



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)



2023 INTERIM REPORT

* For identification purpose only



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

TAN Kan (*Chairman*)

YU Zhongmin (*Chief executive officer*)

LIN Peifeng

NON-EXECUTIVE DIRECTORS

TANG Yi

SHAN Xiaomin

JIN Yongfu

INDEPENDENT NON-EXECUTIVE DIRECTORS

LI Jinhui

SIU Chi Hung

GUO Suyi

SUPERVISORS

YU Fan

ZHANG Hao

JIANG Ping

COMPANY SECRETARY

MOK Ming Wai

AUDIT AND RISK MANAGEMENT COMMITTEE

SIU Chi Hung (*Chairman*)

LI Jinhui

GUO Suyi

REMUNERATION AND APPRAISAL COMMITTEE

GUO Suyi (*Chairman*)

LI Jinhui

SIU Chi Hung

NOMINATION COMMITTEE

LI Jinhui (*Chairman*)

TAN Kan

SIU Chi Hung

STRATEGIC DEVELOPMENT COMMITTEE

TAN Kan (*Chairman*)

LIN Peifeng

LI Jinhui

AUTHORISED REPRESENTATIVES

TAN Kan

MOK Ming Wai

STOCK CODES

A shares listed on Shenzhen Stock

Exchange: 002672

H shares listed on The Stock Exchange of

Hong Kong Limited: 00895

AUTHORISED REPRESENTATIVE TO ACCEPT SERVICE OF PROCESSES AND NOTICES

Jeffrey Mak Law Firm

AUDITORS

WUYIGE Certified Public Accountants LLP

LEGAL ADVISERS

Jeffrey Mak Law Firm (*as to Hong Kong law*)

Grandall Law Firm (Shenzhen)

(*as to China law*)

PRINCIPAL BANKER

China Merchants Bank



HONG KONG H SHARE REGISTRAR

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

REGISTERED OFFICE

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

COMPANY'S WEBSITE

www.dongjiang.com.cn

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

INTERIM RESULTS (UNAUDITED)

The board (the “Board”) of directors (the “Directors”) of Dongjiang Environmental Company Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 (the “Reporting Period” or “Period”), together with the comparative figures of the corresponding period of 2022, as follows:

Unless otherwise stated, the financial information in this report is presented in thousands of Renminbi (“RMB’000”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2023 (Unaudited) RMB’000	Six months ended 30 June 2022 (Unaudited) RMB’000
Revenue	4	2,006,484	2,033,460
Cost of sales and services		(1,890,819)	(1,622,030)
Gross profit		115,665	411,430
Other income		34,114	46,562
Selling expenses		(32,893)	(48,207)
Administrative expenses		(190,971)	(189,960)
Other operating expenses		(88,218)	(101,005)
Net provision for loss allowance on trade, loans and other receivables		(3,930)	(6,228)
Impairment loss on goodwill		–	(8,627)
Finance costs	5	(87,945)	(84,216)
Share of results of associates		(1,872)	(2,222)
Share of results of joint ventures		(980)	45
(Loss) profit before taxation	6	(257,029)	17,572
Income tax credits (expenses)	7	2,943	(10,857)
(Loss) profit for the Period		(254,086)	6,715

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	Note	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Other comprehensive loss			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations		(39)	(8)
Total comprehensive (loss) income for the Period		(254,125)	6,707
(Loss) profit for the Period attributable to:			
Equity holders of the Company		(198,921)	20,410
Non-controlling interests		(55,165)	(13,695)
(Loss) profit for the Period		(254,086)	6,715
Total comprehensive (loss) income for the Period attributable to:			
Equity holders of the Company		(198,960)	20,402
Non-controlling interests		(55,165)	(13,695)
Total comprehensive (loss) income for the Period		(254,125)	6,707
		RMB cents (Unaudited)	RMB cents (Unaudited)
(Loss) earnings per share			
Basic and diluted	8	(20.05)	2.32

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Restated) RMB'000
Note		
Non-current assets		
Investment properties	518,285	518,285
Property, plant and equipment	4,207,306	4,403,078
Construction in progress	1,256,656	1,086,114
Right-of-use assets	747,992	749,029
Intangible assets	482,390	495,877
Goodwill	985,053	985,053
Interests in associates	166,403	164,357
Interests in joint ventures	98,505	106,985
Designated financial assets at fair value through other comprehensive income ("FVOCI")	4,243	4,243
Trade receivables and contract assets	93,468	94,712
Other non-current assets	37,202	45,419
Deferred tax assets	59,125	58,302
	8,656,628	8,711,454
Current assets		
Inventories	799,535	649,715
Loans receivables	–	880
Trade receivables and contract assets	1,219,681	1,252,709
Prepayment, deposits and other receivables	461,573	496,669
Prepaid income tax	5,450	4,234
Cash and cash equivalents	1,560,223	622,716
	4,046,462	3,026,923

