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## **DONGJIANG ENVIRONMENTAL COMPANY LIMITED\***

### **東江環保股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock code: 00895)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Dongjiang Environmental Company Limited\* (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures of the year ended 31 December 2023 are as follows:

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

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

Unit: RMB

Items	Notes	2024	2023
<b>I. Total operating revenue</b>	3	<b>3,486,660,703.09</b>	4,022,468,104.97
Including: Operating revenue		<b>3,486,660,703.09</b>	4,022,468,104.97
Interest income		–	–
Premium earned		–	–
Handling charges and commission income		–	–
<b>II. Total operating cost</b>		<b>4,126,507,304.61</b>	4,762,790,408.38
Including: Cost of operation		<b>3,291,640,521.96</b>	3,848,321,757.55
Interest expenses		–	–
Handling charges and commission expenses		–	–
Surrenders		–	–
Net claims expenses		–	–
Net provision for insurance contracts reserve		–	–
Insurance policy dividend paid		–	–
Reinsurance costs		–	–
Tax and levies		<b>52,198,980.23</b>	46,946,838.22
Selling expenses		<b>86,936,912.87</b>	90,592,850.14
Administrative expenses		<b>394,933,198.31</b>	436,797,024.80
Research and development expenses		<b>115,021,444.21</b>	171,163,139.12
Finance costs	7	<b>185,776,247.03</b>	168,968,798.55
Including: Interest expense		<b>198,850,961.59</b>	185,180,503.41
Interest income		<b>5,384,340.29</b>	16,412,980.23
Add: Other income		<b>50,642,982.48</b>	54,533,409.20
Investment income (Loss represented in “-” signs)		<b>3,616,386.32</b>	-3,740,139.80
Including: Investment income from associates and joint ventures		<b>-3,196,885.90</b>	-7,156,423.44
Gains on derecognition of financial assets at amortized cost		<b>-735,331.36</b>	–
Foreign exchange gains (Loss represented in “-” signs)		–	–
Gains from net exposure hedgings (Loss represented in “-” signs)		–	–

Items	Notes	2024	2023
Gains from changes in fair value (Loss represented in “-” signs)		-7,868,249.23	-440,331.91
Credit impairment losses (Loss represented in “-” signs)		-58,652,956.50	-18,571,708.09
Asset impairment losses (Loss represented in “-” signs)		-193,338,615.71	-179,488,868.01
Gains on disposal of assets (Loss represented in “-” signs)		<u>4,394,509.60</u>	<u>710,819.45</u>
<b>III. Operating profits (Loss represented in “-” signs)</b>		<b>-841,052,544.56</b>	<b>-887,319,122.57</b>
Add: Non-operating income		<b>6,624,799.11</b>	4,566,817.05
Less: Non-operating expenses		<b>45,592,909.60</b>	<b>4,442,596.43</b>
<b>IV. Total profits (Total losses represented in “-” signs)</b>		<b>-880,020,655.05</b>	<b>-887,194,901.95</b>
Less: Income tax expenses	8	<b>7,534,712.15</b>	<b>2,276,654.65</b>
<b>V. Net profits (Net losses represented in “-” signs)</b>		<b><u>-887,555,367.20</u></b>	<b><u>-889,471,556.60</u></b>
(1) Breakdown by continuity of operation			
1. Net profits from continuing operations (Net loss represented in “-” signs)		<b>-887,555,367.20</b>	-889,471,556.60
2. Net profits from discontinued operations (Net loss represented in “-” signs)		-	-
(2) Breakdown by attributable interests			
1. Net profits attributable to owners of the parent company		<b>-804,185,867.23</b>	-750,470,568.53
2. Minority interests		<b>-83,369,499.97</b>	-139,000,988.07

Items	Notes	2024	2023
<b>VI. Other comprehensive income, net of tax</b>		<b>7,940,632.57</b>	1,636,591.14
Other comprehensive income attributable to owners of the parent company, net of tax		<b>7,940,632.57</b>	1,636,591.14
(1) Other comprehensive income that cannot be reclassified to profit or loss		-	-
1. Changes arising from re-measuring defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Change in fair value of investments in other equity instruments		-	-
4. Change in fair value due to enterprise's own credit risk		-	-
5. Others		-	-
(2) Other comprehensive income that will be reclassified to profit or loss		<b>7,940,632.57</b>	1,636,591.14
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		-	-
2. Change in fair value of other debt investments		-	-
3. Amount of financial assets to be reclassified into other comprehensive income		-	-
4. Provision for credit impairment of other debt investments		-	-
5. Reserve for cashflow hedging		-	-
6. Exchange difference on translation of financial statements in foreign currency		<b>-40,517.63</b>	-5,633.56
7. Others		<b>7,981,150.20</b>	1,642,224.70
Other comprehensive income attributable to minority interests, net of tax		-	-
<b>VII. Total comprehensive income</b>		<b>-879,614,734.63</b>	-887,834,965.46
Total comprehensive income attributable to owners of the parent company		<b>-796,245,234.66</b>	-748,833,977.39
Total comprehensive income attributable to minority interests		<b>-83,369,499.97</b>	-139,000,988.07
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share	9	<b>-0.7276</b>	-0.7422
(2) Diluted earnings per share		<b>-0.7276</b>	-0.7422

**CONSOLIDATED BALANCE SHEET***31 December 2024**Unit: RMB*

<b>Items</b>	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<b>Current assets:</b>			
Cash and cash equivalents		<b>1,181,916,381.07</b>	1,240,597,614.74
Settlement deposits		–	–
Placements with banks and other financial institutions		–	–
Held-for-trading financial assets		–	60,251,506.84
Derivative financial assets		–	–
Notes receivable	<i>11</i>	<b>36,904,227.19</b>	63,217,511.87
Trade receivable	<i>11</i>	<b>1,023,597,630.91</b>	1,021,948,407.16
Receivables financing	<i>11</i>	<b>18,055,682.89</b>	8,265,364.14
Prepayments		<b>140,488,382.04</b>	109,245,227.02
Premium receivable		–	–
Reinsurance accounts receivable		–	–
Provision for reinsurance contract receivable		–	–
Other receivables	<i>11</i>	<b>224,655,623.64</b>	167,064,913.33
Including: Interest receivable		–	–
Dividend receivable		–	–
Financial assets held under resale agreements		–	–
Inventories		<b>775,090,222.33</b>	789,824,538.47
Contract assets		<b>30,454,218.54</b>	43,110,864.60
Assets held for sale		–	–
Non-current asset due within one year	<i>11</i>	<b>26,597,785.36</b>	40,359,253.25
Other current assets		<b>106,196,749.53</b>	117,072,116.35
<b>Total current assets</b>		<b><u>3,563,956,903.50</u></b>	<u>3,660,957,317.77</u>

<b>Items</b>	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<b>Non-current assets:</b>			
Granted loans and advances		–	–
Debt investments		–	–
Other debt investments		–	–
Long-term receivables		–	–
Long-term equity investments		<b>277,317,053.69</b>	277,263,939.59
Investment in other equity instruments		<b>4,242,896.51</b>	4,242,896.51
Other non-current financial assets		–	–
Investment properties		<b>549,762,643.00</b>	522,789,890.30
Fixed assets		<b>4,733,178,211.48</b>	5,148,382,776.17
Construction in progress		<b>30,397,193.91</b>	225,617,248.30
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		<b>6,493,282.24</b>	9,819,236.01
Intangible assets		<b>1,275,422,633.19</b>	1,159,995,165.87
Development expenditure		<b>1,459,987.54</b>	5,758,886.61
Goodwill		<b>683,551,906.41</b>	848,339,530.25
Long-term unamortized expenses		<b>60,592,737.09</b>	110,982,301.18
Deferred income tax assets		<b>59,806,797.21</b>	62,492,766.91
Other non-current assets		<b>32,297,169.69</b>	124,855,689.08
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<b>Total non-current assets</b>		<b>7,714,522,511.96</b>	8,500,540,326.78
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<b>Total assets</b>		<b>11,278,479,415.46</b>	12,161,497,644.55
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Items	Notes	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings		<b>1,197,012,027.16</b>	1,268,986,439.35
Borrowings form central bank		–	–
Loans from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		<b>5,673,136.62</b>	–
Notes payable		–	–
Accounts payable	12	<b>614,736,880.96</b>	675,266,359.63
Receipts in advance	12	<b>963,309.66</b>	872,774.74
Contract liabilities		<b>146,816,859.04</b>	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		–	–
Funds received as agent of stock exchange		–	–
Funds received as stock underwriter		–	–
Employee benefits payable		<b>36,056,274.52</b>	36,817,303.29
Tax payable		<b>26,120,111.24</b>	18,293,384.23
Other accounts payable	12	<b>223,215,429.02</b>	166,581,016.31
Including: Interest payable		–	–
Dividend payable		<b>1,000,000.00</b>	1,435,000.65
Handling charges and commission payable		–	–
Reinsurance accounts payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year		<b>1,599,167,098.28</b>	930,126,157.49
Other current liabilities		<b>27,468,092.54</b>	52,707,803.95
<b>Total current liabilities</b>		<b>3,877,229,219.04</b>	3,276,071,946.74

