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## DONGJIANG ENVIRONMENTAL COMPANY LIMITED\*

(a joint ownership company incorporated in the People's Republic of China)  
(Stock code: 00895)

### INSIDE INFORMATION SUMMARY OF 2022 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the overseas regulatory announcement issued by Dongjiang Environmental Company Limited (the "Company") on 30 October 2022 (the "Announcement") regarding the Company's 2022 Third Quarterly Report for the nine months ended 30 September 2022 (the "Reporting Period") of the Company. Set out below is a summary of the key information as set out in the said quarterly report:

Unless otherwise specified, financial information of the Company is presented in Renminbi ("RMB").

#### FINANCIAL STATEMENT

##### 1. CONSOLIDATED BALANCE SHEET

Unit: RMB

| Item   | As at 30 September 2022<br>(unaudited) | As at 31 December 2021<br>(audited) |
|--|--|-------------------------------------|
| Current assets:  |  |                                     |
| Monetary fund  | 1,019,340,092.93                       | 550,421,369.21                      |
| Settlement Deposits                                    |  |                                     |
| Placements with banks and other financial institutions |  |                                     |
| Held-for-trading financial assets                      |  |                                     |
| Derivative financial assets                            |  |                                     |
| Notes receivable                                       |  | 1,500,000.00                        |

|   |                  |                  |
|---|------------------|------------------|
| Accounts receivable                           | 1,089,489,354.08 | 1,022,764,012.55 |
| Receivables financing                         | 58,613,663.41    | 86,330,421.85    |
| Prepayments                                   | 175,932,381.89   | 113,307,876.94   |
| Premium receivable                            |                  |                  |
| Reinsurance accounts receivable               |                  |                  |
| Provision for reinsurance contract receivable |                  |                  |
| Other accounts receivable                     | 187,704,960.57   | 168,707,562.78   |
| Including: Interest receivable                |                  |                  |
| Dividend receivable                           |                  |                  |
| Purchase and resale of financial assets       |                  |                  |
| Inventories                                   | 681,452,914.97   | 550,901,693.78   |
| Granted loans and advances                    | 63,994,000.00    | 103,576,200.00   |
| Contractual assets                            | 137,207,205.21   | 127,148,894.80   |
| Assets held-for-sale                          |                  |                  |
| Non-current asset due within one year         | 43,111,546.82    | 40,111,182.93    |
| Other current assets                          | 115,269,825.96   | 212,559,751.93   |
| Total current assets                          | 3,572,115,945.84 | 2,977,328,966.77 |
| Non-current assets:                           |                  |                  |
| Granted loans and advances                    |                  |                  |
| Debt investments                              |                  |                  |
| Other debt investments                        |                  |                  |
| Long-term accounts receivable                 |                  |                  |
| Long-term equity investment                   | 297,351,147.73   | 298,221,878.81   |
| Investment in other equity instruments        | 4,242,896.51     | 4,242,896.51     |
| Other non-current financial assets            |                  |                  |
| Investment properties                         | 456,662,610.00   | 456,662,610.00   |
| Fixed assets                                  | 4,134,973,997.14 | 4,266,697,793.60 |
| Construction in progress                      | 1,287,074,950.39 | 1,015,213,235.36 |
| Productive biological assets                  |                  |                  |
| Oil and gas assets                            |                  |                  |
| Right-of-use assets                           | 4,646,101.52     | 8,580,060.13     |
| Intangible assets                             | 1,238,960,441.09 | 1,290,566,730.06 |

|   |                   |                   |
|---|-------------------|-------------------|
| Development expenditure   | 22,109,796.35     | 15,710,768.93     |
| Goodwill  | 1,173,774,873.18  | 1,182,401,838.46  |
| Long-term unamortized expenses  | 91,139,207.17     | 100,920,782.31    |
| Deferred income tax assets  | 49,185,200.47     | 50,388,872.85     |
| Other non-current assets  | 160,147,068.18    | 146,274,229.94    |
| Total non-current assets  | 8,920,268,289.73  | 8,835,881,696.96  |
| Total assets  | 12,492,384,235.57 | 11,813,210,663.73 |
| Current liabilities:  |                   |                   |
| Short-term borrowings   | 1,057,050,000.00  | 1,944,231,778.18  |
| Borrowings from central bank  |                   |                   |
| Loans from other banks  |                   |                   |
| Held-for-trading financial liabilities                                    |                   |                   |
| Derivative financial liabilities  |                   |                   |
| Notes payable   |                   | 132,980.00        |
| Accounts payable  | 649,087,945.17    | 839,842,787.72    |
| Receipts in advance   |                   | 504,708.85        |
| Contractual liabilities   | 181,668,854.66    | 138,257,088.91    |
| Proceeds from disposal of financial assets under agreements to repurchase |                   |                   |
| Receipt of deposits and deposits from other banks                         |                   |                   |
| Funds received as agent of stock exchange                                 |                   |                   |
| Funds received as stock underwriter                                       |                   |                   |
| Employee benefits payables  | 33,471,377.89     | 55,140,121.59     |
| Tax payable   | 42,322,408.96     | 38,054,722.48     |
| Other accounts payable  | 463,904,951.51    | 520,788,759.83    |
| Including: Interest payable   |                   |                   |
| Dividend payable  |                   |                   |
| Handling fees and commission payable                                      |                   |                   |
| Reinsurance accounts payable  |                   |                   |
| Liabilities held-for-sale   |                   |                   |
| Non-current liabilities due within one year                               | 621,400,863.57    | 261,696,149.50    |
| Other current liabilities   | 1,018,221,260.43  | 6,872,518.98      |