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Restated) RMB'000
Current liabilities			
Trade payables	12	537,238	686,424
Contract liabilities		151,123	142,285
Lease liabilities		4,183	1,563
Current portion of interest-bearing borrowings	13	1,707,603	1,288,262
Bond payables	14	506,489	744,404
Due to controlling shareholder	15	–	343,803
Income tax payables		3,343	6,657
Other payables		218,329	245,031
		3,128,308	3,458,429
Net current assets (liabilities)		918,154	(431,506)
Total assets less current liabilities		9,574,782	8,279,948

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Restated) RMB'000
Non-current liabilities			
Lease liabilities		8,280	1,961
Interest-bearing borrowings	13	2,928,689	2,577,062
Bond payables	14	499,964	499,813
Provisions	16	180,250	173,010
Deferred income		171,108	181,267
Deferred tax liabilities		62,160	62,554
Other payables		4,682	4,853
		3,855,133	3,500,520
Net assets			
		5,719,649	4,779,428
Capital and reserves			
Share capital	17	1,105,256	879,267
Reserves		3,949,907	3,179,328
Equity attributable to equity holders of the Company		5,055,163	4,058,595
Non-controlling interests		664,486	720,833
Total equity		5,719,649	4,779,428

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Statutory reserve (Unaudited) RMB'000	Property revaluation reserve (Unaudited) RMB'000	Exchange reserve (Unaudited) RMB'000	Other reserve (Unaudited) RMB'000	Accumulated profits (Unaudited) RMB'000	Total reserves (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2023 (before restatement)	879,267	451,166	269,816	17,851	(253)	1,360	2,436,667	3,176,607	4,055,874	720,602	4,776,476
Restatement	-	-	-	-	-	-	2,721	2,721	2,721	231	2,952
As at 1 January 2023 (after restatement)	879,267	451,166	269,816	17,851	(253)	1,360	2,439,388	3,179,328	4,058,595	720,833	4,779,428
Loss for the Period	-	-	-	-	-	-	(198,921)	(198,921)	(198,921)	(55,165)	(254,086)
Other comprehensive loss	-	-	-	-	(39)	-	-	(39)	(39)	-	(39)
Exchange difference on translation of foreign operations	-	-	-	-	(39)	-	-	(39)	(39)	-	(39)
Total comprehensive loss for the Period	-	-	-	-	(39)	-	(198,921)	(198,960)	(198,960)	(55,165)	(254,125)
Transactions with equity holders of the Company											
Contributions and distributions:											
Issuance of share capital	225,989	968,319	-	-	-	-	-	968,319	1,194,308	-	1,194,308
Increase (decrease) in other reserve	-	-	-	-	-	1,220	-	1,220	1,220	(208)	1,012
Changes in ownership interest:											
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(974)	(974)
	225,989	968,319	-	-	-	1,220	-	969,539	1,195,528	(1,182)	1,194,346
As at 30 June 2023	1,105,256	1,419,485	269,816	17,851	(292)	2,580	2,240,467	3,949,907	5,055,163	664,486	5,719,449

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Attributable to owners of the Company										
	Share capital (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Statutory reserve (Unaudited) RMB'000	Property revaluation reserve (Unaudited) RMB'000	Exchange reserve (Unaudited) RMB'000	Other reserve (Unaudited) RMB'000	Accumulated profits (Unaudited) RMB'000	Total reserves (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Non- controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2022	879,267	451,166	275,428	17,851	(199)	199	2,981,207	3,725,652	4,604,919	842,876	5,447,795
Profit for the Period	-	-	-	-	-	-	20,410	20,410	20,410	(13,695)	6,715
Other comprehensive loss											
Exchange difference on translation of foreign operations	-	-	-	-	(8)	-	-	(8)	(8)	-	(8)
Total comprehensive income for the Period	-	-	-	-	(8)	-	20,410	20,402	20,402	(13,695)	6,707
Transactions with equity holders of the Company											
<i>Contributions and distributions:</i>											
Increase in other reserve	-	-	-	-	-	108	-	108	108	40	148
Dividend (Note 9)	-	-	-	-	-	-	(48,360)	(48,360)	(48,360)	-	(48,360)
<i>Changes in ownership interest:</i>											
Deregistration of a subsidiary	-	-	(5,611)	-	-	-	5,611	-	-	-	-
As at 30 June 2022	879,267	451,166	269,817	17,851	(207)	307	2,958,868	3,697,802	4,577,069	829,221	5,406,290

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Net cash (used in) from operating activities	(152,218)	162,052
Investing activities		
Interest received from associates	7,500	–
Purchase of property, plant and equipment, construction in progress and right-of-use assets	(224,507)	(295,765)
Proceeds from disposal of property, plant and equipment and intangible assets	358	4,005
Net cash inflow on disposal of subsidiaries	–	11,105
Net cash outflow from acquisition of subsidiaries in previous years	(9,406)	(24,515)
Net cash used in investing activities	(226,055)	(305,170)
Financing activities		
Net proceeds from issuance of shares	1,196,226	–
Interest paid	(111,167)	(80,243)
Proceeds from interest-bearing borrowings, bond payables and due to controlling shareholder	2,165,421	2,291,680
Repayment of interest-bearing borrowings, bond payables and due to controlling shareholder	(1,930,075)	(1,939,698)
Repayment of lease liabilities	(2,736)	–
Net cash from financing activities	1,317,669	271,739
Net increase in cash and cash equivalents	939,396	128,621
Cash and cash equivalents at beginning of the Reporting Period	617,856	521,425
Effect of exchange rate changes on cash and cash equivalents	24	(8)
Cash and cash equivalents at end of the Reporting Period, represented by cash and time deposits at banks and other financial institution	1,557,276	650,038



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Group are investment holding, processing and sales of recycled products, sales of recycled rare and precious metals, provision of waste treatment services, provision of environmental protection systems and services, and trading of chemical products.

