184,515,653.06	166,581,016.31
Including: Interest payable		
Dividend payable		1,435,000.65
Handling charges and commission payable		
Reinsurance accounts payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	1,866,271,734.77	930,126,157.49
Other current liabilities	16,049,429.30	52,707,803.95
<b>Total current liabilities</b>	<b>4,159,596,583.52</b>	<b>3,276,071,946.74</b>

## CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Non-current liabilities:</b>		
Provision for insurance contracts		
Long-term borrowings	2,377,436,803.51	3,390,907,716.95
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities	4,753,115.48	5,231,022.88
Long-term accounts payables		
Long-term employee benefits payables		
Provisions	225,497,624.15	217,913,523.99
Deferred income	153,147,850.03	160,293,031.94
Deferred income tax liabilities	64,255,988.34	64,308,093.09
Other non-current liabilities	4,856,130.43	4,875,915.01
<b>Total non-current liabilities</b>	<b>2,829,947,511.94</b>	<b>3,843,529,303.86</b>
<b>Total liabilities</b>	<b>6,989,544,095.46</b>	<b>7,119,601,250.60</b>

## CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Owners' equity:</b>		
Share capital	1,105,255,802.40	1,105,255,802.40
Other equity instruments Including: Preferred shares Perpetual bond		
Capital reserve	1,311,186,481.61	1,411,090,961.30
Less: Treasury shares		
Other comprehensive income	19,220,488.81	19,234,255.89
Special reserve	3,756,552.72	2,109,140.84
Surplus reserve	269,816,271.96	269,816,271.96
General risk reserve		
Undistributed profits	1,431,559,582.80	1,688,916,877.98
<b>Total equity attributable to owners of the parent company</b>	<b>4,140,795,180.30</b>	<b>4,496,423,310.37</b>
<b>Minority interests</b>	<b>583,599,209.45</b>	<b>545,473,083.58</b>
<b>Total owners' equity</b>	<b>4,724,394,389.75</b>	<b>5,041,896,393.95</b>
<b>Total liabilities and owners' equity</b>	<b>11,713,938,485.21</b>	<b>12,161,497,644.55</b>

## BALANCE SHEET OF THE PARENT COMPANY

As at 30 June 2024

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Current assets:</b>		
Monetary fund	713,665,838.64	1,048,382,694.38
Held-for-trading financial assets	50,056,703.33	60,251,506.84
Derivative financial assets		
Notes receivable	13,242,584.84	20,315,962.01
Trade receivable	217,072,377.66	214,714,248.27
Receivables financing	4,792,333.58	2,228,989.00
Prepayments	291,700.09	527,144.41
Other accounts receivable	2,726,656,122.25	2,429,005,644.36
Including: Interest receivable		
Dividend receivable		10,229,738.88
Inventories	2,864,742.51	3,013,375.50
Including: Data resources		
Contract assets	30,454,218.54	30,454,218.54
Assets held-for-sale		
Non-current asset due within one year	26,597,785.36	40,359,253.25
Other current assets	4,801,218.19	3,924,378.32
<b>Total current assets</b>	<b>3,790,495,624.99</b>	<b>3,853,177,414.88</b>

## BALANCE SHEET OF THE PARENT COMPANY *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Non-current assets:</b>		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	4,074,062,018.40	4,075,508,964.26
Investment in other equity instruments		
Other non-current financial assets		
Investment properties	133,755,640.00	133,755,640.00
Fixed assets	64,103,545.79	62,977,949.53
Construction in progress	3,497,440.03	1,210,587.59
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	30,949,256.97	35,048,601.63
Including: Data resources		
Development expenditure	5,910,388.86	4,756,634.65
Including: Data resources		
Goodwill		
Long-term unamortized expenses	2,048,047.44	2,258,901.06
Deferred income tax assets	9,763,233.44	9,763,233.44
Other non-current assets		851,690.22
<b>Total non-current assets</b>	<b>4,324,089,570.93</b>	<b>4,326,132,202.38</b>
<b>Total assets</b>	<b>8,114,585,195.92</b>	<b>8,179,309,617.26</b>

## BALANCE SHEET OF THE PARENT COMPANY *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Current liabilities:</b>		
Short-term borrowings	898,048,753.34	944,645,689.93
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		13,475,463.00
Trade payable	64,981,025.38	62,636,871.26
Receipts in advance	30,978.20	64,212.43
Contract liabilities	35,634.99	2,893,755.50
Employee benefits payables	2,572,972.29	9,440,736.48
Tax payable	998,176.95	294,051.34
Other payables	944,093,923.54	918,231,908.41
Including: Interest payable		
Dividend payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	1,576,716,666.63	704,766,666.65
Other current liabilities	874,531.50	4,855,244.59
<b>Total current liabilities</b>	<b>3,488,352,662.82</b>	<b>2,661,304,599.59</b>

## BALANCE SHEET OF THE PARENT COMPANY *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Non-current liabilities:</b>		
Long-term borrowings	1,076,225,000.00	1,916,400,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities		
Long-term accounts payables		
Long-term employee benefits payables		
Provisions		
Deferred income	5,276,705.68	5,780,915.08
Deferred income tax liabilities	3,194,364.46	3,194,364.46
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>1,084,696,070.14</b>	<b>1,925,375,279.54</b>
<b>Total liabilities</b>	<b>4,573,048,732.96</b>	<b>4,586,679,879.13</b>

## BALANCE SHEET OF THE PARENT COMPANY *(Continued)*

Items	Balance at the end of the period	Balance at the beginning of the period
<b>Owners' equity:</b>		
Share capital	1,105,255,802.40	1,105,255,802.40
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	1,501,422,854.57	1,501,422,854.57
Less: Treasury shares		
Other comprehensive income	3,509,701.20	3,509,701.20
Special reserve		
Surplus reserve	253,304,996.86	253,304,996.86
Undistributed profits	678,043,107.93	729,136,383.10
<b>Total owners' equity</b>	<b>3,541,536,462.96</b>	<b>3,592,629,738.13</b>
<b>Total liabilities and owners' equity</b>	<b>8,114,585,195.92</b>	<b>8,179,309,617.26</b>



## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2024

Items	First half of 2024	First half of 2023
<b>I. Total operating revenue</b>	<b>1,553,358,452.26</b>	2,006,484,253.31
Including: Operating revenue	1,553,358,452.26	2,006,484,253.31
Interest income		
Premium earned		
Handling charges and commission income		
<b>II. Total operating cost</b>	<b>1,882,149,083.44</b>	2,280,798,058.83
Including: Cost of operation	1,475,634,302.56	1,890,819,188.96
Interest expenses		
Handling charges and commission expenses		
Surrenders		
Net claims expenses		
Net provisions for insurance reserve		
Insurance policy dividend paid		
Reinsurance costs		
Tax and levies	21,954,585.93	22,801,692.02
Selling expenses	38,307,401.98	32,892,273.85
Administrative expenses	187,314,630.91	190,970,887.48
Research and development expenses	65,042,903.12	63,738,271.91
Finance costs	93,895,258.94	79,575,744.61
Including: Interest expense	99,028,016.25	87,944,964.54
Interest income	4,522,859.03	8,505,629.02
Add: Other gains	19,093,334.13	22,358,741.97
Investment income (Loss represented in "-" signs)	-3,365,395.43	-2,652,233.28

## CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
Including: Investment income from associates and joint ventures	-7,452,945.86	-2,852,233.28
Gains on derecognition of financial assets at amortized cost		
Foreign exchange gains (Loss represented in "-" signs)		
Gain from net exposure hedgings (Loss represented in "-" signs)		
Gains from changes in fair value (Loss represented in "-" signs)	2,880,567.08	
Credit impairment losses (Loss represented in "-" signs)	-3,640,567.56	-3,930,318.28
Asset impairment losses (Loss represented in "-" signs)		360.00
Gains on disposal of assets (Loss represented in "-" signs)	29,661.66	468,885.09
<b>III. Operating profit (Loss represented in "-" signs)</b>	<b>-313,793,031.30</b>	<b>-258,068,370.02</b>
Add: Non-operating income	1,590,471.23	2,436,168.90
Less: Non-operating expenses	2,837,007.17	1,396,677.52

## CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
<b>IV. Total profits (Total loss represented in "-" signs)</b>	<b>-315,039,567.24</b>	-257,028,878.64
Less: Income tax expenses	4,273,546.78	-2,942,873.14
<b>V. Net profits (Net loss represented in "-" signs)</b>	<b>-319,313,114.02</b>	-254,086,005.50
(1) Breakdown by continuity of operation		
1. Net profits from continuing operations (Net loss represented in "-" signs)	<b>-319,313,114.02</b>	-254,086,005.50
2. Net profits from discontinued operations (Net loss represented in "-" signs)		
(2) Breakdown by attributable interests		
1. Net profits attributable to shareholders of the parent company (Net loss represented in "-" signs)	<b>-257,357,295.18</b>	-198,920,849.73
2. Profit and loss attributable to minority interests (Net loss represented in "-" signs)	<b>-61,955,818.84</b>	-55,165,155.77

## CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
<b>VI. Other comprehensive income, net of tax</b>	<b>-13,767.08</b>	-38,750.23
Other comprehensive income attributable to owners of the parent company, net of tax	<b>-13,767.08</b>	-38,750.23
(1) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasuring 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		

## CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
(2) Other comprehensive income that will be reclassified to profit and loss	-13,767.08	-38,750.23
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 reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedging		
6. Exchange difference on translation of financial statements in foreign currency	-13,767.08	-38,750.23
7. Others		
Other comprehensive income attributable to minority interests, net of tax		

## CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
<b>VII. Total comprehensive income</b>	<b>-319,326,881.10</b>	-254,124,755.73
Total comprehensive income attributable to owners of the parent company	<b>-257,371,062.26</b>	-198,959,599.96
Total comprehensive income attributable to minority interest	<b>-61,955,818.84</b>	-55,165,155.77
<b>VIII. Earnings per share:</b>		
(1) Basic earnings per share	<b>-0.23</b>	-0.20
(2) Diluted earnings per share	<b>-0.23</b>	-0.20

## INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

For the six months ended 30 June 2024

Items	First half of 2024	First half of 2023
<b>I. Operating revenue</b>	<b>97,567,903.51</b>	146,717,849.58
Less: Cost of operation	95,598,420.71	135,915,897.95
Tax and levies	944,294.44	2,006,806.76
Selling expenses	815,086.50	1,603,187.24
Administrative expenses	24,803,570.57	25,357,929.36
Research and development expenses	9,222,861.44	9,765,189.79
Finance costs	16,725,554.49	23,786,258.41
Including: Interest expense	18,975,113.31	29,514,052.29
Interest income	2,297,363.18	5,884,675.74
Add: Other gains	670,492.44	1,567,435.22
Investment income (Loss represented in "-" signs)	-3,465,395.43	-478,094.21
Including: Investment income from associates and joint ventures	-7,452,945.86	-2,852,233.28
Gains on derecognition of financial assets at amortized cost (Loss represented in "-" signs)		
Gain from net exposure hedging (Loss represented in "-" signs)		
Gains from changes in fair value (Loss represented in "-" signs)	2,706,580.06	
Credit impairment losses (Loss represented in "-" signs)	-448,404.79	-3,724,368.36
Asset impairment losses (Loss represented in "-" signs)		
Gains on disposal of assets (Loss represented in "-" signs)	2,709.74	

## INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
<b>II. Operating profit (Loss represented in "-" signs)</b>	<b>-51,075,902.62</b>	<b>-54,352,447.28</b>
Add: Non-operating income		11,209.31
Less: Non-operating expenses	12.96	-11,650.49
<b>III. Total profit (Total loss represented in "-" signs)</b>	<b>-51,075,915.58</b>	<b>-54,329,587.48</b>
Less: Income tax expenses	17,359.59	6,788.99
<b>IV. Net profit (Net loss represented in "-" signs)</b>	<b>-51,093,275.17</b>	<b>-54,336,376.47</b>
(1) Net profits from continuing operations (Net loss represented in "-" signs)	-51,093,275.17	-54,336,376.47
(2) Net profits from discontinued operations (Net loss represented in "-" signs)		
<b>V. Other comprehensive income, net of tax</b>		
(1) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasuring 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		



## INCOME STATEMENT OF THE PARENT COMPANY (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
(2) Other comprehensive income that will be reclassified to profit and loss		
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 reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedging		
6. Exchange difference on translation of financial statements in foreign currency		
7. Others		
<b>VI. Total comprehensive income</b>	<b>-51,093,275.17</b>	<b>-54,336,376.47</b>
<b>VII. Earnings per share:</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2024

Items	First half of 2024	First half of 2023
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	1,887,226,588.80	2,262,165,856.94
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 original insurance contract premium		
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 loans from banks and other financial institutions		
Net increase in cash from repurchase business		
Net cash received from acting trading securities		
Refund of taxes and levies	3,663,314.58	75,551,205.21
Other cash receipts relating to operating activities	36,026,106.48	41,836,073.45
Sub-total of cash inflows from operating activities	1,926,916,009.86	2,379,553,135.60

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
Cash paid for goods and services	1,506,650,871.00	2,010,470,344.80
Net increase in customer loans and advances		
Net increase in placements with central bank and other banks		
Cash paid for compensation under original insurance contract		
Net increase in lendings to 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	300,156,857.67	324,524,893.22
Payments of taxes and levies	40,626,222.64	96,280,119.40
Other cash payments relating to operating activities	77,100,886.89	100,496,313.51
<b>Sub-total of cash outflows from operating activities</b>	<b>1,924,534,838.20</b>	<b>2,531,771,670.93</b>
<b>Net cash flows from operating activities</b>	<b>2,381,171.66</b>	<b>-152,218,535.33</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
<b>II. Cash flows from investing activities:</b>		
Cash received upon withdrawal of investments	1,350,000,000.00	
Cash received from investment income	7,441,084.50	7,500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	162,767.24	358,129.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	1,357,603,851.74	7,858,129.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	135,454,736.92	224,506,884.66
Cash paid on investments	1,370,000,000.00	9,406,530.10
Net increase of mortgaged loans		
Net cash paid on acquisition of subsidiaries and other operating units		
Other cash payments relating to investing activities		
<b>Sub-total of cash outflows from investing activities</b>	<b>1,505,454,736.92</b>	<b>233,913,414.76</b>
<b>Net cash flows from investing activities</b>	<b>-147,850,885.18</b>	<b>-226,055,285.76</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		1,196,226,412.10
Including: Cash received from minority shareholders' investment in subsidiaries		
Cash received from borrowings	1,190,458,658.95	2,165,421,345.03
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	1,190,458,658.95	3,361,647,757.13
Cash payments for settlement of borrowings	1,289,676,311.23	1,930,074,880.94
Cash payments for distribution of dividend, profit or interest expenses	92,520,925.65	111,167,363.84
Including: Cash payments for distribution of dividends and profit by subsidiaries to minority shareholders	1,435,000.65	
Other cash payments relating to financing activities	3,792,963.18	2,736,409.05
<b>Sub-total of cash outflows from financing activities</b>	<b>1,385,990,200.06</b>	<b>2,043,978,653.83</b>
<b>Net cash flows from financing activities</b>	<b>-195,531,541.11</b>	<b>1,317,669,103.30</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

(Continued)

Items	First half of 2024	First half of 2023
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>-13,767.08</b>	24,102.58
<b>V. Net increase in cash and cash equivalents</b>	<b>-341,015,021.71</b>	939,419,384.79
Add: Balances of cash and cash equivalents at the beginning of the period	<b>1,237,810,786.72</b>	617,856,312.92
<b>VI. Balances of cash and cash equivalents at end of period</b>	<b>896,795,765.01</b>	1,557,275,697.71

# CASH FLOW STATEMENT OF THE PARENT COMPANY (UNAUDITED)

For the six months ended 30 June 2024

Items	First half of 2024	First half of 2023
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	108,449,136.56	208,605,959.82
Refund of taxes and levies		
Other cash receipts relating to operating activities	818,998,804.28	1,282,459,389.63
<b>Sub-total of cash inflows from operating activities</b>	<b>927,447,940.84</b>	<b>1,491,065,349.45</b>
Cash paid for goods and services	101,040,071.54	186,670,669.49
Cash paid to and on behalf of employees	29,018,765.05	32,010,897.97
Payments of taxes and levies	651,851.90	11,681,254.67
Other cash payments relating to operating activities	1,056,648,394.83	1,430,652,103.68
<b>Sub-total of cash outflows from operating activities</b>	<b>1,187,359,083.32</b>	<b>1,661,014,925.81</b>
<b>Net cash flows from operating activities</b>	<b>-259,911,142.48</b>	<b>-169,949,576.36</b>