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Total current liabilities         | 4,067,127,662.19 | 3,805,521,616.04 |
| Non-current liabilities:          |                  |                  |
| Provision for insurance contracts |                  |                  |
| Long-term borrowings              | 2,296,963,876.55 | 1,173,417,545.51 |
| Bonds payable                     | 499,738,936.40   | 1,099,386,720.95 |
| Including: Preferred shares       |                  |                  |
| Perpetual bond                    |                  |                  |
| Lease liabilities                 | 2,362,308.39     | 3,524,534.88     |
| Long-term accounts payables       |                  |                  |

## 2. CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

Unit: RMB

| Item  | For the nine months ended<br>30 September 2022<br>(unaudited) | For the nine months ended<br>30 September 2021<br>(unaudited) |
|---|---|---|
| I. Total operating revenue                            | 2,848,333,653.36  | 2,642,161,075.64  |
| Including: Operating revenue                          | 2,848,333,653.36  | 2,642,161,075.64  |
| Interest income                                       |   |   |
| Premium income  |   |   |
| Handling charges and<br>commission income             |   |   |
| II. Total operating cost                              | 3,017,023,540.43  | 2,486,101,801.05  |
| Including: Cost of operation                          | 2,368,313,667.09  | 1,890,838,184.46  |
| Interest expenses                                     |   |   |
| Handling charges and<br>commission expenses           |   |   |
| Surrenders  |   |   |
| Net claims expenses                                   |   |   |
| Net provisions for<br>insurance contracts<br>reserve  |   |   |
| Insurance policy dividend<br>paid                     |   |   |
| Reinsurance costs                                     |   |   |
| Tax and levies  | 31,856,437.31   | 30,038,626.45   |
| Selling expenses                                      | 76,391,731.12   | 87,007,124.74   |
| Administrative expenses                               | 306,198,526.40  | 291,036,032.77  |
| Research and development<br>expenses                  | 114,638,442.49  | 99,592,897.45   |
| Finance costs   | 119,624,736.02  | 87,588,935.18   |
| Including: Interest<br>expense                        | 126,189,965.20  | 92,552,557.96   |
| Interest<br>income                                    | 6,444,958.47  | 5,426,471.90  |
| Add: Other gains                                      | 46,174,503.46   | 46,666,023.32   |
| Gain from investment<br>(Loss represented in - signs) | 6,434,489.30  | 11,436,637.09   |

|  |                 |                |
|--|-----------------|----------------|
| Including: Investment revenue in associates and joint ventures                               | -680,518.29     | 11,760,007.12  |
| Gain on derecognition of financial asset measured at the amortized cost                      |                 |                |
| Exchange gain<br>(Loss represented in - signs)   |                 |                |
| Gain from net exposure hedges<br>(Loss represented in - signs)                               |                 |                |
| Gain on fair value changes<br>(Loss represented in - signs)                                  |                 |                |
| Credit impairment loss<br>(Loss represented in - signs)                                      | -5,593,130.54   | -11,361,141.51 |
| Asset impairment loss<br>(Loss represented in - signs)                                       | -8,817,178.07   |                |
| Gain on disposal of assets<br>(Loss represented in - signs)                                  | 449,651.43      | 3,771,349.91   |
| III. Operating profit<br>(Loss represented in - signs)                                       | -130,041,551.49 | 206,572,143.40 |
| Add: Non-operating income  | 15,483,820.47   | 4,376,960.35   |
| Less: Non-operating expenses   | 3,245,423.97    | 12,400,560.70  |
| IV. Total profit<br>(Total loss represented in - signs)                                      | -117,803,154.99 | 198,548,543.05 |
| Less: Income tax expenses  | 11,966,279.26   | 26,790,680.81  |
| V. Net profit<br>(Net loss represented in - signs)   | -129,769,434.25 | 171,757,862.24 |
| (1) Classified on a going concern basis  |                 |                |
| 1. Net profit from continuing operations<br>(Net loss represented in - signs)                | -129,769,434.25 | 171,757,862.24 |
| 2. Net profit from discontinued operations<br>(Net loss represented in - signs)              | 0.00            | 0.00           |
| (2) Classified according to the ownership  |                 |                |
| 1. Net profit attributable to owners of the parent company (Net loss represented in - signs) | -90,247,031.86  | 162,398,728.22 |