2. BASIS OF PREPARATION

The condensed interim financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This condensed interim financial information contains the condensed consolidated financial statements and selected explanatory notes for the six months ended 30 June 2023 that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2022, and therefore, does not include all the information and disclosures required for a full set of financial statements prepared in accordance with all applicable IFRSs. They shall be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

The condensed interim financial information is unaudited, but has been reviewed by the audit and risk management committee of the Company (the “Audit and Risk Management Committee”).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Change in accounting policies

The accounting policies adopted in preparing this condensed interim financial information are consistent with those applied in preparing the Group's consolidated financial statements for the year ended 31 December 2022. Save as disclosed below, the adoption of the new/revised International Financial Reporting Standards ("IFRSs") that are relevant to the Group and effective for the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

IFRS 17	<i>Insurance Contracts and Relevant Amendments</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The Group has not early adopted any new/revised IFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2023. The Directors are in the process of assessing the possible impact on the future adoption of these new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Impact of initial adoption of amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

During the Reporting Period, the Group has applied for the first time the amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The impact of adoption of the amendments on the Group's condensed consolidated statement of financial position as at 1 January 2023 is as follows:

Condensed consolidated statement of financial position	31 December 2022 and 1 January 2023		1 January 2023
	Before restatement	Restatement	After restatement
	RMB'000	RMB'000	RMB'000
Non-current assets			
Deferred tax assets	25,887	32,415	58,302
Non-current liabilities			
Deferred tax liabilities	33,091	29,463	62,554
Capital and reserves			
Accumulated profits	2,436,667	2,721	2,439,388
Non-controlling interests	720,602	231	720,833



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Going concern

For the six months ended 30 June 2023, the Group had a net loss of approximately RMB254 million. As at 30 June 2023, the Group's current assets exceeded its current liabilities by approximately RMB918,154,000. On the same date, the Group maintained cash and time deposits (excluding restricted funds and pledged deposits) at banks and other financial institution of approximately RMB1,557,276,000.

Meanwhile, taking into account of the Group's sufficient unutilized credit facilities from banking institutions and the amount of registered unissued Medium Notes and Super Short-term Financing Bonds, the Board believed that the Group will have sufficient funds to meet its requirements for foreseeable operations, repayment of debts as and when they fall due and capital expenditures for the next twelve months from 30 June 2023 and therefore the Group has continued to prepare the condensed interim financial information on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

The reportable segments are determined based on the internal organisation structure, management requirements and reporting system. The key management of the Company, who are the chief operating decision makers, review the operating results of these reportable segments regularly to decide on resources allocation and evaluate their performance. Major products and services provided by each reportable segment of the Group includes industrial waste recycling, industrial waste treatment and disposal, rare and precious metals recycling, municipal waste treatment and disposal, renewable energy utilisation, environmental engineering and services, others as well as household appliances dismantling.

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

For the six months ended 30 June 2023 – unaudited

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and precious metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue	515,553	467,240	843,855	83,303	14,527	55,148	20,041	60,256	9,750	(63,189)	2,006,484
Intersegment revenue	-	(31,730)	-	-	-	(14,228)	(7,481)	-	(9,750)	63,189	-
Revenue from external customers	515,553	435,510	843,855	83,303	14,527	40,920	12,560	60,256	-	-	2,006,484
Cost of sales	(483,728)	(396,942)	(811,181)	(82,156)	(17,974)	(36,563)	(6,439)	(55,833)	(22,802)	-	(1,913,620)
Segment operating (cost) income, net	31,825	38,568	32,674	1,147	(3,447)	4,357	6,121	4,421	(22,802)	-	92,864
	(67,455)	(202,069)	(28,546)	(3,101)	(6)	2,440	(3,028)	(12,227)	(28,293)	(4,956)	(247,041)
Segment profit before tax	(35,630)	(163,501)	4,128	(1,954)	(3,454)	6,996	3,094	(7,805)	(51,095)	(4,956)	(254,177)
Share of results of associates											(1,872)
Share of results of joint ventures											(980)
Income tax expense											2,943
Loss for the Period											(254,086)
Segment assets											
Segment assets	2,208,130	4,849,455	996,641	592,979	252,204	418,677	522,034	625,242	7,767,989	(5,795,169)	12,438,182
Interest in associates											166,403
Interest in joint ventures											98,505
Total assets											12,703,090
Segment liabilities											
	266,949	3,144,507	453,238	249,935	13,145	170,400	168,105	354,286	2,602,268	(439,392)	6,983,441