Items	Notes	31 December 2024	31 December 2023
<b>Non-current liabilities:</b>			
Provision for insurance contracts		–	–
Long-term borrowings		2,300,913,235.94	3,390,907,716.95
Bonds payable		499,386,007.41	–
Including: Preferred shares		–	–
Perpetual bond		–	–
Lease liabilities		864,178.91	5,231,022.88
Long-term accounts payable		–	–
Long-term employee benefits payable		–	–
Estimated liabilities		235,064,838.12	217,913,523.99
Deferred income		150,819,681.26	160,293,031.94
Deferred income tax liabilities		58,457,515.50	64,308,093.09
Other non-current liabilities		4,854,922.62	4,875,915.01
		<u>3,250,360,379.76</u>	<u>3,843,529,303.86</u>
<b>Total non-current liabilities</b>			
		<u>3,250,360,379.76</u>	<u>3,843,529,303.86</u>
<b>Total liabilities</b>		<u>7,127,589,598.80</u>	<u>7,119,601,250.60</u>
<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		1,311,186,481.60	1,411,090,961.30
Less: Treasury stock		–	–
Other comprehensive income		27,174,888.46	19,234,255.89
Special reserve		1,685,773.25	2,109,140.84
Surplus reserve		269,816,271.96	269,816,271.96
General risk reserve		–	–
Undistributed profits		884,731,010.75	1,688,916,877.98
		<u>884,731,010.75</u>	<u>1,688,916,877.98</u>
<b>Total equity attributable to owners of the parent company</b>		<u>3,599,850,228.42</u>	<u>4,496,423,310.37</u>
Minority interests		551,039,588.24	545,473,083.58
		<u>551,039,588.24</u>	<u>545,473,083.58</u>
<b>Total owners' equity</b>		<u>4,150,889,816.66</u>	<u>5,041,896,393.95</u>
<b>Total liabilities and owners' equity</b>		<u>11,278,479,415.46</u>	<u>12,161,497,644.55</u>



## CONSOLIDATED CASH FLOW STATEMENT

2024

Unit: RMB

Item	2024	2023
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	3,593,154,729.00	4,508,127,008.82
Net increase in customer deposits and placements from banks and other financial institutions	–	–
Net increase in borrowings from central bank	–	–
Net increase in borrowings from other financial institutions	–	–
Cash received from premium of original insurance contracts	–	–
Net cash received from reinsurance business	–	–
Net increase in deposits and investments from policyholders	–	–
Cash received from interest, handling charges and commission	–	–
Net increase in borrowings from banks and other financial institutions	–	–
Net increase in proceeds from sale of assets under repurchase agreements	–	–
Net cash received from securities brokerage services	–	–
Refund of taxes and levies	15,572,184.71	132,242,099.89
Other cash receipts relating to operating activities	1,797,663,671.56	117,676,151.27
<b>Sub-total of cash inflows from operating activities</b>	<b>5,406,390,585.27</b>	<b>4,758,045,259.98</b>
Cash paid for goods and services	2,552,772,424.86	3,804,257,399.19
Net increase in loans and advances to customers	–	–
Net increase in deposits with central bank and placements with banks and other financial institutions	–	–
Cash paid for claims under original insurance contracts	–	–
Net increase in placements with banks and other financial institutions	–	–
Cash paid for interest, handling charges and commission	–	–
Cash paid for policyholders' dividend	–	–
Cash paid to and on behalf of employees	607,231,747.09	678,199,074.05
Payments of tax and levies	126,273,810.07	133,775,572.74
Other cash payments relating to operating activities	1,994,693,359.70	140,783,867.86
<b>Sub-total of cash outflows from operating activities</b>	<b>5,280,971,341.72</b>	<b>4,757,015,913.84</b>
<b>Net cash flows from operating activities</b>	<b>125,419,243.55</b>	<b>1,029,346.14</b>

Item	2024	2023
<b>II. Cash flows from investing activities:</b>		
Cash received from withdrawal of investments	2,180,800,000.00	1,110,394,000.00
Cash received from returns on investments	12,546,878.46	12,345,535.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,403,936.96	610,221.91
Net cash received from disposal of subsidiaries and other operating units	1,390,443.15	–
Other cash receipts relating to investing activities	–	–
<b>Sub-total of cash inflows from investing activities</b>	<b>2,212,141,258.57</b>	<b>1,123,349,757.07</b>
Cash paid on acquisition of fixed assets, intangible assets and other long-term assets	206,652,468.68	426,322,848.84
Cash paid on investments	2,129,860,000.00	1,190,578,708.80
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>2,336,512,468.68</b>	<b>1,616,901,557.64</b>
<b>Net cash flows from investing activities</b>	<b>-124,371,210.11</b>	<b>-493,551,800.57</b>
<b>III. Cash flows from financing activities:</b>		
Cash received from investment	–	1,196,226,412.10
Including: Cash received by subsidiaries from investment of minority interest	–	–
Cash received from borrowings	2,599,307,075.56	3,375,162,419.17
Cash received from bond issuance	499,500,000.00	500,000,000.00
Other cash receipts relating to financing activities	–	11,920,000.00
<b>Sub-total of cash inflows from financing activities</b>	<b>3,098,807,075.56</b>	<b>5,083,308,831.27</b>
Cash payments for settlement of debts	3,082,460,939.49	3,695,196,027.10
Cash payments for distribution of dividend, profits or interest expenses	191,015,312.90	248,845,678.06
Including: Cash payments for distribution of dividends and profits by subsidiaries to minority shareholders	7,198,116.96	7,255,831.03
Other cash payments relating to financing activities	48,897,414.87	27,282,028.40
<b>Sub-total of cash outflows from financing activities</b>	<b>3,322,373,667.26</b>	<b>3,971,323,733.56</b>
<b>Net cash flows from financing activities</b>	<b>-223,566,591.70</b>	<b>1,111,985,097.71</b>

<b>Item</b>	<b>2024</b>	<b>2023</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>1,014,946.76</b>	491,830.52
<b>V. Net increase in cash and cash equivalents</b>	<b>-221,503,611.50</b>	619,954,473.80
Add: Balance of cash and cash equivalents at the beginning of the period	<b>1,237,810,786.72</b>	617,856,312.92
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	<b><u>1,016,307,175.22</u></b>	<b><u>1,237,810,786.72</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

2024

Unit: RMB

Item	Equity attributable to owners of the parent company											Total Owners' equity			
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserve	Treasury stock	Less: comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		Others	Sub-total	Minority interests
I. Balance at the end of last year	1,105,255,802.40	-	-	-	1,411,090,961.30	-	19,234,255.89	2,109,140.84	269,816,271.96	-	1,688,916,877.98	-	4,496,423,310.37	545,473,083.58	5,041,896,393.95
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of previous errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,105,255,802.40	-	-	-	1,411,090,961.30	-	19,234,255.89	2,109,140.84	269,816,271.96	-	1,688,916,877.98	-	4,496,423,310.37	545,473,083.58	5,041,896,393.95
III. Movement in the period	-	-	-	-	-	-	7,940,625.7	-423,367.59	-	-	-804,185,867.23	-	-896,573,081.95	5,566,504.66	-891,006,577.29
(1) Total comprehensive income	-	-	-	-	-	-	7,940,625.7	-423,367.59	-	-	-804,185,867.23	-	-896,573,081.95	5,566,504.66	-891,006,577.29
(2) Owners' contribution to and reduction of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-83,369,499.97	-879,614,734.63
1. Owners' contribution to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	96,348,259.96	-3,556,219.74
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment charged to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-99,904,479.70	-	-	-	-	-	-	-	-99,904,479.70	96,348,259.96	-3,556,219.74
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-7,000,000.00	-7,000,000.00
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-7,000,000.00	-7,000,000.00
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Using surplus reserve to compensate deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-423,367.59	-	-	-	-	-423,367.59	-412,255.33	-835,622.92
1. Appropriation during the period	-	-	-	-	-	-	-	17,166,929.05	-	-	-	-	17,166,929.05	6,809,735.60	23,976,664.65
2. Utilization during the period	-	-	-	-	-	-	-	17,590,296.64	-	-	-	-	17,590,296.64	7,221,990.93	24,812,287.57
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	1,105,255,802.40	-	-	-	1,311,186,481.60	-	27,174,881.66	1,685,773.25	269,816,271.96	-	884,731,010.75	-	3,599,850,228.42	551,039,588.24	4,150,889,816.66