2. Profit and loss  
attributable to minority





### 3. CONSOLIDATED CASH FLOW STATEMENT FOR THE REPORTING PERIOD

*Unit: RMB*

| Item                                     | For the nine months ended<br>30 September 2022<br>(unaudited) | For the nine months ended<br>30 September 2021<br>(unaudited) |
|--|---|---|
| I. Cash flows from operating activities: |   |   |
| Cash received from                       |   |   |

|   |                  |                  |
|---|------------------|------------------|
| Cash paid for compensation under original insurance contract                                  |                  |                  |
| Net increase in placements with banks and other financial institutions                        |                  |                  |
| Cash paid for interests, handling charges and commissions                                     |                  |                  |
| Cash paid for g dividend  |                  |                  |
| Cash paid to and on behalf of employees   | 554,351,193.16   | 512,406,936.68   |
| Payments of taxes and levies  | 112,018,463.11   | 133,086,004.06   |
| Other cash payments relating to operating activities  | 118,095,780.75   | 119,059,604.32   |
| Sub-total of cash outflows from operating activities  | 3,133,413,217.39 | 2,468,727,665.19 |
| Net cash flows from operating activities  | 184,219,857.17   | 256,341,301.95   |
| II. Cash flows from investing activities:   |                  |                  |
| Cash received from investments  |                  |                  |
| Cash received from returns on investments   |                  |                  |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 5,341,510.01     | 5,047,721.60     |
| Net cash received from disposal of subsidiaries and other operating units                     | 11,105,261.00    |                  |
| Other cash receipts relating to investing activities  |                  |                  |
| Sub-total of cash inflows from investing activities   | 16,446,771.01    | 5,047,721.60     |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets               | 444,128,897.89   | 687,197,370.48   |
| Cash paid on investments  | 24,515,104.00    | 14,715,671.23    |
| Net increase in pledged loans   |                  |                  |

|  |                  |                   |
|--|------------------|-------------------|
| Sub-total of cash outflows from investing activities   | 485,314,970.39   | 1,097,424,530.91  |
| Net cash flows from investing activities   | -468,868,199.38  | -1,092,376,809.31 |
| III. Cash flows from financing activities:   |                  |                   |
| Cash received from financing   |                  | 9,000,000.00      |
| Including: Cash received by subsidiaries from investment from minority shareholders                        |                  | 9,000,000.00      |
| Cash received from borrowings  | 3,293,352,692.08 | 2,917,981,257.12  |
|  |                  |                   |
|  | 3,293,352,692.08 | 2,926,981,257.12  |
| Cash payments for settlement of borrowings   | 2,285,768,927.81 | 1,956,022,654.64  |
| Cash payments for distribution   | 226,713,345.67   | 251,827,926.60    |
|  |                  |                   |
| Including: Cash payments for distribution of dividends and profit by subsidiaries to minority shareholders | 41,600,000.00    | 38,500,000.00     |
|  |                  |                   |

Affected by various unfavorable factors such as the repeated outbreak of waves of COVID-19 pandemic and the complex and difficult external business environment, the current domestic economic growth has slowed down. Upstream companies are operating under a reduced scale and the overall waste amount in the market has reduced. At the same time, the number of industry participants continued to increase, and the approved scale of hazardous waste qualification is higher than the amount of hazardous waste generated, resulting in increasingly fierce competition in the market. In the third quarter, both the volume of harmless collection and transportation and the price of disposal dropped significantly. Meanwhile, the recycling business was affected by the decline in commodity metal prices and the increase in the discount rate of collection and transportation, the gross profit margin dropped significantly, therefore the Company is facing a serious decline in profits.

Facing the difficult industry and market situation, the Company will proactively formulate strategies to resolve the situation. Firstly, to tap into the market, expand the collection and transportation volume, adopt proactive and flexible market strategies, and focus in the collection and transportation services for major customers on the premises of ensuring operational cash flow, and at the same time, to make str137 00.1275 rg0.13d451.1275 rgto