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION *(Continued)*

Other segment information

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and precious metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Depreciation and amortisation	(54,926)	(120,627)	(24,791)	(14,750)	(6,273)	(10,414)	(12,965)	(15,552)	(55,464)	-	(315,783)
Share of result of associates	-	-	-	-	-	-	-	-	(1,872)	-	(1,872)
Share of result of joint ventures	-	-	-	-	-	-	-	-	(980)	-	(980)
Reversal of (provision for) loss allowance on trade, loans and other receivables, net	52	(243)	-	153	(2,857)	(342)	504	(431)	(767)	-	(3,930)
Interest expense	(23,233)	(20,479)	(5,042)	(3,652)	-	(69)	(2,641)	(10,717)	(22,112)	-	(87,945)
Interest income	887	1,426	28	2,573	109	115	628	-	2,739	-	8,505

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2022 – unaudited

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and precious metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue	754,230	679,513	375,380	82,361	19,912	49,303	25,373	73,321	32,896	(58,829)	2,033,460
Intersegment revenue	-	(11,128)	-	-	-	(3,022)	(11,783)	-	(32,896)	58,829	-
Revenue from external customers	754,230	668,385	375,380	82,361	19,912	46,281	13,590	73,321	-	-	2,033,460
Cost of sales	(650,072)	(432,651)	(339,661)	(75,242)	(22,179)	(31,162)	(3,632)	(67,431)	-	-	(1,622,030)
Segment operating (cost) income, net	104,158	235,734	35,719	7,119	(2,267)	15,119	9,958	5,890	-	-	411,430
	(86,478)	(208,381)	(40,435)	(4,193)	4,570	(4,460)	(3,754)	(7,246)	(20,627)	(20,627)	(391,681)
Segment profit (loss) before tax	17,680	27,353	(4,716)	2,926	2,303	10,659	6,204	(1,356)	(20,627)	(20,627)	19,749
Share of results of associates											(2,222)
Share of results of joint ventures											45
Income tax expense											(10,857)
Profit for the Period											6,715
Segment assets											
Segment assets	2,583,192	3,858,017	992,764	510,841	280,396	500,489	619,651	632,672	4,955,738	(3,167,948)	11,765,812
Interest in associates											192,400
Interest in joint ventures											103,454
Total assets											12,061,666
Segment liabilities	358,403	2,521,775	398,238	223,073	19,804	155,774	109,105	337,443	2,664,771	(133,010)	6,655,376

Other segment information

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and precious metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Depreciation and amortization	(28,661)	(194,711)	(28,866)	(11,627)	(3,389)	(3,945)	(4,102)	(13,355)	(22,685)	-	(311,341)
Share of result of associates	-	-	-	-	-	-	-	-	(2,222)	-	(2,222)
Share of result of joint ventures	-	-	-	-	-	-	-	-	45	-	45
Impairment loss on goodwill	-	-	-	-	(8,627)	-	-	-	-	-	(8,627)
Impairment loss on interests in an associate	-	-	-	-	-	-	-	-	(190)	-	(190)
Provision for loss allowance on trade, loans and other receivables, net	82	(385)	-	243	(4,528)	(542)	800	(683)	(1,215)	-	(6,228)
Interest expense	(12,800)	(33,501)	(5,523)	(960)	-	(76)	(3,598)	(11,740)	(28,139)	-	(96,337)
Interest income	407	654	13	1,180	50	50	276	-	1,271	-	3,901

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE

Revenue represents the consideration expected to be received in respect of the transfer of goods and services in accordance with IFRS 15 and rental income from leasing services. The amount of each significant category of revenue recognised during the Period is as follows:

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Revenue from contracts with customers within IFRS 15		
Recognised at point in time		
Industrial waste recycling	515,553	754,230
Renewable energy utilisation	14,527	19,912
Household appliance dismantling	60,256	73,321
Rare and precious metals recycling	843,855	375,380
Others	7,703	9,034
Recognised over time		
Industrial waste treatment and disposal	435,510	668,385
Municipal waste treatment and disposal	83,303	82,361
Environmental engineering and services	40,920	46,281
	2,001,627	2,028,904
Revenue from other sources		
Rental income	4,857	4,556
	2,006,484	2,033,460

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Finance costs		
Interest on bank and other loans	78,852	71,375
Interest on bond payables	24,008	24,568
Interest on lease liabilities	298	394
Total borrowing costs	103,158	96,337
Less: Interest capitalised into construction in progress	(15,213)	(12,121)
	87,945	84,216

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4.40% per annum (for the six months ended 30 June 2022: 4.38% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Other items		
Cost of sales	1,375,157	1,082,975
Cost of services	515,662	539,055
Depreciation and amortization		
– Property, plant and equipment*	273,973	271,245
– Intangible assets*	29,710	28,733
– Right-of-use assets*	12,100	11,363
Net exchange loss (gain)	(144)	21
Research and development expenses	63,738	85,653
Provision for (reversal of) loss allowance on		
– Trade receivables and contract assets	3,098	1,234
– Other receivables	832	5,672
– Loans receivables	–	(678)
Impairment loss on interests in an associate	–	190
Impairment loss on goodwill	–	8,627
Gain on disposal and deregistration of subsidiaries	–	(7,015)
Loss on disposal of property, plant and equipment and intangible assets	(260)	(625)
Direct operating expenses arising from investment properties that generated rental income	1,232	331
Increase in provision for loss on legal dispute**	–	1,400

* These items are included in cost of sales, cost of services and administrative expenses in the condensed consolidated statement of comprehensive income.