Item	Equity attributable to owners of the parent company											Total Owners' equity				
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserve	Treasury stock	Less:	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profits	Others	Sub-total	Minority interests
<b>I. Balance at the end of last year</b>	879,267,102.40	-	-	-	451,166,208.23	-	-	17,597,664.75	1,359,822.41	269,816,271.96	-	2,459,387,446.51	-	4,058,594,516.26	720,833,375.51	4,779,427,891.77
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of previous period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of businesses under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the year</b>	879,267,102.40	-	-	-	451,166,208.23	-	-	17,597,664.75	1,359,822.41	269,816,271.96	-	2,459,387,446.51	-	4,058,594,516.26	720,833,375.51	4,779,427,891.77
<b>III. Movement in the period</b>																
<b>(Decrease represented by "-") Signs</b>																
(1) Total comprehensive income	225,988,700.00	-	-	-	959,924,753.07	-	1,636,591.14	1,636,591.14	749,318.43	-	-	-750,470,568.53	-	437,828,794.11	-175,360,291.93	262,468,502.18
(2) Owners' contribution to and reduction of capital	225,988,700.00	-	-	-	959,924,753.07	-	1,636,591.14	1,636,591.14	749,318.43	-	-	-750,470,568.53	-	-748,833,977.39	-139,000,988.07	-887,834,965.46
1. Owners' contribution to ordinary shares	225,988,700.00	-	-	-	959,924,753.07	-	-	-	-	-	-	-	-	1,185,913,453.07	-29,670,341.28	1,156,243,111.79
2. Capital contribution from holders of other equity instruments	-	-	-	-	968,319,577.09	-	-	-	-	-	-	-	-	1,194,308,277.09	-	1,194,308,277.09
3. Amount of share-based payment charged to owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-8,394,824.02	-	-	-	-	-	-	-	-	-8,394,824.02	-29,670,341.28	-38,065,165.30
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-6,015,000.65	-6,015,000.65
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-6,015,000.65	-6,015,000.65
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Using surplus reserve to compensate deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	749,318.43	-	-	-	-	749,318.43	-673,961.93	73,356.50
1. Appropriation during the period	-	-	-	-	-	-	-	-	20,487,880.51	-	-	-	-	20,487,880.51	9,057,589.22	29,545,469.73
2. Utilization during the period	-	-	-	-	-	-	-	-	19,738,562.08	-	-	-	-	19,738,562.08	9,711,551.15	29,450,113.23
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Balance at the end of the period</b>	1,105,255,802.40	-	-	-	1,411,090,961.30	-	19,234,253.89	1,411,090,961.30	2,109,140.84	269,816,271.96	-	1,688,916,877.98	-	4,496,423,310.37	545,473,683.58	5,041,896,993.95

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 1. GENERAL

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

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

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

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

On 25 October 2023, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 17 (Cai Kuai [2023] No. 21, hereinafter referred to as "Interpretation No. 17"), which became effective on 1 January 2024. The relevant requirements of Interpretation No. 17 did not have a material impact on the Company's financial statements for the Reporting Period.

On 6 December 2024, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as "Interpretation No. 18"), which became effective on the date of issuance and allows for early implementation by enterprises from the year of issuance. The relevant requirements of Interpretation No. 18 did not have a material impact on the Company's financial statements for the Reporting Period.

#### (2) Changes in Significant Accounting Estimates

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

#### (3) Correction of significant previous errors and the effects

For the year of 2024, the Company has no matter of correction of previous errors that need to be disclosed.

### 3. TOTAL OPERATING REVENUE

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

	2024	2023
<b>Business segments</b>		
Sales revenue from rare and precious metals recycling	<b>858,015,108.43</b>	1,501,434,130.80
Sales revenue from industrial waste recycling	<b>1,301,252,837.78</b>	1,129,149,057.14
Service income from industrial waste treatment and disposal	<b>935,401,534.07</b>	913,656,623.27
Service income from municipal waste treatment and disposal	<b>106,092,899.41</b>	156,129,822.62
Waste electrical appliance dismantling treatment	<b>117,002,138.83</b>	150,737,236.89
Revenue from environmental engineering and services	<b>97,526,484.49</b>	92,578,047.64
Renewable energy utilisation	<b>28,066,739.59</b>	30,949,538.21
Other business	<b>43,302,960.49</b>	47,833,648.40
	<hr/>	<hr/>
Total	<b><u>3,486,660,703.09</u></b>	<b><u>4,022,468,104.97</u></b>

### 4. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

### Reportable segments for 2024

Unit: RMB

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



## Reportable segments for 2023

Unit: RMB

Items	Industrial waste		Rare and precious metals recycling	Municipal waste		Waste electrical	Environmental engineering and services	Renewable energy utilisation	Others	Unallocated amounts	Inter-segment elimination	Total
	Industrial waste recycling	treatment and disposal		treatment and disposal	appliance dismantling treatment							
Operating Revenue	1,176,647,527.52	929,976,001.24	1,501,434,130.80	156,129,822.62	150,737,236.89	137,839,842.46	30,949,538.21	68,832,654.68	9,750,295.96	-139,828,945.41	4,022,468,104.97	
Including: Revenue from sale to external customers	1,129,149,057.14	913,656,623.27	1,501,434,130.80	156,129,822.62	150,737,236.89	92,578,047.64	30,949,538.21	47,833,648.40	-	-	4,022,468,104.97	
Revenue from inter-segment transactions	47,498,470.38	16,319,377.97	-	-	-	45,261,794.82	-	20,999,006.28	9,750,295.96	-139,828,945.41	-	
Cost of operation	1,094,836,883.04	860,260,046.62	1,467,153,265.00	152,255,819.14	143,490,908.76	70,739,284.73	35,462,612.31	24,122,937.95	46,946,838.22	-	3,895,268,595.77	
Total profit of segments	<u>-124,057,073.24</u>	<u>-404,894,463.94</u>	<u>-53,268,272.65</u>	<u>-6,602,077.12</u>	<u>-22,066,210.22</u>	<u>18,556,134.41</u>	<u>-7,109,084.48</u>	<u>12,073,783.03</u>	<u>-264,940,993.14</u>	<u>-34,886,644.60</u>	<u>-887,194,901.95</u>	
Total assets	<u>2,508,482,554.81</u>	<u>4,626,395,729.20</u>	<u>1,086,119,869.46</u>	<u>959,350,097.66</u>	<u>660,880,447.82</u>	<u>417,359,779.44</u>	<u>177,644,568.60</u>	<u>562,334,361.20</u>	<u>4,716,050,464.16</u>	<u>-3,553,120,227.80</u>	<u>12,161,497,644.55</u>	
Total liabilities	<u>450,138,098.32</u>	<u>3,131,922,816.98</u>	<u>360,593,997.50</u>	<u>498,587,915.96</u>	<u>404,259,466.54</u>	<u>143,815,593.72</u>	<u>13,633,946.10</u>	<u>233,062,785.19</u>	<u>2,877,390,779.92</u>	<u>-993,804,149.63</u>	<u>7,119,601,250.60</u>	
Depreciation and amortisation	<u>57,131,517.61</u>	<u>441,636,075.19</u>	<u>45,670,905.43</u>	<u>37,450,424.03</u>	<u>19,852,226.09</u>	<u>7,497,931.35</u>	<u>3,620,726.87</u>	<u>2,652,065.94</u>	<u>21,817,438.30</u>	<u>-</u>	<u>637,329,310.81</u>	
Additions to construction in progress, fixed assets and intangible assets	<u>34,803,209.81</u>	<u>468,114,959.51</u>	<u>43,738,477.21</u>	<u>78,347,202.61</u>	<u>2,650,857.00</u>	<u>6,036,496.09</u>	<u>1,481,402.09</u>	<u>426,380.77</u>	<u>6,852,273.85</u>	<u>-</u>	<u>642,451,258.94</u>	