## CASH FLOW STATEMENT OF THE PARENT COMPANY (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
<b>II. Cash flows from investing activities:</b>		
Cash received from withdrawal of investments	1,350,000,000.00	2,100,000.00
Cash received from investment income	17,118,672.88	12,812,800.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		174,139.07
Other cash receipts relating to investing activities		
<b>Sub-total of cash inflows from investing activities</b>	<b>1,367,118,672.88</b>	<b>15,086,939.07</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,740,115.20	1,385,663.10
Cash paid on investments	1,351,006,000.00	9,406,530.10
Net cash paid on acquisition of subsidiaries and other operating units		5,000,000.00
Other cash payments relating to investing activities		
<b>Sub-total of cash outflows from investing activities</b>	<b>1,356,746,115.20</b>	<b>15,792,193.20</b>
<b>Net cash flows from investing activities</b>	<b>10,372,557.68</b>	<b>-705,254.13</b>



## CASH FLOW STATEMENT OF THE PARENT COMPANY (UNAUDITED) *(Continued)*

Items	First half of 2024	First half of 2023
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		1,196,226,412.10
Cash received from borrowings	<b>714,430,700.00</b>	1,590,000,000.00
Other cash receipts relating to financing activities		
<b>Sub-total of cash inflows from financing activities</b>	<b>714,430,700.00</b>	2,786,226,412.10
Cash payments for settlement of borrowings	<b>743,650,463.00</b>	1,661,400,000.00
Cash payments for distribution of dividend, profit or interest expenses	<b>55,230,624.45</b>	82,850,893.11
Other cash payments relating to financing activities	<b>1,006,000.00</b>	
<b>Sub-total of cash outflows from financing activities</b>	<b>799,887,087.45</b>	1,744,250,893.11
<b>Net cash flows from financing activities</b>	<b>-85,456,387.45</b>	1,041,975,518.99
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		
<b>V. Net increase in cash and cash equivalents</b>	<b>-334,994,972.25</b>	871,320,688.50
<b>Add: Balances of cash and cash equivalents at the beginning of the period</b>	<b>1,048,382,694.38</b>	461,418,809.70
<b>VI. Balances of cash and cash equivalents at end of period</b>	<b>713,387,722.13</b>	1,332,739,498.20

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2024

Items	For the 6 months ended 30 June 2024													
	Equity attributable to owners of the parent company													
	Other equity instruments					Share-based payments								
	Share capital	Reserves	Retained earnings	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of last year	1,105,523,602.40			1,411,908,983.10		19,204,535.89	2,109,140.04	1,591,814,271.96	1,684,918,977.93	1,684,918,977.93		4,864,402,103.07	545,473,083.53	5,409,875,186.60
II. Balance at the beginning of the current year	1,105,523,602.40			1,411,908,983.10		19,204,535.89	2,109,140.04	1,591,814,271.96	1,684,918,977.93	1,684,918,977.93		4,864,402,103.07	545,473,083.53	5,409,875,186.60
III. Movement in the current period (Decrease represented by "+", sign)				-49,984,494.95		-12,070.08	1,647,411.88		-52,352,953.10	-52,352,953.10		-553,281,000.07	30,101,743.87	-523,179,256.20
(I) Total comprehensive income														
(II) Owner contribution to total deduction (depreciation)				-49,984,494.95		-12,070.08						-49,984,494.95	30,101,743.87	-19,882,751.08
I. Owner contribution to equity increases														
2. Capital contribution from holders of ordinary shares														
3. Amount of bonus paid to employees														
4. Changes in owner's equity				-49,984,494.95			1,647,411.88					-49,984,494.95	30,101,743.87	-19,882,751.08
(II) Special reserve														
1. Appropriation during the current period														
2. Utilization during the current period														
IV. Balance at the end of the current period	1,105,523,602.40			1,361,924,488.15		19,204,465.81	3,756,551.92	1,591,814,271.96	1,632,566,024.83	1,632,566,024.83		4,811,110,639.11	576,574,827.40	5,387,685,466.51

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED) (Continued)

For the six months ended 30 June 2023

Items	For the period of 2023											
	Share capital	Reserves	Capital	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Distributable profits	Others	Subtotal	Total reserves	Total assets equity
I. Balance at the end of the year	879,247,702.40		451,142,228.23	17,597,684.75	1,359,822.41	2,656,162,711.96	2,435,666,879.22	2,435,666,879.22	4,655,872,748.97	720,681,243.02	4,786,453,991.99	
Add: Change of accounting policies												
II. Balance at the beginning of the current year	879,247,702.40		451,142,228.23	17,597,684.75	1,359,822.41	2,656,162,711.96	2,435,666,879.22	2,435,666,879.22	4,655,872,748.97	720,681,243.02	4,786,453,991.99	
III. Movement during the current period												
(I) Total comprehensive income				-38,750.23	1,220,000.99							
(II) Total comprehensive income represented by "equity"				-38,750.23	1,220,000.99							
(III) Total comprehensive income represented by "equity"				-38,750.23	1,220,000.99							
(IV) Owners' contribution to net increase of capital												
1. Owners' contribution to ordinary shares	225,982,700.00		986,219,577.09									
2. Others												
(V) Special reserve					1,220,000.99							
1. Appropriation during the current period					872,311.68							
2. Utilization during the current period					-7,121,510.69							
VI. Balance at the end of the current period	1,105,230,402.40		1,419,461,805.32	17,558,934.52	2,579,823.40	2,656,162,711.96	2,444,466,596.28	2,444,466,596.28	3,055,181,141.28	684,463,270.76	3,739,644,812.04	

# STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY (UNAUDITED)

For the six months ended 30 June 2024

Items	Final half of 2024											Total owners' equity
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	
	Share capital	Preferred shares	Perpetual bond	Others								
I. Balance at the end of last year	1,105,355,002.40				1,501,422,854.57		3,509,701.20		253,304,996.86	729,136,383.10		3,592,629,738.13
II. Balance at the beginning of the current year	1,105,355,002.40				1,501,422,854.57		3,509,701.20		253,304,996.86	729,136,383.10		3,592,629,738.13
III. Movement in the current period (Decrease represented by "+" sign)												
(1) Total comprehensive income										-51,093,275.17		-51,093,275.17
(2) Owners' contribution to and reduction of capital												
1. Owners' contribution to ordinary shares												
IV. Balance at the end of the current period	1,105,355,002.40				1,501,422,854.57		3,509,701.20		253,304,996.86	678,043,107.93		3,541,536,462.96

For the six months ended 30 June 2023

Items	Final half of 2023											Total owners' equity
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	
	Share capital	Preferred shares	Perpetual bond	Others								
I. Balance at the end of last year	879,267,102.40				333,103,277.48		3,509,701.20		253,304,996.86	1,278,187,759.26		2,447,372,837.20
II. Balance at the beginning of the current year	879,267,102.40				333,103,277.48		3,509,701.20		253,304,996.86	1,278,187,759.26		2,447,372,837.20
III. Movement in the current period (Decrease represented by "+" sign)												
(1) Total comprehensive income												
(2) Owners' contribution to and reduction of capital												
1. Owners' contribution to ordinary shares												
IV. Balance at the end of the current period	1,105,355,002.40				1,501,422,854.57		3,509,701.20		253,304,996.86	1,223,851,382.79		4,087,344,737.82



# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 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 its 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 business scope mainly includes: collection, treatment and comprehensive utilization of industrial waste; treatment of wastewater, waste gas and waste slag; design, construction and operation of environmental protection facilities; rare and precious metals recovery and utilization; sales of chemical products; production and trading of environmental protection materials, recycled environmental protection products, environmental protection equipments; development, promotion and application of new environmental protection products and technologies; investment in industrial enterprises; import and export of goods and technologies.



# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 2. BASIS OF PREPARATION

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 of the PRC and other relevant regulations (hereinafter referred to as “Accounting Standard for Business Enterprises”), as well as the disclosures required by 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.

These interim report has not been audited by the auditors of the Company, but has been reviewed by the Audit and Risk Management Committee of the Company.

## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 3. OPERATING REVENUE

Operating revenue represents the net amount received and receivable for goods sold and services rendered by the Group to external customers, net of trade discounts. Analysis of the Group's operating revenue during the Reporting Period is as follows:

#### Six months ended 30 June 2024

Business segment	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Industrial waste recycling and utilization	564,376,350.26	515,553,048.07
Industrial waste treatment and disposal	401,533,859.48	435,509,923.66
Rare and precious metals recovery and utilization	396,750,877.20	843,855,229.41
Municipal waste treatment and disposal	61,648,664.38	83,303,128.54
Renewable energy utilization	15,145,986.04	14,526,621.08
Environmental engineering and services	50,003,630.90	40,919,720.05
Electronic waste dismantling	54,742,150.14	60,256,200.01
Others	9,156,933.86	12,560,382.49
<b>Total</b>	<b>1,553,358,452.26</b>	<b>2,006,484,253.31</b>

# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 4. SEGMENT INFORMATION

Based on the Company's internal organisation structure, management requirement and internal reporting system, the operations of the Company are classified into eight reportable segments. These reportable segments are determined based on the internal organisation structure, management requirements and reporting system. The management of the Company evaluates the operating results of the segment to decide resource allocation to them and to evaluate their business performance. Major products and services provided by each reportable segment of the Company includes industrial waste recycling and utilization, industrial waste treatment and disposal, rare and precious metals recovery and utilization, municipal waste treatment and disposal, renewable energy utilization, environmental engineering and services, electronic waste dismantling and others.

Analysis of the Group's segmental information by business segments during the Reporting Period is set out below.

### For the six months ended 30 June 2024 – unaudited

Items	Industrial Waste Recycling and Utilization	Industrial Waste Treatment and Disposal	Rare and Precious Metal Recovery and Utilization	Municipal Waste Treatment and Disposal	Electronic Waste Dismantling	Environmental Engineering and Services	Renewable Energy Utilization	Others	Unallocated Profits	Intersegment Offsets	Total
I. Operating revenue	381,718,390.11	413,201,918.04	346,750,877.20	61,648,664.38	54,742,150.14	60,885,592.05	15,145,986.04	16,877,931.92	0.00	-47,553,057.62	1,553,538,452.26
Including: Revenue from sale to external customers	564,376,550.26	401,533,859.48	346,750,877.20	61,648,664.38	54,742,150.14	50,003,650.90	15,145,986.04	9,156,938.86			1,553,538,452.26
Revenue from intersegment transactions	17,342,039.85	11,668,058.56				10,881,941.15		7,660,998.06		-47,553,057.62	
II. Cost of operation (inclusive of tax and levies)	538,467,104.02	414,750,716.30	363,079,663.45	44,495,986.13	52,915,089.04	42,498,068.04	15,487,050.28	3,940,625.30	21,954,585.93		1,497,588,888.49
III. Total profit	-55,070,659.22	-195,546,548.85	-11,668,848.48	11,024,238.31	-12,422,464.57	6,855,266.69	-921,796.13	-11,575,714	-54,847,874.18	-1,607,811.67	-315,039,547.24
IV. Total assets	2,318,359,812.67	4,874,303,189.51	1,148,653,997.82	567,098,993.36	635,008,687.63	442,254,011.23	171,171,700.86	445,465,571.95	5,036,489,142.95	-3,946,166,990.67	11,713,938,485.21
V. Total liabilities	441,800,793.90	3,977,885,487.12	591,630,826.20	391,872,530.13	390,810,148.92	138,174,980.28	8,787,292.84	186,784,682.17	2,038,622,366.63	-786,515,004.73	6,909,544,095.46

### For the six months ended 30 June 2023 – unaudited

Items	Industrial Waste Recycling and Utilization	Industrial Waste Treatment and Disposal	Rare and Precious Metal Recovery and Utilization	Municipal Waste Treatment and Disposal	Renewable Energy Utilization	Environmental Engineering and Services	Others	Electronic Waste Dismantling	Unallocated Profits	Intersegment Offsets	Total
I. Operating revenue	515,553,048.07	467,240,269.06	843,855,229.41	83,303,128.54	14,526,611.08	55,147,715.03	20,040,966.50	60,256,200.01	9,750,295.96	-63,189,240.25	2,006,484,253.31
Including: Revenue from sale to external customers	515,553,048.07	455,509,923.66	843,855,229.41	83,303,128.54	14,526,611.08	40,919,720.05	12,560,382.49	60,256,200.01	0.00		2,006,484,253.31
Revenue from intersegment transactions		31,730,345.40				14,227,994.98	7,480,604.01		9,750,295.96	-63,189,240.25	0.00
II. Cost of operation	483,728,239.69	396,941,585.64	811,181,371.62	82,156,792.36	17,974,150.50	38,562,707.52	6,438,660.46	55,834,691.17	22,881,692.02		1,913,620,880.98
III. Total profit	-55,630,532.98	-163,501,629.76	4,128,389.21	-1,954,210.05	-3,454,539.48	6,696,079.12	3,094,448.55	-7,865,180.85	-51,095,494.41	-7,807,115.99	-237,028,878.64
IV. Total assets	2,208,130,208.34	4,849,455,201.39	996,641,049.34	592,979,037.73	252,204,183.92	418,677,439.24	522,033,884.74	625,242,268.86	7,767,989,061.03	-5,500,261,808.78	12,703,090,471.81
V. Total liabilities	286,949,193.78	3,144,536,901.63	453,237,578.95	249,924,872.40	13,144,924.07	170,400,160.06	168,105,385.57	354,268,085.76	2,602,267,766.51	-439,391,473.06	6,983,441,406.67



# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 5. FINANCE COSTS

Items	Amount of the current period	Amount of the previous period
Interest expense	99,028,016.25	87,944,964.54
Less: interest income	4,522,859.03	8,505,629.02
Exchange gain or loss	-753,018.73	-144,114.99
Bank charges and others	143,120.45	280,524.08
<b>Total</b>	<b>93,895,258.94</b>	<b>79,575,744.61</b>

There was no capitalized interest expense from January to June 2024 (six months ended 30 June 2023: The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.38% per annum).

### Breakdown of interest expenditure

Items	Amount of the current period	Amount of the previous period
Interest expenditure on loans from financial institutions	90,153,631.43	73,615,552.79
Bond interest based on effective interest rate	2,666,666.65	24,008,333.34
Interest expenditure on decommissioning expenses	5,982,065.70	5,236,359.12
Interest expense on lease liabilities	225,652.47	297,977.59
Sub-total	99,028,016.25	103,158,222.84
Less: Capitalised interest	0.00	15,213,258.30
<b>Total</b>	<b>99,028,016.25</b>	<b>87,944,964.54</b>

# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 6. TAXATION

### 1. Income Tax Expense

Items	Amount of the current period	Amount of the previous period
Income tax expense of the current period	4,759,422.68	-1,726,090.28
Deferred income tax expense	-485,875.980	-1,216,782.86
Total	4,273,546.78	-2,942,873.14

### 2. Income Tax of the Current Year

Items	Amount of the current period	Amount of the previous period
Income tax expense of the current period		
– Mainland China	4,039,773.01	3,192,071.81
– Hong Kong		
Overprovision in prior years	719,649.67	-4,918,162.09
– Mainland China		
Total	4,759,422.68	-1,726,090.28

# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 6. TAXATION *(Continued)*

### 3. Major taxes and tax rates

Type of tax	Basis of calculation	Tax rate
Value Added Tax	Value-added tax is calculated as the difference of the output value-added tax, which is computed on assessable income at tax rates of 3%, 5%, 6%, 9% and 13%, and the deductible input VAT for the current period	3%, 5%, 6%, 9% and 13%
City Maintenance and Construction Tax	Based on 5% and 7% of actual payment of turnover tax.	5% and 7%
Enterprise Income Tax	Enterprise Income tax rates are 15%, 16.5%, 20% and 25%, respectively.	15%, 16.5%, 20% and 25%
Education Surcharge	Based on 3% of actual payment of turnover tax.	3%
Local Education Surcharge	Based on 2% of actual payment of turnover tax.	2%
Property Tax	The property tax is levied at 1.2% of the taxable salvage value of the building or 12% of the rental income.	1.2%, 12%



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 3. Major taxes and tax rates *(Continued)*

##### **Particulars of tax paying entities using different enterprise income tax rates** *(Continued)*

Name of taxable entities	Income tax rate
Dongjiang Environmental Company Limited	15%
Shenzhen Dongjiang Feeds Additives Co., Ltd.	20%
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	25%
Yunnan Dongjiang Environmental Technologies Co., Ltd.	25%
Huizhou Dongjiang Environment Technology Co., Ltd.	15%
Kunshan Qiandeng Three Wastes Treatment Co., Ltd.	25%
Kunshan Port and Shipping Logistics Co., Ltd.	20%
Shenzhen Huabao Technology Ltd.	15%
Shenzhen Huateng Environment Information Technology Co., Ltd.	15%
Qingdao Dongjiang Environmental Recycled Power Ltd.	20%
Hunan Dongjiang Environmental Protection Investment Development Ltd.	25%
Chengdu Hazardous Waste Treatment Centre Co., Ltd.	25%
Shenzhen Dongjiang Renewable Energy Ltd.	25%
Nanchang Xinguan Energy Development Co., Ltd.	20%
Hefei Xinguan Energy Development Co., Ltd.	20%
Shaoguan Dongjiang Environmental Technology Co., Ltd.	15%
Shenzhen Baoan Dongjiang Environmental Renewable Energy Ltd.	20%

# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 6. TAXATION *(Continued)*

### 3. Major taxes and tax rates *(Continued)*

#### ***Particulars of tax paying entities using different enterprise income tax rates (Continued)***

Name of taxable entities	Income tax rate
Dongjiang Environmental (HK) Ltd.	16.50%
Nantong Dongjiang Environmental Technology Co., Ltd.	Half of 25%
Dongguan Hengjian Environment Technology Co., Ltd.	15%
Huizhou Dongjiang Logistic Ltd.	20%
Zhuhai Qingxin Industrial Environment Ltd.	20%
Qingyuan Xinlv Environmental Technology Ltd.	25%
Jiaxing Deda Resource Recycling Ltd.	15%
Jiangmen Dongjiang Environmental Technology Ltd.	15%
Yancheng Coastal Solid Waste Disposal Co., Ltd.	25%
Xiamen Dongjiang Environmental Technology Co., Ltd.	25%
Fujian Oasis Solid Waste Treatment Co., Ltd.	15%
Longyan Oasis Environmental Technology Co., Ltd.	20%
Nanping Oasis Environmental Technology Co., Ltd.	20%
Sanming Oasis Environmental Technology Co., Ltd.	20%
Xiamen Oasis Environmental Industrial Co., Ltd.	25%
Karamay Wosen Environmental Technology Co., Ltd.	15%
Shenzhen Dongjiang Kaida Transport Co., Ltd.	20%
Jiangxi Dongjiang Environmental Technology Co., Ltd.	15%
Shaoxing Dongjiang Environmental Engineering Co., Ltd.	25%
Shenzhen Hengjian Tongda Investment Management Co., Ltd.	25%
Dongguan Humen Water Co., Ltd.	15%
Hubei Tianyin Circulation Economic Development Co., Ltd.	25%
Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd.	25%
Hubei Tianyin Waste Vehicle Recycling and Dismantling Co., Ltd.	25%
Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd.	15%
Xiantao Luyi Environmental Technology Co., Ltd.	25%

# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 6. TAXATION *(Continued)*

### 3. Major taxes and tax rates *(Continued)*

#### ***Particulars of tax paying entities using different enterprise income tax rates (Continued)***

Name of taxable entities	Income tax rate
Jiangsu Dongjiang Environmental Services Co., Ltd.	Half of 25%
Hengshui Ruitao Environmental Technology Co., Ltd.	25%
Jiangsu Dongheng Environmental Holdings Co., Ltd.	25%
Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd.	25%
Shenzhen Baoan Dongjiang Environmental Technology Co., Ltd.	15%
Zhejiang Jianglian Environmental Investment Co., Ltd.	25%
Shaoxing Huaxin Environmental Technology Co., Ltd.	15%
Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd.	25%
Jingzhou Dongjiang Environmental Technology Co., Ltd.	Half of 25%
Wandesi (Tangshan Caofeidian) Environmental Technology Co., Ltd.	Half of 25%
Xiantao Dongjiang Environmental Technology Co., Ltd.	15%
Mianyang Dongjiang Environmental Technology Co., Ltd.	25%
Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd.	25%
Foshan Fulong Environmental Protection Technology Co., Ltd.	25%
Zuhai Dongjiang Environment Technology Co., Ltd.	Full EIT exemption
Chenzhou Xiongfeng Environment Technology Company Limited	15%
Zuhai Dongjiang Kaian Transportation Co., Ltd.	20%



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives

##### a. **Enterprise Income tax**

(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 Nantong Dongjiang enjoyed full EIT exemption from 2019 to 2021 and 50% EIT reduction from 2022 to 2024;
- ② Jingzhou Dongjiang and Tangshan Wandesi enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025;
- ③ Jiangsu Dongjiang Rigid landfill enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026.
- ④ Zhuhai Dongjiang enjoys full EIT exemption from 2024 to 2026 and 50% EIT reduction from 2027 to 2029.

(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, Qingyuan Xinlv, Jiaying Deda, Jiangmen Dongjiang, Xiamen Oasis, Baoan Dongjiang and Xiongfeng Environment are entitled to the incentive.



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives *(Continued)*

##### a. **Enterprise Income tax** *(Continued)*

- (3) According to the Announcement on Issues Concerning the Corporate Income Tax Policies on Third-Party Enterprises Engaged in Pollution Prevention and Control\* 《關於從事污染防治的第三方企業所得稅政策問題的公告》(Caishui [2019] No. 60), third-party enterprises engaged in pollution prevention and control which meet the conditions are entitled to 15% EIT tax rate from 1 January 2019 to 31 December 2021. According to the Announcement in Relation to Extension of the Implementation Period of Certain Preferential Tax Policies issued by the Ministry of Finance and the State Taxation Administration (2022 Announcement No. 4 of the Ministry of Finance and the State Taxation Administration), the preferential tax policy specified in Caishui [2019] No.60 was extended to 31 December 2023. 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 Commission), third-party enterprises engaging in pollution prevention and control which meet the conditions are entitled to 15% EIT tax rate from 1 January 2024 to 31 December 2027. Humen Lv Yuan and Xiantao Dongjiang are qualified as enterprises engaged in pollution prevention and control, and enjoy this incentive in 2024.





## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives *(Continued)*

##### a. **Enterprise Income tax** *(Continued)*

- (4) According to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, Dongjiang Environmental, Huizhou Dongjiang, Huabao Technology, Huateng Environment, Shaoguan Dongjiang, Jiaxing Deda, Jiangmen Dongjiang, Fujian Oasis, Wosen Environmental, Jiangxi Dongjiang, Zhuhai Yongxingsheng, Baan Dongjiang, Xiongfeng Environment, Huaxin Environmental and Dongguan Hengjian are entitled to tax incentive as new and high technology enterprises, and enjoy 15% EIT tax rate.
- (5) According to Article 1 of the Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro-profit Enterprises and Individual Businesses (2023 Announcement No. 6 of the Ministry of Finance and the State Administration of Taxation, hereinafter referred to as "Caishui [2023] No. 6.") (《財政部稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》)(財政部稅務總局公告2023年第6號), only 25% of the annual taxable income of small and micro-profit enterprises not exceeding RMB1 million is included in the taxable income and enjoys 20% EIT tax rate from 1 January 2023 to 31 December 2024.



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives *(Continued)*

##### a. **Enterprise Income tax** *(Continued)*

According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Small and Micro-profit Enterprises (Announcement [2022] No. 13 of the Ministry of Finance and the State Taxation Administration) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), only 25% of the annual taxable income of small and micro-profit enterprises exceeding RMB1 million but less than RMB3 million is included in the taxable income and enjoys 20% EIT tax rate from 1 January 2023 to 31 December 2024.

Dongjiang Feeds, Qingdao Dongjiang, Port and Shipping Logistics, Nanchang Energy, Hefei Energy, Baoan Energy, Dongjiang Logistics, Zhuhai Qingxin, Longyan Oasis, Nanping Oasis, Sanming Oasis, Dongjiang Kaida, Dongjiang Kaian, all being subsidiaries of the Company, qualified as small and micro-profit enterprises, and are entitled to the incentive in 2024.



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives *(Continued)*

##### **b. Value Added Tax**

(1) Pursuant to the “Catalogue of Preferential VAT Treatment for Products and Services of Resource Comprehensive Utilization” (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;
- ② Revenue from garbage treatment, sludge treatment and disposal services qualifies for tax incentive of refund of 70% VAT upon collection;
- ③ Revenue from wastewater treatment services qualifies for tax incentive of refund of 70% VAT upon collection;
- ④ Revenue from production and sales of resource comprehensive utilization products qualifies for tax incentive of refund of 30% VAT upon collection.



## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 6. TAXATION *(Continued)*

#### 4. Tax incentives *(Continued)*

##### **b. Value Added Tax** *(Continued)*

- (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知》(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. Xiongfeng 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. Xiongfeng Environment enjoys the above-mentioned incentive of additional deduction on input tax of VAT.

## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 7. LOSS PER SHARE

The calculation of the basic loss per share for the Reporting Period is based on the loss attributable to the ordinary equity holders of the Company of approximately RMB257,357,295.18 (for the six months ended 30 June 2023: loss of RMB198,920,849.73) and the weighted average number of 1,105,255,802 shares (for the six months ended 30 June 2023: 992,262,452 shares) in issue during the Period.

The Group has no potentially dilutive ordinary shares in issue during the Reporting Period and prior periods, therefore, the diluted (loss) earnings per share is the same as basic (loss) earnings per share for the periods presented.

### 8. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

### 9. OTHER RECEIVABLES

	As at 30 June 2024	As at 31 December 2023
Trade receivables	1,108,801,593.32	1,100,918,082.79
Less: Provision for bad debts of trade receivables	80,528,429.42	78,969,675.63
	<b>1,028,273,163.90</b>	1,021,948,407.16
Notes receivables	45,161,301.74	63,217,511.87
Including: Within 1 year	45,161,301.74	63,217,511.87
Receivable financing	33,727,399.65	8,265,364.14
Prepayments	254,693,865.68	109,245,227.02
Other receivables	248,514,101.39	239,562,543.92
Less: Provision for bad debts of other receivables	72,656,276.80	72,497,630.59
Non-current asset due within 1 year	26,597,785.36	40,359,253.25
Total	<b>1,564,311,340.92</b>	1,410,100,676.77

## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 9. OTHER RECEIVABLES *(Continued)*

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 trade receivable and operating 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 trade receivables. Ageing analysis of trade receivable, presented based on the recognition date is as follows:

	As at 30 June 2024	As at 31 December 2023
Aged		
Within 1 year	488,680,285.57	506,623,018.14
1 to 2 years	149,018,959.42	219,720,012.52
2 to 3 years	148,185,882.26	118,591,596.27
Over 3 years	322,916,466.07	255,983,455.86
Total	1,108,801,593.32	1,100,918,082.79

## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 10. OTHER ACCOUNTS PAYABLE

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

	As at 30 June 2024	As at 31 December 2023
Aged		
Within 90 days	263,014,000.79	283,631,557.50
91 to 180 days	44,204,582.79	45,489,480.16
181 to 365 days	174,659,317.07	240,897,459.71
Over 1 year	78,422,596.89	105,247,862.26
Trade payables	560,300,497.54	675,266,359.63
Receipts in advance	581,058.07	872,774.74
Other payables	184,515,653.06	165,146,015.66
Total	745,397,208.67	841,285,150.03

## UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

### 11. NET CURRENT ASSETS

	As at 30 June 2024	As at 31 December 2023
Current assets	3,479,174,422.82	3,660,957,317.77
Less: Current liabilities	4,159,596,583.52	3,276,071,946.74
Net current assets	-680,422,160.70	384,885,371.03

### 12. TOTAL ASSETS LESS CURRENT LIABILITIES

	As at 30 June 2024	As at 31 December 2023
Total assets	11,713,938,485.21	12,161,497,644.55
Less: Current liabilities	4,159,596,583.52	3,276,071,946.74
Total assets less current liabilities	7,554,341,901.69	8,885,425,697.81



# UNAUDITED INTERIM FINANCIAL STATEMENT NOTES

## 13. LEASES

### (1) Assets leased from the Company

The rental income from lands and buildings (net of government rent, rates and other expenditure) for the current period was RMB6,104,944.86 (same period of last year: RMB4,856,983.85).

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

Period	Amount of the current year	Amount of last year
Within one year	12,871,557.61	5,959,922.52
1 to 2 years	10,015,500.59	10,412,694.31
Total	22,887,058.20	16,372,616.83

### (2) Assets leased to the Company

#### *The Company as a lessee*

Type	Amount
Short-term lease expense included in current profit or loss	5,217,603.61
Lease expense of low value assets	
Variable lease payments not included in the lease liability measurement	
Income from sublease of right-of-use assets	
Total cash outflow related to leases	8,377,085.03
Gain or loss from sales and leaseback transactions	

## 14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of the Group for the six months ended 30 June 2024 was approved by the Board on 28 August 2024



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2024, confronted with the continued downturn and intensified competition in the hazardous waste disposal industry, the Company under the leadership of the new management team deepened reforms and decisively focused on enhancing operational quality. Taking “three extremes (extreme cost reduction, extreme rate efficiency improvement and extreme pace transformation) and four strengthenings (“strengthening performance assessment, strengthening incentives, strengthening constraints and strengthening fault tolerance”) as our guidance and important means, the Company carried out further extreme cost reduction, aggressively pursued extreme rate efficiency improvement, and pro-actively planned for extreme pace transformation. Thanks to our perseverance, the Company’s operating conditions gradually stabilized, laying a solid foundation for the forthcoming transformation and upgrading.

During the Reporting Period, the Company achieved operating revenue of RMB1.553 billion, representing a year-on-year decrease of 22.58%. Net profits attributable to the parent company was RMB-257 million, representing a year-on-year increase of 29.38% in loss. However, the second quarter witnessed a quarter-on-quarter reduction of over 30% in loss as compared to the first quarter. In particular, the decline in the Company’s operating revenue was primarily attributable to structural adjustments in the precious and rare metal recycling business. Regarding profits, there was a negative effect of nearly RMB100 million on the Company’s overall profits for the first half of the year due to the declining collection and transportation prices of the harmless waste treatment and disposal business and the rising resource recycling business costs. Further, the substantial increase in the Company’s fixed costs was also due to additional depreciation and amortization and significant finance costs resulting from transfer of newly commissioned projects to fixed assets, namely Shaoguan Dongjiang, Jieyang Dongjiang, and Zhuhai Dongjiang. Despite facing multiple adverse factors, through actively implementing management reforms and extreme cost reduction measures, the Company’s operating cash flow for the first half of the year increased by approximately RMB154 million year-on-year, turning from negative to positive. The monthly loss amount also showed a downward trend.



During the Reporting Period, the Company's total hazardous waste collection and transportation volume increased by approximately 2% as compared to the corresponding period of last year. Regarding the harmless waste treatment business, the average collection and transportation prices for incineration waste, landfill waste and physicochemical waste continued to decline as compared to the corresponding period of last year. The average collection and transportation price for year-based customers also decreased. Regarding resource utilization business, discount rate for collection and transportation of copper-containing wastewater rose by approximately 3 percentage points as compared to the corresponding period of last year. Regarding rare and precious metals, although the upstream metal price increases had not yet fully translated into downstream product prices, the rare and precious metal business' gross profit margin increased by approximately 4.6 percentage points as compared to the corresponding period of last year due to business structure adjustments and improved delicacy management.

In order to enhance the Company's management efficiency and build our core competitiveness, the Company focused on several areas during the Reporting Period:

Regarding "extreme cost reduction". Firstly, the Company strengthened top-level design with special work plan in respect of annual cost reduction, which systematically implemented cost reduction under "one approach for one enterprise", and assigned specific cost reduction task to each enterprise. Secondly, the Company implemented delicate deployment by taking the three-in-one initiative, namely cost reduction accounting, cost reduction analysis, and cost reduction measures, together with regular assessment of cost reduction results and tightened quantitative assessment. Thirdly, the Company reinforced assessment and incentives. Special rewards were given for effective cost reduction measures, motivating all employees to reduce costs.



Regarding transformation and development. On the policy side, the Third Plenary Session of the 20th Central Committee of the Communist Party of China (CCCPC) proposed a series of goals to further deepen reform comprehensively, including “accelerating the overall green transformation of economic and social development”. The CCCPC and the State Council recently issued the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development. This is the first systematic deployment concerning the comprehensive green transformation at the national level, and provides a new and broad market space for Dongjiang Environment’s business transformation and development. The Company is studying and specifying a series of work and projects on energy conservation, emission reduction and green low carbon around relevant policy documents. On the existing business side, the Company accelerated transformation towards high-end products and “environmental service”. During the Reporting Period, the Company developed and produced our first batch for Fireworks – grade copper oxide products. Our projects for copper extraction using wet process and monomer conversion residuals resource utilization have entered the debugging stage. In addition, our project for nano-scale copper salt products was accelerated for production. Meanwhile, in order to become the “premier environmental service provider for governments at all levels and industrial parks,” the Company made comprehensive efforts in our core business segments such as environmental protection engineering, wastewater treatment, solid waste disposal and comprehensive environmental services. Further, we explored innovative business models and strategic partnerships to broaden our service scope and drive industry transformation. In the next phase, the Company will continue to align closely with national strategies, focusing on the target of “advanced and differentiated resource utilization and disposal of industrial hazardous waste”, “becoming a leading integrated ecological and environmental service provider”, and “addressing environmental bottlenecks in the nation’s industrial urbanization process”, and strive to swiftly identify new growth drivers to achieve transformation and upgrade.