** This item is included in other operating expenses in the condensed consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. TAXATION

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Current tax		
Enterprise Income Tax of the PRC		
Current period	3,192	10,017
(Over) under provision in prior period	(4,918)	652
Current tax (credit) expense	(1,726)	10,669
Deferred tax (credit) expense	(1,217)	188
Total tax (credit) expenses for the Period	(2,943)	10,857

The applicable tax rate of 15% is the weighted average of rates prevailing in the territories in which the group entities operate with reference to the Company's applicable tax rate.

The enterprise income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential income tax rate specifically for certain PRC subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

The calculation of the basic loss (2022: earnings) per share for the Period is based on the loss attributable to the ordinary equity holders of the Company of approximately RMB198,921,000 (30 June 2022: profit of RMB20,410,000) and the weighted average number of 992,261,452 shares (30 June 2022: 879,267,102 shares) in issue during the Period.

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

9. DIVIDEND

	Note	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Dividend approved and paid during the Period			
Final dividend in respect of 2022 of RMB0 per ordinary share (Final dividend in respect of 2021 of RMB0.055 per ordinary share)	9(a)	-	48,360

(a) The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: RMB0.055 per ordinary share).

No interim dividend was declared for the six months ended 30 June 2023 (30 June 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. LOANS RECEIVABLES

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Loans receivables from money lending business	8,330	9,210
Less: Loss allowance	(8,330)	(8,330)
	–	880

The ageing analysis of loans receivables, before loss allowance, by start date of loan period is summarised as follows:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Over 3 years	–	880

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Trade receivables			
From third parties		487,819	581,539
From the government		588,860	584,999
From joint ventures	11(b)	39,680	38,746
From associates	11(b)	11,092	13,352
From fellow subsidiaries	11(b)	2,028	2,101
		1,129,479	1,220,737
Less: Loss allowance	11(a)	(62,161)	(59,095)
		1,067,318	1,161,642
Bills receivables	11(c)	94,365	40,962
Contract assets		151,466	144,817
Less: Non-current portion of contract assets		(93,468)	(94,712)
		57,998	50,105
		1,219,681	1,252,709

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES AND CONTRACT ASSETS *(Continued)*

11(a) Trade receivables

The ageing analysis of trade receivables by invoice date is summarised as follows:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Within 1 year	690,907	722,931
1 to 2 years	136,179	159,202
2 to 3 years	101,064	100,489
Over 3 years	201,329	238,115
	1,129,479	1,220,737

11(b) Trade receivables from joint ventures/associates/fellow subsidiaries

The trade receivables from joint ventures, associates and fellow subsidiaries are unsecured, interest-free and have no fixed repayment term. At the end of the Reporting Period, no allowance was made for non-repayment of the amounts.

11(c) Bills receivables

The bills receivables represent bank acceptance notes with remaining term within 180 days at the end of the Reporting Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE PAYABLES

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Trade payables			
To third parties	12(b)	519,650	666,874
To associates	12(c)	9,881	8,043
To joint ventures	12(c)	83	2,985
To fellow subsidiaries	12(c)	7,624	8,162
	12(a)	537,238	686,424

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE PAYABLES *(Continued)*

12(a) Trade payables

The ageing analysis of trade payables by invoice date is summarised as follows:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Within 1 year	430,905	568,727
1 to 2 years	70,133	73,181
2 to 3 years	14,755	15,611
Over 3 years	21,445	28,905
	537,238	686,424

12(b) Trade payables to third parties

The Group is given a credit period within 30 to 90 days from its general trade creditors. For construction projects, the credit period given to the Group is mutually agreed in individual construction agreement.

12(c) Trade payables to associates/joint ventures/fellow subsidiaries

The amounts due are unsecured, interest-free and have no fixed repayment term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST-BEARING BORROWINGS

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Bank loans:		
Secured	1,152,985	1,388,053
Unsecured	3,364,777	2,393,041
	4,517,762	3,781,094
Other loans:		
Secured	118,530	84,230
	4,636,292	3,865,324

As at 30 June 2023, the Group's secured bank loans are pledged by following assets:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Investment properties	95,185	95,185
Property, plant and equipment	830,370	703,421
Land use rights	344,450	324,363
Construction in progress	227,369	227,369
Trade receivables	5,695	9,579
	1,503,069	1,359,917

As at 30 June 2023, the secured other loans are pledged by property, plant and equipment with an carrying amount of RMB104,934,000 (as at 31 December 2022: RMB111,837,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST-BEARING BORROWINGS *(Continued)*