## 5. GROSS PROFITS

	2024	2023
Total operating revenue	<b>3,486,660,703.09</b>	4,022,468,104.97
Less: Cost of operation	<b>3,291,640,521.96</b>	3,848,321,757.55
	<b><u>195,020,181.13</u></b>	<u>174,146,347.42</u>

## 6. TOTAL PROFITS

	2024	2023
<b>Total profits has been arrived at after charging/(crediting):</b>		
Staff costs (including directors' emolument)		
– Wages, salaries and other benefits	<b>536,969,698.64</b>	599,402,339.80
– Retirement scheme contribution	<b>70,895,137.12</b>	79,641,965.62
	<hr/>	<hr/>
Total staff costs	<b>607,864,835.76</b>	679,044,305.42
Amortization of intangible assets	<b>69,812,148.50</b>	79,223,275.78
Auditors' remuneration	<b>2,260,000.00</b>	2,260,000.00
Cost of inventories recognised as expense	<b>1,725,183,461.44</b>	1,463,792,572.00
Depreciation of fixed assets	<b>572,350,551.90</b>	515,933,613.78
(Reversal of) Provision for bad debts of trade receivable	<b>58,652,956.50</b>	18,571,708.09
Impairment loss on inventories	<b>9,514,718.12</b>	2,679,874.38
Impairment loss on goodwill	<b>164,787,623.84</b>	136,713,914.64
Impairment losses on fixed assets	<b>6,379,627.69</b>	3,921,414.26
Impairment loss on intangible assets	–	35,568,823.00
Impairment loss on long-term equity investments	–	–
Impairment loss on construction in progress	–	604,841.73
Impairment loss on contract assets	<b>12,656,646.06</b>	–
Minimum lease payment in respect of office, plant and staff quarter under operating leases	<b>15,078,286.78</b>	29,026,801.98
Research and development cost	<b>115,021,444.21</b>	171,163,139.12
Loss on disposal of fixed assets, net	<b>-4,394,509.60</b>	(710,819.45)
(Increase) Decrease in the fair value of financial assets investment at fair value through profit or loss	<b>-5,713,823.48</b>	(2,057,885.84)
(Increase) Decrease in the fair value of investment properties	<b>7,908,936.09</b>	2,498,217.75
Government grant	<b>50,642,982.48</b>	54,533,409.20
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## 7. FINANCE COSTS

	2024	2023
Interest expenses	<b>198,850,961.59</b>	185,180,503.41
Less: Interest income	<b>5,384,340.29</b>	16,412,980.23
Add: Exchange loss	<b>-8,074,225.97</b>	-277,492.46
Add: Other expenses	<b>383,851.70</b>	478,767.83
	<hr/>	<hr/>
Total	<b>185,776,247.03</b>	168,968,798.55
	<hr/> <hr/>	<hr/> <hr/>

Interest expenses consisting of:

	2024	2023
Interest on bank borrowings wholly repayable within 5 years	183,322,516.55	167,300,583.21
Bond interest based on effective interest rate	5,363,982.97	28,542,928.51
Interest expenses on lease liabilities	423,786.60	596,842.63
Decommissioning expenses	10,728,890.39	8,677,137.23
	<u>199,839,176.51</u>	<u>205,117,491.58</u>
Less: Capitalised interest	935,208.35	19,869,785.74
Loan interests subsidy from governments	53,006.57	67,202.43
	<u>198,850,961.59</u>	<u>185,180,503.41</u>

## 8. INCOME TAX

### (1) Income tax expense

	2024	2023
Current income tax expense	13,359,703.44	5,260,745.98
Deferred income tax expense	-5,824,991.29	-2,984,091.33
	<u>7,534,712.15</u>	<u>2,276,654.65</u>

### (2) Current income tax

	2024	2023
Current income tax expense		
– PRC	13,796,773.60	7,404,721.03
– Hong Kong	–	–
Over-provision in prior years		
– PRC	-437,070.16	-2,143,975.05
	<u>13,359,703.44</u>	<u>5,260,745.98</u>

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

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

- u) Fujian Oasis is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate.
- v) Longyan Oasis Environmental is qualified as a small-scale enterprise with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- w) Nanping Oasis Environmental is qualified as a small-scale enterprise with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- x) Sanming Oasis Environmental is qualified as a small-scale enterprise with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- y) Only 90% of revenue of Xiamen Oasis from resources utilization is included in total revenue for enterprise income tax calculation.
- z) Wosen Environmental is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate.
- aa) Dongjiang Kaida is qualified as a small-scale enterprise with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.
- bb) Jiangxi Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, only 90% of its revenue from comprehensive resources recycling is included in total revenue for enterprise income tax.
- cc) Humen Lyuan is entitled to income tax incentive for enterprises engaged in pollution prevention and control and enjoyed 15% EIT tax rate for a period from 2024 to 2027.
- dd) Zhuhai Yongxingsheng is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate.
- ee) Jiangsu Dongjiang is entitled to income tax incentive on environmental protection projects, energy saving and water saving projects that meet certain requirements, and enjoyed enterprise income tax exemption on rigid landfill from 2021 to 2023 and 50% enterprise income tax reduction from 2024 to 2026.
- ff) Baoan Dongjiang is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate. In addition, only 90% of its revenue from resources recycling is included in total revenue for enterprise income tax.
- gg) Huaxin Environmental is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate.
- hh) Jingzhou Dongjiang is entitled to income tax incentive on environmental protection projects that meet certain requirements, and enjoyed enterprise income tax exemption from 2020 to 2022 and 50% enterprise income tax reduction from 2023 to 2025.
- ii) Tangshan Wandesi is entitled to income tax incentive on environmental protection projects that meet certain requirements, and enjoys enterprise income tax exemption from 2020 to 2022 and 50% enterprise income tax reduction from 2023 to 2025.
- jj) Xiantao Dongjiang is entitled to income tax incentive for enterprises engaged in pollution prevention and control and enjoyed 15% EIT tax rate for a period from 2024 to 2027.
- kk) Foshan Fulong is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% EIT tax rate.
- ll) Xiongfeng Environment is entitled to tax incentive as a new and high technology enterprise, and enjoys 15% tax rate. In addition, only 90% of its revenue from comprehensive resources recycling is included in total revenue for enterprise income tax.
- mm) Dongjiang Kaian is qualified as a small-scale enterprise with low profitability under the relevant requirements of the Ministry of Finance, and only 25% of its revenue is included in taxable income and enjoys 20% EIT tax rate.

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

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 100% of VAT upon collection for revenue from power generation with biogas produced in the course of waste fermentation during the period from January to December 2024.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 30% of VAT upon collection for revenue from production and sales of resource comprehensive utilization products during the period from January to December 2024.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 70% of VAT upon collection for revenue from waste treatment and disposal business during the period from January to December 2024.

According to the Directory of VAT Concessions on Comprehensive Utilization of Goods and Services (2022) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation), the Company was entitled to tax incentive of refund of 70% of VAT upon collection for wastewater treatment business during the period from January to December 2024.

According to the Notice on the Tax Policy of Platinum and Its Products (Caishui [2003] No. 86)\* (《關於鉑金及其製品稅收政策的通知》(財稅[2003]86號)), domestic platinum producing companies qualified for tax incentives of refund of 100% VAT upon collection for revenue from self-production and self-sale. The Company was entitled to tax incentive of refund of 100% of VAT upon collection for revenue from rare and precious metals recycling business during the period from January to December 2024.

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

## **9. EARNINGS PER SHARE**

The basic earnings per share for the year ended 31 December 2024 is calculated based on the net profits for the year attributable to shareholders of the Company of RMB-804,185,867.23 (2023: RMB-750,470,568.53) and the weighted average number of approximately 1,105,255,802 ordinary shares in issue during the year ended 31 December 2024 (2023: 1,011,093,844 shares).