Regarding deepening reforms. During the Reporting Period, in order to enhance management efficiency, core functions, and industrial competitiveness, the Company completed reforms of our organizational system, rank system, compensation system, assessment system, supervision system, and fault-tolerance mechanism. We also deepened and strengthened reforms of our three systems. To fully implement the talent mechanism of “survival of the fittest” and “people can move to upper or lower level, and gain or lose office”, various management roles were filled through competitions, effectively boosting morale and stimulating the work enthusiasm of all employees.

Regarding technological innovation. The Company further solidified our research of national strategies and policy, the pre-declaration of industry-university-research achievements, and the mechanism for commercializing industry-university-research achievements. We continued to make breakthrough research in core technologies, such as cuprous chloride and nanocopper powder preparation, microbial reduction technology, and waste leachate treatment technology. During the Reporting Period, the Company obtained 25 newly licensed patents, bringing the total number of licensed patents to 688. We led or participated in the development and publication of three national standards and seven industrial standards. As of June, the Company had 19 high-tech enterprises and 14 “Specialised and New (implying “specialization, refinement, differentiation and innovation)” small and medium-sized enterprises.



## FINANCIAL REVIEW

### **Total operating revenue**

For the six months ended 30 June 2024, the Group's total operating revenue amounted to RMB1,553,358,452.26, representing a decrease of 22.58% as compared to the corresponding period of 2023 (for the six months ended 30 June 2023: RMB2,006,484,253.31). The decrease in total operating revenue was mainly attributable to a year-on-year 52.98% decrease in revenue from rare and precious metals recovery and utilization business to RMB396,750,877.20 (for the six months ended 30 June 2023: RMB843,855,229.41), which resulted from business restructuring. Meanwhile, revenue from harmless treatment business decreased due to downturn of the market. Operating revenue from industrial waste treatment and disposal amounted to RMB401,533,859.48, representing a year-on-year decrease of 7.80% (for the six months ended 30 June 2023: RMB435,509,923.66). Benefiting from rising metal prices, operating revenue from sales of resource recycled products amounted to RMB564,376,350.26 (for the six months ended 30 June 2023: RMB515,553,048.07), representing a year-on-year increase of 9.47%.

### **Profit**

For the six months ended 30 June 2024, the Group's integrated gross profit margin was 5.00% (for the six months ended 30 June 2023: 5.76%). The integrated gross profit margin decreased by 0.76 percentage point as compared to the corresponding period of last year.

For the six months ended 30 June 2024, net profit attributable to shareholders of the parent Company was RMB-257,357,295.18 (for the six months ended 30 June 2023: RMB-198,920,849.73), representing a decrease of 29.38% as compared to the corresponding period of last year. Primary reasons are sever challenges confronting hazardous waste disposal enterprises in the absence of significant improvement in the competition pattern of the hazardous waste disposal market, a year-on-year decrease in the disposal price of the Company's harmless disposal business, a year-on-year decrease in the gross profit margin of recycled products resulting from higher discount rate for collection and transportation. In addition, new production capacity of these newly commissioned projects, namely Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.\*, Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd. and Zhuhai Dongjiang Environment Technology Co., Ltd. had not been released. The incremental depreciation, amortization and finance expenses as a result of transferring them to fixed assets had significant effect on the Company's profits.



### ***Selling expenses***

For the six months ended 30 June 2024, the Group's selling expenses were RMB38,307,401.98 (for the six months ended 30 June 2023: RMB32,892,273.85), accounting for 2.47% of the total operating revenue (for the six months ended 30 June 2023: 1.64%). The increase in selling expenses was mainly due to the growth of staff cost as a result of recruiting new sales persons for new projects which commenced operation during the Reporting Period.

### ***Administrative expenses***

For the six months ended 30 June 2024, the Group's administrative expenses were RMB187,314,630.91 (for the six months ended 30 June 2023: RMB190,970,887.48), accounting for 12.06% of the total operating revenue (for the six months ended 30 June 2023: 9.52%). The administrative expenses decreased due to effective control measures taken by the Company during the Reporting Period.

### ***Finance costs***

For the six months ended 30 June 2024, the Group's finance costs were RMB93,895,258.94 (for the six months ended 30 June 2023: RMB79,575,744.61), accounting for 6.04% of the total operating revenue (for the six months ended 30 June 2023: 3.97%). The increase in finance costs for the Reporting Period was mainly due to an increase in expensed interest expenditure as a result of a decrease in capitalized finance interest during the Reporting Period.

### ***Income tax expenses***

For the six months ended 30 June 2024, the Group's income tax expenses were RMB4,273,546.78 (for the six months ended 30 June 2023: RMB-2,942,873.14), accounting for -1.36% of the total profit (for the six months ended 30 June 2023: 1.14%). The increase in income tax expenses was mainly due to more income tax paid by sewage treatment companies during the Reporting Period.



### ***Financial position and Liquidity***

As of 30 June 2024, net current assets of the Group amounted to RMB680,422,160.70 (31 December 2023: RMB384,885,371.03), including total cash and cash equivalents of approximately RMB896,795,765.01 (31 December 2023: RMB1,237,810,786.72).

As of 30 June 2024, total liabilities of the Group amounted to RMB6,989,544,095.46 (31 December 2023: approximately RMB7,119,601,250.60). Based on the total liabilities and total assets of the Group, the gearing ratio of the Group was 59.67% (31 December 2023: 58.54%). The current liabilities of the Group amounted to RMB4,159,596,583.52 (31 December 2023: RMB3,276,071,946.74). As of 30 June 2024, bank loans of the Group amounted to RMB5,265,502,140.17 (31 December 2023: RMB5,351,626,699.36).

The Board believes that the Group has a sound financial position and strong liquidity to meet its operation and 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 significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures.

### ***Details of Future Plans for Material Investments or Capital Assets***

Save as disclosed in this report, the Group does not have other future plans for material investments or capital assets.





## INTEREST RATE AND FOREIGN EXCHANGE RISKS

### ***Interest rate risk***

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

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

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

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

### ***Foreign exchange risk***

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



## Contingent liabilities

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

Save as disclosed above, the Group had no other significant contingent liabilities for the half year ended 30 June 2024.

## Information on Employees and Remuneration Policies

As of 30 June 2024, the Group had 4,022 full-time employees, as compared to 4,271 employees as of 31 December 2023. The total staff cost for the six months ended 30 June 2024 was approximately RMB278,693,042.50, as compared to RMB303,126,000 for the corresponding period in 2023. The Group offers continuous training, remuneration package and additional benefits to its employees, including retirement benefits, housing allowance and medical insurance.

## Future Prospects

In the second half of 2024, the Company will continue to take the “three extremes and four strengthenings as our guidance, and vigorously develop high value-added products and explore overseas sales markets on the foundation of a stable main business. At the same time, around its strategic positioning and direction, the Company will further explore various possible cooperation opportunities, innovate cooperation mechanisms, intensify cooperation and exchanges, so as to pro-actively create new growth drivers. In addition, the Company will proceed with internal cost reduction and efficiency improvement, and strive to deepen reform in raw material procurement, production cost control, etc., continuously improving management efficiency, realize more flexible and efficient management by optimizing and adjusting organizational structure, market mechanism and talent selection, and make reform-based empowerment an inexhaustible driving force for the Company’s development.



## EVENTS DURING THE PERIOD

### FACILITY AGREEMENT WITH A CONNECTED PERSON

On 28 May 2024, Wosen Environmental (a wholly-owned subsidiary of the Company) entered into the Facility Agreement with Rising Finance, pursuant to which Rising Finance has agreed to provide a recurring facility in the principal amount of up to RMB30,000,000 in aggregate to Wosen Environmental. As Rising Finance is a subsidiary of Guangdong Rising Holdings Group (a substantial shareholder of the Company), and therefore is a connected person of the Company. The Facility 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 Company's announcement dated 28 May 2024.

## USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES

The net proceeds from the non-public issuance of A Shares were approximately RMB1,194.31 million. During the period from the date of completion of the non-public issuance of A Shares to 30 June 2024, the net proceeds had been applied for the purposes disclosed in the circular of the Company dated 23 June 2022 as follows:

Proposed use of proceeds	Allocation of the net proceeds (RMB' million)	Net proceeds un-utilised as of 1 January 2024 (RMB' million)	Net proceeds utilised during the six months ended 30 June 2024 (RMB' million) (Note 1)	Net proceeds unutilised as at 30 June 2024 (RMB' million) (Note 2)	Expected timeline (Note 2)
			9.72	274.50	
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)	410.00	284.22	9.72	274.50	By December 2024
Expansion of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荊州市江陵縣)	165.00	133.99	40.00	93.99	By December 2024
Smart digitalization development project	184.31	171.72	5.99	165.73	By December 2025
Modification and upgrade of hazardous waste treatment project	95.00	64.88	-	64.88	By December 2025
Replenishment of general working capital	340.00	-	-	-	-
<b>Total</b>	<b>1,194.31</b>	<b>654.81</b>	<b>55.71</b>	<b>599.10</b>	



Notes:

1. As disclosed in the overseas regulatory announcement issued by the Company on 29 May 2023, in relation to the replacement of self-raised funds which had been previously applied to financing the fundraising-intended projects and paying the issuance fees with raised proceeds. The Company has utilized raised proceeds to replace self-raised funds which had been previously applied to financing the fundraising-intended projects of RMB133,227,054.77 and paying the issuance fees of RMB1,247,779.59, totaling RMB134,474,834.36.
2. The expected timeline for each project is based on the Group's best estimate of future market conditions in combination with the business plan and market conditions, which may be subject to change based on the current and future development of market conditions. The Group will consider a range of factors, including without limitation the actual business plan and funding needs of the Group, the priorities of fund utilization and business development of the Group, the overall financial condition of the Group and market conditions, to determine whether to make adjustments to the expected timeline.

## **DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2024, none of the Directors, supervisors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, as far as the Directors, supervisors and chief executive of the Company are aware, the person(s) below (other than the Directors, supervisors and chief executive of the Company) had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long position/ Short position	Approximate percentage of the relevant class of Shares (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 1)
Guangdong Rising Holdings Group	Beneficial owner	A Shares	266,279,028 Shares	Long position	29.42%	24.09%
	Interest of controlled corporation	H Shares	25,179,200 Shares (Note 2)	Long position	12.58%	2.28%
Rising Investment Development Co., Ltd.	Beneficial owner	H Shares	22,283,200 Shares (Note 2)	Long position	11.13%	2.02%
Guangdong Rising H.K. (Holding) Limited	Beneficial owner	H Shares	2,896,000 Shares (Note 2)	Long position	1.45%	0.26%
Baowu Group Environmental Resources Technology Company Limited *	Beneficial owner	A Shares	86,629,001 Shares	Long position	9.57%	7.84%
(寶武集團環境資源科技有限公司) ("Baowu Environment")	Interest of controlled corporation	A Shares	37,664,783 Shares (Note 3)	Long position	4.16%	3.41%
Shanghai Baosteel New Building Materials Technology Co., Ltd*	Beneficial owner	A Shares	37,664,783 Shares (Note 3)	Long position	4.16%	3.41%
(上海寶鋼新型建材科技有限公司)						



Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long position/ Short position	Approximate percentage of the relevant class of Shares (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 1)
Jiangsu High Hope International Group Co., Ltd.* (江蘇匯鴻國際集團股份有限公司) ("High Hope Group")	Beneficial owner	A Shares	50,087,669 Shares	Long position	5.53%	4.53%
	Interests of controlled corporation	A Shares	25,756,638 Shares (Note 4)	Long position	2.85%	2.33%
	Interests of controlled corporation	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%
Jiangsu High Hope Venture Capital Co., Ltd* (江蘇匯鴻創業投資有限公司)	Beneficial owner	A Shares	25,756,638 Shares (Note 4)	Long position	2.85%	2.33%
	Beneficial owner	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%

Notes:

1. The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 30 June 2024.
2. Rising Investment Development Co., Ltd. and Guangdong Rising H.K. (Holding) Limited are wholly-owned subsidiaries of Guangdong Rising Holdings Group. Therefore, Guangdong Rising Holdings Group was deemed to be interested in the 25,179,200 H Shares held by Rising Investment Development Co., Ltd. and Guangdong Rising H.K. (Holding) Limited respectively under Part XV of the SFO.



3. Shanghai Baosteel New Building Materials Technology Co., Ltd is a wholly-owned subsidiary of Baowu Environment. Therefore, Baowu Environment was deemed to be interested in the 37,664,783 A Shares held by Shanghai Baosteel New Building Materials Technology Co., Ltd. under Part XV of the SFO.
4. Jiangsu High Hope Venture Capital Co., Ltd. is a wholly-owned subsidiary of High Hope Group. Therefore, High Hope Group was deemed to be interested in the 25,756,638 A Shares and 18,204,800 H Shares held by Jiangsu High Hope Venture Capital Co., Ltd. under Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors, supervisors and chief executive of the Company are not aware of any other person (other than the Directors, supervisors and chief executive of the Company) who has interests or short positions in the Shares, underlying shares or debenture of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

## SHARE SCHEMES

No share option scheme was adopted since the date of incorporation of the Company.

The Company has no share award scheme in place during the Reporting Period. There were no outstanding share awards granted under any share award scheme of the Company as at 1 January 2024 and 30 June 2024.

## COMPETING INTERESTS OR BUSINESS

During the Reporting Period, none of the Directors, supervisors, chief executive or the substantial shareholders of the Company and their respective associates are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.





## AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company has established an Audit and Risk Management Committee in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules for the purpose of reviewing and supervising the Group's financial reporting process, risk management and internal audit functions and control. The Audit and Risk Management Committee of the Company is comprised of three independent non-executive Directors, namely Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi. Mr. Siu Chi Hung, 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 interim results and financial statements of the Group for the six months ended 30 June 2024, but the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have not been reviewed by the auditor of the Company.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2024 to the date of this report.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## 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 complete and transparent information disclosure, enhance stable operation and consolidate and increase shareholders' value and profit. The Company has complied with all the applicable Code Provisions in the CG Code throughout the Reporting Period, except for the deviation mentioned below:



## Code Provision B.2.2

Pursuant to Code Provision B.2.2, every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The three-year term of the seventh sessions of the Board of Directors and the Supervisory Committee of the Company expired on 21 December 2023. In view of the fact that candidate nomination for the new sessions of the Board of Directors and the Supervisory Committee have not yet been completed, the Board of Directors and the Supervisory Committee need to postpone their elections so as to maintain the continuity of their work. At the same time, the terms of the sub-committees and senior management of the seventh session of the Board of Directors have been extended accordingly. The Company will complete election of new members of the Board of Directors and the Supervisory Committee as soon as possible, and fulfill our corresponding information disclosure obligations in a timely manner. Before new members are elected, all members of the seventh sessions of the Board of Directors and the Supervisory Committee and senior management personnel of the Company will continue to perform their respective duties in accordance with relevant laws and regulations and the Articles of Association to ensure the normal operation of the Company. Based on above, the Company believes that the temporary deviation from the Code provisions of the CG Code has no material impact on the overall operation of the Company.

## CHANGES IN INFORMATION OF DIRECTORS

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code of conduct of securities transactions by the Directors and supervisors. Having made specific enquiries with all Directors and supervisors by the Company, they confirmed that they have complied with the requirements set out in the Model Code during the Reporting Period.



## EVENTS AFTER THE PERIOD

### Matters involving a litigation and Freezing of Part of The Funds in The Designated Fundraising Account

The Company has received a statement of civil claim, a notice of action and relevant documents served by the People's Court of Gongqingcheng City (the "Court"). Due to a contractual dispute, Jiangxi Environmental Protection Co., Ltd.\* (江西環保股份有限公司) ("Jiangxi Environmental Protection Company"), as plaintiff, has initiated legal proceedings at the Court against the Company, Gui Jianping\* (桂建平) and Zhou Yue\* (周玥) as defendants, requesting that the three defendants be ordered to jointly and severally bear all kinds of expenses, interest on funds tied up and litigation-related expenses in a tentative sum of RMB96,317,554.88. Based on the above litigation, Jiangxi Environmental Protection Company has simultaneously applied to the Court for pre-litigation preservation of property, and part of the funds in the Company's special account for raised proceeds amounting to RMB96,317,554.88 have been frozen. For details, please refer to the Company's announcement dated 20 August 2024.

As at the date of this report, the above litigation has been accepted by the court, but no hearing or ruling has been held or made in this regard. Therefore, we are not in a position to assess the impact on the Company's profit for the current period or subsequent periods. The Company will actively gather evidence and take countermeasures according to law to fully protect and safeguard the legitimate rights and interests of the Company.

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

Shenzhen, Guangdong, the PRC  
28 August 2024

\* *for identification purpose only*