The maturity of the interest-bearing borrowings and analysis of the amount due (including the effect of repayment on demand clause) are as follows:

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
The maturity of the interest-bearing borrowings:		
Within one year	1,707,603	1,726,479
In the second year	1,039,165	603,630
In the third year to the fifth year, inclusive	1,586,322	1,217,540
Over five years	303,202	317,675
	4,636,292	3,865,324
Portion classified as current liabilities	(1,707,603)	(1,288,262)
	2,928,689	2,577,062

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. BOND PAYABLES

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Medium Notes	14(a)	499,964	741,342
Super Short-term Financing Bonds	14(b)	506,489	502,875
		1,006,453	1,244,217

The carrying value of bonds are repayable as follows:

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Within one year	14(a)	506,489	744,404
Over one year	14(b)	499,964	499,813
		1,006,453	1,244,217

14(a) During the Reporting Period, the Company has fully repaid the medium-term notes ("Medium Notes") with total face value of RMB230,000,000.

14(b) The Company completed the issuance of the first tranche of the 2023 Super Short-term Financing Bonds on 19 January 2023, the issuing size of the Super Short-term Financing Bonds was RMB500,000,000, with an annual interest rate of 3.29% and maturity on 18 July 2023, subject to payment of interest at the maturity date.

During the Reporting Period, the Company has fully repaid the second tranche of the 2022 Super Short-term Financing Bonds with an issue size of RMB500,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. DUE TO CONTROLLING SHAREHOLDER

The amounts due to controlling shareholder of approximately RMB343,803,000 as of 31 December 2022 were fully repaid during the Period.

16. PROVISIONS

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Provisions for potential loss on disputes	16(a)	915	915
Provisions for reinstatement costs	16(b)	179,335	172,095
		180,250	173,010

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. PROVISIONS *(Continued)*

16(a) Provisions for potential loss on disputes

At the end of the Reporting Period, the amounts represent provisions for potential loss in respect of the legal cases of which the Group was the defendant.

	Note	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Legal dispute of Jiangsu Dongheng Environmental Holdings Co., Ltd. ("Dongheng Environmental")	(i)	915	915

- (i) On 25 March 2013, Jiangsu Guangxing Group Co., Ltd., ("Jiangsu Guangxing") and Dongheng Environmental, a subsidiary of the Company, entered into an agreement for the construction project of Jiangsu Dongheng High Technology Park. Such construction was completed in June 2015 and there was a dispute on the validity of the agreement, investment return and the project cost between Jiangsu Guangxing and Dongheng Environmental.

On 9 December 2019, Jiangsu Guangxing commenced court proceedings to sue Dongheng Environmental on the ground that Dongheng Environmental failed to pay the project cost and investment return of RMB48,300,000 as stipulated in the agreement and made a legal claim to Dongheng Environmental for the project costs, investment return and relevant losses arising from the suspension and delay. Both parties disagreed on the above-mentioned claim amounts and they were engaged in a legal proceeding.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. PROVISIONS *(Continued)*

16(a) Provisions for potential loss on disputes *(Continued)*

(i) *(Continued)*

The court made a judgement in November 2021 that Dongheng Environmental should compensate the project costs, investment return and relevant losses arising from the suspension and delay of RMB22,331,000, interest accrued to Jiangsu Guangxing, and bear the legal costs of RMB221,000. The Group disagreed with the judgement and appealed to the court in December 2021. The litigation is still ongoing. In 2022, the Group settled the construction fee of RMB9,673,000. Trade payables of RMB13,003,000 (31 December 2022: RMB13,003,000) were recorded by the Group as at 30 June 2023.

The court made a ruling in May 2022 to withdraw the court decision in November 2021 and the case returned to the retrial stage. The case is still under legal proceeding.

In the view of the Directors, the possible potential loss of the disputes in relation to the construction project would be the accrued interest on the outstanding trade payables of RMB915,000 (31 December 2022: RMB915,000) and it is the best estimate of the provision recognised as at 30 June 2023.

16(b) Provisions for reinstatement costs:

The amount as at 30 June 2023 represents the provision for reinstatement costs for the hazardous waste landfill to enable the stable operation of the hazardous waste landfill after decommissioning.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE CAPITAL

	As at 30 June 2023		As at 31 December 2022	
	Number of shares (Unaudited)	RMB'000 (Unaudited)	Number of shares (Audited)	RMB'000 (Audited)
Authorised:				
Ordinary shares of RMB1 each	1,105,255,802	1,105,256	879,267,102	879,267
Issued and fully paid:				
At the beginning of the Reporting Period	879,267,102	879,267	879,267,102	879,267
Issued during the Reporting Period	225,988,700	225,989	–	–
At the end of the Reporting Period	1,105,255,802	1,105,256	879,267,102	879,267

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

- (i) Other than disclosed elsewhere in the condensed consolidated financial statements, the Group had the following related party transactions during the Period.