Diluted earnings per share was same as basic earnings per share for the two years ended 31 December 2024 as there were no diluting events during both years.

## **10. DIVIDENDS**

Dividends attributable to the Reporting Period are as follows:

	2024	2023
Interim dividend declared and distributed	-	-
Final dividend proposed for payment after the balance sheet date	<u>0.00</u>	<u>0.00</u>
Total	<u><u>0.00</u></u>	<u><u>0.00</u></u>

## 11. OTHER RECEIVABLES

	2024	2023
Trade receivable	1,157,870,341.29	1,100,918,082.79
Less: Provision for bad debts of accounts receivable	<u>134,272,710.38</u>	<u>78,969,675.63</u>
	<b>1,023,597,630.91</b>	1,021,948,407.16
Notes receivable	36,904,227.19	63,217,511.87
Including: Within 1 year	36,904,227.19	63,217,511.87
Receivables financing	18,055,682.89	8,265,364.14
Prepayments	140,488,382.04	109,245,227.02
Other receivables	317,697,476.03	239,562,543.92
Less: Provision for bad debts of other receivables	93,041,852.39	72,497,630.59
Non-current assets due within one year	<u>26,597,785.36</u>	<u>40,359,253.25</u>
Total	<u><b>1,470,299,332.03</b></u>	<u>1,329,382,170.27</u>

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

	2024	2023
<b>Aged</b>		
Within 1 year	540,139,017.80	506,623,018.14
1-2 years	188,934,086.00	219,720,012.52
2-3 years	192,854,302.94	118,591,596.27
Over 3 years	<u>235,942,934.55</u>	<u>255,983,455.86</u>
Total	<u><b>1,157,870,341.29</b></u>	<u>1,100,918,082.79</u>

## 12. OTHER PAYABLES

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

	2024	2023
<b>Aged</b>		
Within 90 days	479,203,580.77	284,367,220.75
91 to 180 days	23,751,599.77	45,489,480.16
181 to 365 days	34,502,763.87	240,897,459.71
Over 1 year	<u>77,278,936.55</u>	<u>105,247,862.26</u>
Trade payable	614,736,880.96	675,266,359.63
Receipts in advance	963,309.66	872,774.74
Other payables	<u>223,215,429.02</u>	<u>165,146,015.66</u>
Total	<u><b>838,915,619.64</b></u>	<u>841,285,150.03</u>

### 13. NET CURRENT ASSETS

	2024	2023
Current assets	3,563,956,903.50	3,660,957,317.77
Less: Current liabilities	<u>3,877,229,219.04</u>	<u>3,276,071,946.74</u>
Net current assets	<u><u>-313,272,315.54</u></u>	<u><u>384,885,371.03</u></u>

### 14. TOTAL ASSETS LESS CURRENT LIABILITIES

	2024	2023
Total assets	11,278,479,415.46	12,161,497,644.55
Less: Current liabilities	<u>3,877,229,219.04</u>	<u>3,276,071,946.74</u>
Total assets less current liabilities	<u><u>7,401,250,196.42</u></u>	<u><u>8,885,425,697.81</u></u>

### 15. LEASE

#### (1) As lessor

The rental income from lands and buildings (net of government rent, rates and other expenditure) for the current year was RMB18,929,049.48 (last year: RMB13,376,757.35).

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

Period	Amount of the current year	Amount of last year
Within 1 year	18,175,697.01	15,851,770.46
1 to 2 years	<u>16,787,679.19</u>	<u>11,435,529.61</u>
Total	<u><u>34,963,376.20</u></u>	<u><u>27,287,300.07</u></u>

#### (2) As lessee

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

Type	Amount
Short-term lease expense included in profit or loss of the current period	9,707,401.60
Lease expense of low value assets	229,637.32
Variable lease payments not included in the measurement of the lease liability	
Income from sublease of right-of-use assets	
Total cash outflow related to lease	15,212,864.46
Gain or loss from sales and leaseback transactions	



## **FINANCIAL REVIEW**

### **Total operating revenue**

For the year ended 31 December 2024, the Group's total operating revenue decreased by 13.32% as compared to 2023 to approximately RMB3,486,660,703 (2023: approximately RMB4,022,468,105). The decrease in total operating revenue was mainly because revenue of rare and precious metals recycling business decreased by approximately 42.85% as compared to the last year to RMB858,015,108 (2023: approximately RMB1,501,434,131). Meanwhile, affected by the increase in metal prices and the growth in collection and transportation volume of the non-hazardous treatment business, revenue from recycled products and non-hazardous treatment business increased. In particular, operating revenue from sale of recycled products increased by approximately 15.24% over the last year to approximately RMB1,301,252,838 (2023: approximately RMB1,129,149,057), and operating revenue from industrial waste treatment and disposal increased by approximately 2.38% over the last year to RMB935,401,534 (2023: approximately RMB913,656,623).

### **Profit**

For the year ended 31 December 2024, the Group's integrated gross profit margin was 5.59% (2023: 4.33%). The integrated gross profit margin increased by approximately 1.26 percentage points as compared with last year.

For the year ended 31 December 2024, net profit attributable to equity holders of the parent was approximately RMB-804,185,867 (2023: approximately RMB-750,470,569), representing a decrease of 7.16% over last year. The was mainly due to the fact that the hazardous waste market has continued to decline over the past year, with the profit margins of the Company's various businesses being squeezed to the limit. Under intense competition, the prices of some paid services have even fallen below the cost line, and due to rising metal prices, the costs of the Group's paid services have increased to varying degrees. With pressure from both ends, the Company continued to record operating losses. Meanwhile, considering the adverse effects of the industry where we operate and the changes in the business environment, the Company has made provision for asset impairment losses and credit impairment losses for certain assets, which has a significant impact on the profit for the year.

### **Selling expenses**

For the year ended 31 December 2024, the Group's selling expenses were approximately RMB86,936,913 (2023: approximately RMB90,592,850), accounting for 2.49% of the total operating revenue (2023: 2.25%). The decrease in selling expenses was mainly due to the decrease in both remuneration and other expenses as a result of the Company's efforts in extreme cost reduction.

### **Administrative expenses**

For the year ended 31 December 2024, the Group's administrative expenses were approximately RMB394,933,198 (2023: approximately RMB436,797,025), accounting for 11.33% of the total operating revenue (2023: 10.86%). During the Reporting Period, the Company's staff optimization and efficiency enhancement measures resulted in a decrease in administrative expenses.

### **Finance costs**

For the year ended 31 December 2024, the Group's finance costs were approximately RMB185,776,247 (2023: approximately RMB168,968,799), accounting for 5.33% (2023: 4.20%) of the total operating revenue.

The increase in finance costs was mainly due to an increase in expensed interest as a result of a decrease in capitalized interest following the transfer of new projects to fixed assets in last year.

### **Income tax expense**

For the year ended 31 December 2024, the Group's income tax expense were approximately RMB7,534,712 (2023: approximately RMB2,276,655). The increase in income tax expense was mainly due to the increase in income tax paid by the wastewater treatment business companies during the Reporting Period.

### **Financial Position and Liquidity**

As of 31 December 2024, net current assets of the Group amounted to approximately RMB-313,272,316 (2023: approximately RMB384,885,371), including cash and cash equivalents of approximately RMB1,016,307,175 in total (2023: approximately RMB1,237,810,787).

As of 31 December 2024, total liabilities of the Group amounted to approximately RMB7,127,589,599 (2023: approximately RMB7,119,601,251). The gearing ratio was 63.20% (2023: 58.54%). The current liabilities of the Group amounted to approximately RMB3,877,229,219 (2023: approximately RMB3,276,071,947). As of 31 December 2024, bank loans of the Group amounted to approximately RMB5,088,018,406 (2023: approximately RMB5,351,626,699).

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

### **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, the Group had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures.

### **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

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

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

### **Interest rate risk**

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

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

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

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

### **Foreign exchange risk**

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

### **Contingent liabilities**

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

Save as disclosed above, the Group had no other significant contingent liabilities for the year ended 31 December 2024.

## Capital commitment

As at 31 December 2024, the capital expenditure commitment of the Group was as follows:

Item	2024 <i>RMB</i>	2023 <i>RMB</i>
External investment		
– External investment commitments	<b>23,406,302.44</b>	16,926,302.44
– Significant outsourcing contracts	<b>71,830,125.95</b>	148,897,680.73
– Commitments to purchase and build long-term assets	<b>23,002,506.21</b>	32,489,879.43
Total	<b><u>118,238,934.60</u></b>	<b><u>198,313,862.60</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the Company tackled various difficulties, forged ahead with determination and actively addressed the fierce competition and operational challenges of the Company in the hazardous waste industry. Following the appointment of new management team at the beginning of the Reporting Period, the Company swiftly unified its vision and established a new goal of “ensuring operational stability and igniting new hope”. It precisely devised the “Three Pillars and Four Strengths” reform measures, implemented multiple rounds of reforms across systems such as market, operation, research and development, talent management and investment, optimized the management structure and enhanced operational efficiency. Through a series of reform and development initiatives, the Company achieved certain operational success.

Despite facing adverse factors such as a continuously deteriorating industry environment, intense market competition, and significant depreciation and amortization from transfer of newly commissioned projects to fixed assets, the Company recorded the following results during the Reporting Period: an operating loss of RMB841 million, representing a year-on-year loss reduction of approximately RMB46.27 million; a total profit of loss of RMB880 million, representing a year-on-year loss reduction of approximately RMB7.17 million; a comprehensive gross profit margin of 5.59%, up by 1.26 percentage points year-on-year; and a net operating cash flow of RMB125 million, representing a year-on-year increase of 12,084.36%. These figures indicate that the new management team’s measures of “stabilizing operations” have achieved preliminary success, laying a solid foundation for subsequent industrial upgrades and transformational development.

In expanding its comprehensive environmental services business, the Company relied on its subsidiary, Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd. (“**Qianhai Dongjiang**”), to innovatively launch service models such as “Environmental Smart Diagnosis” and “Environmental Stewardship”, and established joint ventures with multiple enterprises, collaborating in areas such as smart environmental stewardship, online monitoring and soil remediation, thereby enhancing the Company’s brand influence. Regarding the transformation and upgrading of its existing industrial hazardous waste business, the Company promoted process development and technical improvements to achieve efficient resource utilization of industrial hazardous waste and municipal waste. At the same time, it advanced the development of recycling products toward high-end and differentiated offerings, with new products such as firework-grade copper oxide and anhydrous copper chloride achieving mass production, increasing additional value of products. Additionally, the Company deeply integrated into the domestic circular economy framework, actively explored new opportunities and built a recycling resource utilization industrial chain to strive to create new profit growth drivers.

In terms of asset and capital management, the Company further optimized its capital allocation structure, vigorously implemented the “loss reduction and scale compression” special initiative, and completed the restructuring of 10 loss-making enterprises and 5 sub-scale enterprises throughout the year. Simultaneously, it decisively disposed of inefficient and obsolete assets, revitalized multiple assets, effectively recovered funds, and reduced operational risks. In financial control and management, the Company successfully issued medium-term notes, raising RMB500 million at an interest rate of 2.77%, with the annual comprehensive financing cost dropping to 3.3%. It also recovered a significant amount of accounts receivable, strongly safeguarding the Company’s operational “lifeblood”.

In technological innovation, the Company newly established two provincial-level science and technology innovation platforms during the year, bringing the total number of research platforms at all levels to 21. It also added two provincial-level “Specialization and Innovation” SMEs, accumulating a total of 14 such enterprises across all levels. The Company established a multi-tiered research framework, including national, provincial and municipal platforms such as postdoctoral research stations, provincial key laboratories and engineering technology research centers. It also deepened industry-academia-research cooperation with renowned universities such as Tsinghua University, Central South University and Wuhan University, providing robust support for technological innovation. Throughout the year, the Company secured 61 new patents, including 6 invention patents (including 1 U.S. patent) and 55 utility model patents. In particular, it obtained a U.S. patent for “A Method for Preparing Basic Copper Carbonate”, bringing its total valid patents to 632, including 2 international invention patents and 128 domestic invention patents.

In cost reduction and efficiency enhancement, the Company deeply explored opportunities to improve efficiency in all aspects. By systematically reviewing business areas such as waste packaging material recycling, recycled product structure adjustment and steam resource utilization, it formulated an “extreme rate efficiency improvement” strategy and simultaneously advanced 23 related projects, which yielded significant cost-saving and efficiency enhancement results, driving a counter-trend increase in the Company’s overall gross profit margin. At the same time, it implemented differentiated cost-reduction strategies tailored to each enterprise, deeply executed key cost-cutting measures such as technological upgrades, process optimization, auxiliary material substitution, and waste-to-waste treatment, thereby exceeding its annual cost-reduction “peak-climbing” target by 123%, effectively lowering operational costs.

In talent development, the Company comprehensively optimized its talent structure, streamlined 65 organizational units throughout the year. It vigorously promoted competitive recruitment, and conducted 7 rounds of competitions for 82 mid-level management positions. The Company recruited talents from 211/985 and “Double First-Class” universities in China and prestigious overseas universities through market-oriented channels, and established multiple development pathways for management, functional, business, technical, and production talents, thereby breaking through traditional seniority-based constraints and fostering a proactive and positive culture through a series of incentive measures.

Currently, the hazardous waste industry continues to face severe overcapacity. The company will strive to optimize its existing business, improve resource utilization efficiency, and actively phase out outdated production capacity. In addition, the Company is actively gaining strength from national policies, corporate culture and its own advantages, steadfastly pursuing an upscale industrial transformation in line with its latest strategic plan, and striving toward the goals of transforming to a “leading enterprise in China’s resource recycling industry” and an “outstanding comprehensive environmental service provider in China”.

## THE COMPANY'S FUTURE DEVELOPMENT PROSPECTS

The Company's next steps will continue to be guided by the "Three Pillars and Four Strengths" reform measures, focusing on upgrading existing industries and expanding new business areas, while steadfastly advancing transformation and upgrading in accordance with the strategic plan set by the Board.

First, the Company will focus on industrial chain upgrades to expand high-quality development potentials and continuously build a new pattern for industrial upgrading. Starting with iterating the shift of non-hazardous disposal businesses toward resource utilization and waste reduction, the Company will accelerate the expansion of copper salts, tin salts and other products into diverse and high-value-added categories, while actively exploring downstream deep processing in rare and precious metal recycling. At the same time, it will explore the creation of a resource recycling industrial chain. Targeting emerging fields such as recycled metals and plastic recycling, the Company will leverage the "Green Sorting Center + Digital Recycling Network" model to integrate upstream and downstream resources, achieving economies of scale and intensive advantages. It will enhance its "one-stop" comprehensive environmental service ecosystem, use the "Environmental Smart Diagnosis" platform as an entry point to integrate full-chain capabilities such as testing and consulting, intelligent management and engineering operations, thereby solidifying the foundation of municipal environmental protection businesses while expanding into incremental markets such as mine restoration and marine ecological management, eventually establishing a benchmark for comprehensive environmental management service providers.

Second, the Company will deepen reform and innovation to unleash vitality for high-quality development and continuously build a new pattern of corporate governance. The Company will strengthen the "production based on sales" model, improve incentive mechanisms for high-value-added products, accelerate overseas market expansion, and break through the bottleneck of low-end homogeneous competition. It will deepen penetrating management of production and operations, enhance dynamic scheduling and risk early warning through biweekly meeting mechanisms, implement "one enterprise, one strategy" for precise policy execution, and improve resource utilization efficiency. The Company will promote procurement centralization reform, expand the scope of headquarters' centralized procurement, and optimize supply chain resilience, thereby achieving cost reduction and efficiency enhancement. It will also strengthen strategic guidance, scientifically formulate the "15th Five-Year Plan", and strictly control investment risks and returns. The Company will deepen reforms of the three institutional systems, establish a talent evaluation system based on "innovation value + capability contribution", extend term-based contractual management to grassroots levels, use rigid assessments to enforce a "capable up, incapable down" mechanism for cadres, and stimulate the entrepreneurial spirit of all employees.