Relationship	Nature of transactions	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Companies controlled by the same controlling shareholder of the Company	Services income	2,367	1,998
	Service fee	(1,458)	–
	Purchase of goods	–	(14,426)
Joint ventures	Services income	2,848	16,284
	Royalty income	3,996	5,781
	Service fee	(433)	(6,533)
Associates	Services income	495	7,570
	Service fee	(415)	(35)
	Purchase of goods	(235)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS *(Continued)*

- (ii) Remuneration for key management personnel (including directors) of the Group:

	Six months ended 30 June 2023 (Unaudited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Salaries, allowances and other short-term benefits	1,952	2,315
Contributions to defined contribution plans	398	396
	2,350	2,711

- (iii) The Company has provided a guarantee for the loan of Dongguan Fengye Solid Waste Treatment Co., Ltd., an associate of the Company, since 15 October 2018, and the guarantee amount of the Company was not more than RMB44,000,000, which would be terminated at 15 October 2033.

The Company has provided a guarantee for the loan of Fujian Xingye Dongjiang Environmental Technology Co., Ltd. ("Xingye Dongjiang"), an associate of the Company, since 30 March 2018 and 18 July 2018, and the guarantees amounts of the Company were not more than RMB150,000,000 and RMB50,000,000 respectively, which would be terminated at 29 March 2025 and 17 October 2024 respectively.

The Company has provided a guarantee for the loan of Xingye Dongjiang since 30 June 2021 with a total amount of not more than RMB57,375,000, which would be terminated at 15 September 2026.

Further details of the above transactions were set out in the Company's announcements dated 24 October 2018, 16 January 2018 and 29 March 2021 respectively.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTIES TRANSACTIONS *(Continued)*

- (iv) On 25 February 2020 and 14 August 2020, the Company entered into the Financial Services Agreement and Supplementary Financial Services Agreement with Guangdong Rising Finance Co., Ltd. ("Rising Finance Company") respectively. On 9 August 2022, the Company renewed the Financial Services Agreement with Guangdong Rising Finance for a term of three years, pursuant to which, Rising Finance Company will provide the Group (including its subsidiaries) with deposit services, settlement services and other financial services as permitted by the China Banking and Insurance Regulatory Commission. As at 30 June 2023, the Company has a deposit balance of approximately RMB211,979,000 (as at 31 December 2022: RMB467,990,000) with Rising Finance Company and a loan balance of RMB118,530,000 (as at 31 December 2022: RMB84,230,000) from Rising Finance Company based on actual capital requirements. Deposits with Rising Finance Company constitute continuing connected transactions under Chapter 14A of the Listing Rules.

19. FAIR VALUE MEASUREMENTS

The Directors generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The Directors review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. FAIR VALUE MEASUREMENTS *(Continued)*

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the condensed consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

As at 30 June 2023 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>Designated financial assets at FVOCI</i>				
Unlisted equity investment				
– Banking industry	–	–	4,243	4,243
Investment properties	–	–	518,285	518,285

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. FAIR VALUE MEASUREMENTS *(Continued)*

As at 31 December 2022 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>Designated financial assets at FVOCI</i>				
Unlisted equity investment				
– Banking industry	–	–	4,243	4,243
Investment properties	–	–	518,285	518,285

Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each Reporting Period.

20. CAPITAL COMMITMENTS

	As at 30 June 2023 (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000
Contracted but not provided for:		
Construction in progress	207,445	237,014
Purchase of property, plant and equipment	43,660	37,717
Equity investments in associates	25,203	29,121
	276,308	303,852

21. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of the Group for the six months ended 30 June 2023 was approved by the Board on 25 August 2023.




MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2023, there were no signs of improvement in the hazardous waste disposal industry. Affected by industry overcapacity and intense market competition, the cost of collecting and transporting recycled raw materials continued to rise, while the volume and prices of harmless treatment of hazardous waste declined. As a result, companies faced severely squeezed profits and continued losses. Facing a challenging and complex competitive environment in the industry, the Company focused on “stable operation” and coordinated efforts to advance market penetration, project construction, technological innovation, and lean management so as to ensure a solid foundation for the Company’s stable operation amid fierce competition and contribute to the stable operation and long-term development of the Company.

During the Reporting Period, the Company achieved operating revenue of approximately RMB2,006 million, representing a decrease of approximately 1.33% as compared to the same period of last year; and loss attributable to equity holders of the Company amounted to approximately RMB199 million, as compared to a profit of approximately RMB20.41 million for the same period of last year. In terms of business segments, the industrial waste recycling business and industrial waste treatment and disposal business achieved revenue of approximately RMB516 million and approximately RMB436 million respectively, representing a year-on-year decrease of approximately 31.65% and approximately 34.84% respectively; the rare and precious metals recycling business achieved revenue of approximately RMB844 million, representing a year-on-year increase of approximately 124.80%. In the first half of 2023, the total amount of hazardous waste collected and transported by the Company still recorded year-on-year decrease, but an improvement was seen as compared to the second half of 2022 in terms of the amount of waste collected. Affected by the overall overcapacity in the industry, the overall prices of harmless disposal and customer unit price for year-based customers declined, and coupled with the continuous increase in discount rate for collection and transportation of copper-containing and tin-containing wastes and liquid wastes for the recycling business, leading to a continuous decrease in the gross profit of the Company’s main business of hazardous waste.