Third, the Company will strengthen technological leadership to drive momentum for high-quality development and continuously build a new pattern of technological innovation. The Company will target the high-end development of copper resource recovery products, accelerate research and development of differentiated products and seize commanding heights in different market segments. It will break through industrial technology bottlenecks such as producing monoammonium phosphate from waste phosphoric acid etching solutions and purifying calcium fluoride from fluorine-containing waste liquids, while advancing pilot projects such as the dismantling and recycling of waste photovoltaic components. The Company will accelerate the application of achievements by promoting the large-scale use of core processes such as "BOE full waste liquid resource recovery" and "EFBC collaborative treatment of landfill leachate" to improve resource recovery efficiency. It will also deepen industry-academia-research collaboration by jointly establishing national environmental engineering technology centers or key laboratories with universities and institutes, forming a closed loop of "technology research and development – pilot incubation – industrialization" to solidify the technical foundation for green development.



Fourth, the Company will implement lean management to tap into the potential for high-quality development and continuously build a new pattern of cost control. The Company will improve the cost control system, strictly manage non-operating expenses and capital investments, and leverage the financial sharing platform to enhance data collection capabilities, thereby achieving refined cost management and striving to meet annual cost reduction targets. The Company will use “extreme rate efficiency improvement” to expand profit margins, focus on revitalizing idle assets and expanding overseas incremental businesses to cultivate new growth drivers. It will also advance the “slimming and fitness” initiative, accelerate the disposal of equity in loss-making, low-efficiency, and non-performing enterprises and optimize the asset structure to ensure resources are concentrated on high-return businesses, and resolutely eliminate loss-making factors.

Fifth, the Company will deepen industrial-finance collaboration and leverage high-quality development to continuously build a new pattern of capital-driven growth. Leveraging the advantages of the listed company platform, the Company will focus on core areas such as resource recycling and environmental services, collaborate with leading institutions to identify high-quality merger and acquisition targets and accelerate industrial chain integration.

## **POSSIBLE RISKS AND COUNTERMEASURES**

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

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

### **2. Risk related to production safety and environmental protection**

In terms of safety, hazardous wastes are corrosive, toxic, flammable, reactive or infectious in nature, which have high industry standards and requirements on the skills of operators, operating techniques and processes and safety management measures. There are certain safety risks during its collection, storage, and disposal processes. In terms of environmental protection, factors such as management capabilities, techniques and processes, environmental protection equipment and facilities, capital investment, and natural disasters collectively impact the environmental management effectiveness of hazardous waste disposal companies, increasing environmental risks. At the same time, changes in environmental policies and regulations may impose new requirements on the Company’s hazardous waste disposal operations. If an enterprise fails to adapt in a timely manner, it may face risks of non-compliance and environmental pressure. The Company will continue to strengthen the management of its pollutant treatment facilities, raise employees’ awareness of compliance operations, and fully enhance its safety protection capability to minimise the risk related to safety and environmental protection.



### **3. Risk related to metal price fluctuation**

The main products of the Company's recycling business are recycled products such as copper sulfate, basic copper chloride and copper oxide, and rare and precious metal products such as refined bismuth, crude silver, refined tellurium and antimony oxide. The selling prices of these products are determined based on their metal element content and with reference to the spot prices of metals published by metal exchanges, and may be subject to fluctuations in metal prices. The Company will firmly implement the procurement-production-sales plan, increase efforts in product sales, accelerate operating turnover, reduce inventory backlog and prevent and control the price risk caused by fluctuations in metal prices.

## **FINANCIAL BUDGET FOR THE YEAR 2025**

### **I. EXPLANATION FOR PREPARATION OF THE BUDGET**

This budget is prepared by the Company based on the principle of prudence, together with market situation and business expansion plan according to the requirements of the consolidated statements and based on the Company's budget and the business development plan of each business segment, waste treatment and disposal plan, production and sales plan of recycled products and rare and precious metals for Year 2025. This budget is prepared based on the assumption that the operation plans of the Company are completed on time and in volume as specified in the plans.

The budget was prepared after summarizing the operation condition in 2024 and analyzing the circumstances of the operation in 2025, and in line with the Company's corporate development strategy with full regard to the impacts of factors, including market environment, business expansion and sales prices during the budget period. This budget includes the parent company, its controlled subsidiaries and branches.

### **II. BASIC ASSUMPTIONS**

1. No material changes in the applicable current national and local laws, regulations and rules with which the Company complies.
2. No material changes in social and economic environment of the place of principal operations and relevant regions of business of the Company.
3. No adverse impacts will arise from material changes in objective factors including severe shortage in transportation, telecommunication, water and electricity and raw materials which will affect production and operation of the Company in 2025.
4. Fluctuation of the credit interest rate, taxation policy regarding production and operation of the Company are within normal range.
5. No material changes in the existing production organization structure of the Company, completion and commencement for production of the planned investment projects will take place on schedule.
6. No material adverse impacts on the Company due to other force majeure and unforeseeable factors.

### III. KEY INDICATORS OF THE BUDGET OF 2025

1. The net profit attributable to the parent company is expected to record a year-on-year loss reduction of no less than 20% in 2025.
2. The operating revenue is expected to record a year-on-year increase of no less than 20% in 2025.

**Special notice: The budget is a control indicator for internal management for the Company's business plan in 2025 and is set out for the information of the shareholders of the Company ("Shareholders") and potential investors. It should not be taken as the Company's profit forecast in 2025. Whether the budget could be realized depends on a number of factors including changes in market conditions and the efforts of the operation team, and is subject to a high degree of uncertainties. Shareholders and potential investors should pay attention to investment risks, and are advised to exercise caution in dealing in securities of the Company. Shareholders and potential investors should consult their professional consultants if they have any questions about their own situation.**

### DIVIDENDS

Considering that the Company recorded a loss during the Reporting Period, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

### EVENTS DURING THE REPORTING PERIOD

#### **Continuing Connected Transaction – Waste Treatment and Disposal Service Agreement**

On 20 January 2024, Shaoguan Smelter of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd.\* (深圳市中金嶺南有色金屬股份有限公司韶關冶煉廠) ("Shaoguan Smelter") and Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.\* (韶關東江環保再生資源發展有限公司), (a subsidiary of the Company, "Shaoguan Sustainable Resources") entered into a waste treatment and disposal service agreement (the "**Waste Treatment and Disposal Service Agreement**"), pursuant to which Shaoguan Smelter has agreed to engage Shaoguan Sustainable Resources for the provision of services for transportation and disposal of acid resistant bricks of up to 460 tons. Based on 460 tons of acid resistant bricks to be processed, the total service fees payable by Shaoguan Smelter to Shaoguan Renewable Resources under the Waste Treatment and Disposal Service Agreement should not exceed RMB391,000 (inclusive of tax).

Shaoguan Smelter is indirectly controlled by Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is regarded as an associate of Guangdong Rising Holdings Group, it is therefore considered to be a connected person of the Company. The Waste Treatment and Disposal Service Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 20 January 2024.

## Continuing Connected Transaction – Facility Agreement

On 28 May 2024, Kelamayi Wosen Environmental Technology Co., Ltd.\* (克 拉 瑪 依 沃 森 環 保 科 技 有 限 公 司) (a wholly-owned subsidiary of the Company, “**Wosen Environmental**”) entered into a facility agreement (the “**Facility Agreement**”) with Guangdong Rising Finance Co., Ltd.\* (廣 東 省 廣 晟 財 務 有 限 公 司) (“**Rising Finance**”), pursuant to which Rising Finance has agreed to provide 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), it is 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.

## Litigation involving the Company and the freezing of part of the funds in the designated fundraising account

Due to a contractual dispute, Jiangxi Environmental Protection Co., Ltd.\* (江 西 環 保 股 份 有 限 公 司, “**Jiangxi Environmental Protection**”), as plaintiff, has initiated legal proceedings at the People’s Court of Gongqingcheng City (the “**Court**”) against the Company, Gui Jianping\* (桂 建 平) and Zhou Yue\* (周 玥) as defendants (collectively, the “**Defendants**”) under case number “(2024) Gan 0482 Minchu No. 1134” (the “**Case**”). The claims sought by Jiangxi Environmental Protection are as follows:

- (a) an order requiring the three Defendants, the Company, Gui Jianping\* and Zhou Yue\* to compensate the plaintiff for the various costs (including expenses related to environmental pollution investigation, risk assessment, risk management and control, effectiveness evaluation, wages, travelling expenses etc.) incurred in the amount of RMB88,750,905.60 and corresponding interest on funds occupied (calculated at an annual interest rate of 4.35%, based on the actual amounts of the expenses paid, accruing from the date of each payment until full settlement of the respective amount), on a joint and several basis.
- (b) an order requiring the three Defendants, the Company, Gui Jianping\* and Zhou Yue\* to bear the plaintiff’s legal fees of RMB300,000 and the litigation properties preservation insurance fee of RMB50,000 (provisional), on a joint and several basis.

(The provisional total claim amount above amounts to RMB96,317,554.88).

- (c) litigation costs and preservation fees of the case be borne by the three Defendants.

In connection with the aforementioned litigation, Jiangxi Environmental Protection has simultaneously applied to the Court for pre litigation property preservation in relation to the Case, freezing part of the funds in the Company’s designated fundraising account (being funds raised through the non-public issuance of A shares completed in 2023), with an amount of RMB96,317,554.88.

The Case was heard on 12 March 2025 for the first time, but no judgment has been rendered.

For details, please refer to the Company’s announcement dated 20 August 2024.

### **Continuing Connected Transaction – Sale and Purchase Framework Agreement**

On 28 August 2024, the Company and Shandong Zhongjin Lingnan Copper Co., Ltd.\* (山東中金嶺南銅業有限責任公司, “**Zhongjin Copper**”) has entered into a sale and purchase framework agreement (the “**Sale and Purchase Framework Agreement**”), pursuant to which the Group (as seller) has agreed to sell copper recycling products to Zhongjin Copper and its subsidiaries (as purchaser), for a term from 28 August 2024 to 31 December 2024. The annual cap for the transactions contemplated under the Sale and Purchase Framework Agreement for the year ending 31 December 2024 is RMB60 million.

As Zhongjin Copper is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 28 August 2024.

### **Performance of guarantee obligations**

On 26 March 2021, the Company entered into a joint liability guarantee agreement (the “**Guarantee Agreement**”) with the Postal Savings Bank, pursuant to which the Company agreed to provide a joint liability guarantee for the loan facility in the principal amount of RMB246 million granted to Mianyang Dongjiang Environmental Technology Co., Ltd.\* (綿陽東江環保科技有限公司, “**Mianyang Dongjiang**”), a subsidiary of the Company. The other shareholders of Mianyang Dongjiang, namely Sichuan Diwosi Environmental Technology Co., Ltd.\* (四川迪沃斯環保科技有限公司, “**Diwosi**”) (holding 29.5% equity interest) and Mianyang Xinkeyuan Environmental Protection Technology Co., Ltd.\* (綿陽市鑫科源環保科技有限公司, “**Xinkeyuan**”) (holding 19.5% equity interest) pledged the respective equity interests in Mianyang Dongjiang held by them to the Company as a form of counter-guarantee and jointly undertaken the guarantee obligations.

Mianyang Dongjiang has been facing liquidity difficulties in working capital for production and operations. The Company, pursuant to the relevant provisions of the Guarantee Agreement, has fulfilled its guarantee obligations to pay in place of Mianyang Dongjiang its outstanding loan to Postal Savings Bank in the amount of RMB19.0759 million.

For details, please refer to the overseas regulatory announcement of the Company dated 9 July 2020 and the announcement dated 20 September 2024.

### **Discloseable and Continuing Connected Transactions – The New Financial Services Agreement**

On 24 December 2024, the Company and Rising Finance entered into a new financial services agreement (the “**New Financial Services Agreement**”), pursuant to which Rising Finance agreed to provide deposit services (the “**Deposit Services**”), settlement services, credit services and other financial services to the Group. The term of the New Financial Services Agreement is three years after the New Financial Services Agreement and the transactions contemplated thereunder are approved by the independent shareholders of the Company at the extraordinary general meeting to be held by the Company.

As Rising Finance is a subsidiary of Guangdong Rising Holdings Group, which is a substantial shareholder of the Company, Rising Finance is a connected person of the Company. Accordingly, the entering into of the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. An extraordinary general meeting will be convened and held on 23 April 2025 for the independent shareholders to consider and, if thought fit, approve the resolution relating to the New Financial Services Agreement and the transactions contemplated thereunder (including the Deposit Services and Deposit Caps).

For details, please refer to the Company's announcement dated 24 December 2024 and circular dated 28 March 2025.

## **SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2024**

### **Performance of guarantee obligations**

As Mianyang Dongjiang remains to be unable to repay the loan, the Company will further fulfill its guarantee obligations to pay in place of Mianyang Dongjiang its outstanding loan to Postal Savings Bank in the amount of RMB21.805 million, comprising loan principal of RMB20 million and interest of RMB1.805 million, pursuant to the relevant provisions of the Guarantee Agreement.

For details, please refer to the Company's announcement dated 14 March 2025.

On 24 December 2021, the Company agreed to provide a joint liability guarantee in favour of Wandesi (Tangshan Caofeidian) Environmental Protection Technology Co., Ltd. \* (萬德斯(唐山曹妃甸)環保科技有限公司, "**Tangshan Wandesi**"), a controlled subsidiary of the Company, for a loan facility of RMB200 million, with a maximum debt amount of RMB160 million (the "**Guarantee**"). A letter of guarantee (the "**Letter of Guarantee**") has been issued to HSBC Bank (China) Co., Ltd., Tangshan Branch\* (滙豐銀行(中國)有限公司唐山分行, "**HSBC**"). The other shareholders of Tangshan Wandesi, namely, Nanjing Wandesi Environmental Protection Technology Co., Ltd.\* (南京萬德斯環保科技股份有限公司, "**Nanjing Wandesi**", holding 16% of the equity interest) and Guantuo Technology (Hebei) Co., Ltd. \* (觀拓科技(河北)有限公司, "**Guantuo Technology**", holding 4% of the equity interest) pledged the respective equity interests in Tangshan Wandesi held by them to the Company as a form of counter-guarantee and jointly undertaken the guarantee obligations.

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

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

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

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

## **SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has been firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with Shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders’ value and profit. The Company has complied with the applicable Code Provisions in the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Listing Rules throughout the Reporting Period, except for the following deviation:

### **Code Provision B.2.2 of CG Code**

Pursuant to Code Provision B.2.2 of the CG Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The three-year term of the seventh session of the Board and the supervisory committee (“**Supervisory Committee**”) of the Company expired on 21 December 2023. As the nomination of candidates for the members of the new session of the Board and Supervisory Committee was not completed, the election and appointment of the members of the Board and the Supervisory Committee was postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the committees under the seventh session of the Board and the senior management of the Company was extended correspondingly. The Company completed the election and appointment of the members of the Board and the Supervisory Committee on 10 October 2024, and fulfilled the corresponding information disclosure obligations in a timely manner. Before completion of the re-election and appointment, all members of the seventh session of the Board and Supervisory Committee and senior management of the Company continued to perform their respective duties in accordance with the relevant laws and regulations and the Articles of Association to ensure the normal operation of the Group. In view of the above, the Company considers that the temporary deviation from the Code Provision B.2.2 of the CG Code had no material impact on the overall operations of the Company.

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

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

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Company has established an Audit and Risk Management Committee (the “**Audit and Risk Management Committee**”) in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the CG Code for the purpose of, amongst others, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, formulating and implementing policies in relation to the non-audit services provided by auditors, reviewing the Company’s financial information and its disclosure, monitoring the Company’s internal control system and its implementation, and reviewing and providing supervision over the Group’s financial reporting process and internal controls of the Company.

The Audit and Risk Management Committee comprises three independent non-executive Directors, namely Mr. Siu Chi Hung, Mr. Li Jinhui and Mr. Wang Shi. 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 audited consolidated results for the year ended 31 December 2024 and this announcement.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

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

## **PUBLICATION OF THE 2024 ANNUAL RESULTS AND ANNUAL REPORT**

This 2024 annual results announcement is published respectively on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.dongjiang.com.cn](http://www.dongjiang.com.cn)). The 2024 annual report of the Company will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in April 2025.

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

Shenzhen, the PRC  
28 March 2025

*As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Wang Bi’an, Mr. Li Xiangli and Mr. Yu Fan; three non-executive Directors, Mr. Wang Shi, Mr. Liu Xiaoxuan and Mr. Jia Guorong; and three independent non-executive Directors, being Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Xiang Ling.*

\* For identification purpose only