Facing intense market competition, the Company adhered to a customer-oriented approach and further stimulated the momentum of new market development. Firstly, it adopted a differentiation strategy to expand its market presence, diversified and captured market shares through multiple channels, and continuously explored potential market resources. Secondly, it focused on improving service quality, fully tapped into service demands, enhanced customer loyalty, and expanded and deepened the cooperation with existing customers. Thirdly, it provided customized value-added services to customers, offered integrated and comprehensive solutions, and continued to develop new customers. Through efforts in market expansion, the Company started to see a recovery in the volume of hazardous waste collection and transportation during the Reporting Period, gradually approaching the level in the same period in 2022.

For cost reduction and efficiency enhancement, the Company put great efforts in special tasks such as “slimming and fitness” and “asset revitalization”. Regarding the corporate governance below designated scale, efforts have been made to increase the business size of Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd. and Zhuhai Dongjiang Environment Technology Co., Ltd.. In terms of asset revitalization, the Company continued to revitalize the factory properties of Xiamen Oasis Environmental Industrial Co., Ltd., Bitang factory of Chenzhou Xiongfeng Environment Technology Company Limited (“Xiongfeng Environment”) and Jiangsu Dongheng Environmental Holdings Co., Ltd.. During the Reporting Period, the Company implemented various extreme cost reduction measures, effectively reducing operating costs. With these efforts, the production and manufacturing costs were reduced by approximately RMB38 million, and labour costs recorded year-on-year decrease of approximately RMB30 million.

For capital operation, the Company successfully completed the non-public issuance of A Shares and raised a total of approximately RMB1.2 billion. The project of non-public issuance of A Shares of the Company (“new A Shares”) received wide attention from investors including central state-owned enterprises, publicly offered funds and foreign institutions, attracting a total of 15 investors with capital of RMB1.8 billion to participate in the subscription, representing an oversubscription of 1.47 times, and the final offer price was RMB5.31 per new A Shares, representing 112.74% of the base price for the issuance. The financing project has provided solid financial support for the Company’s future development and has strengthened the Company’s confidence in overcoming challenges.



For technological innovation, the Company actively promoted the development of high-value copper products and improved product quality during the Reporting Period. For waste acids that are highly difficult to process, the Company adopted synergistic disposal with high-salt and high-ammonia nitrogen stock solution for evaporation to recycle fluorine, sodium, ammonia nitrogen, chloride and other content. It also promoted innovative processes for reducing high-salt/fly ash, applied fly ash stabilization and salt separation techniques, and explored business models with lower costs. During the Reporting Period, the Company facilitated the finalization and verification of the national key research and development project of “Recycling of Heavy Metals from Inorganic Waste Acid – Key Technology and Demonstration of Waste Acid Recycling”. The project of “Key Technology and Application of Efficient Utilization of Circuit Board Resources and Pollution Prevention and Control in the Whole Life Cycle” jointly completed with Tsinghua University won the first prize for Innovation Achievements of Industry-University-Institution Cooperation in China in 2022, 8 enterprises were recognized as “Specialized and Innovative Enterprises”, and 50 new patents were granted.

Financial Review

Total operating revenue

For the six months ended 30 June 2023, the Group’s total operating revenue decreased by 1.33% as compared to the corresponding period in 2022 to approximately RMB2,006,484,000 (for the six months ended 30 June 2022: approximately RMB2,033,460,000). The decrease in total operating revenue was mainly due to the fact that competition in the hazardous waste disposal and recycling industries continued to intensify during the Reporting Period, the raw material collection and transportation costs of the recycling business continued to increase, and both the volume and price of hazardous wastes of the harmless treatment business declined, resulting in a year-on-year decrease in overall sales. During the Reporting Period, the operating revenue of industrial waste recycling decreased by approximately 31.65% over the same period of last year to approximately RMB515,553,000 (for the six months ended 30 June 2022: approximately RMB754,230,000); the operating revenue of industrial waste disposal decreased by approximately 34.84% over the same period of last year to approximately RMB435,510,000 (for the six months ended 30 June 2022: approximately RMB668,385,000); the operating revenue of rare and precious metals recycling increased by approximately 124.80% over the same period of last year to approximately RMB843,855,000 (for the six months ended 30 June 2022: approximately RMB375,380,000). The significant growth in revenue from the rare and precious metals recycling business was mainly attributable to Xiongfeng Environment proactive efforts to expand its market, as well as the increase in the prices of rare and precious metals during the Reporting Period compared to the same period of last year, which resulted in a year-on-year increase in the sales of rare and precious metals products.



Profit

For the six months ended 30 June 2023, the Group's integrated gross profit margin was 5.76% (for the six months ended 30 June 2022: 20.23%). The integrated gross profit margin decreased by approximately 14.47% points as compared with the same period of last year, which was mainly due to the increasingly fierce competition in the industry, the increase in the cost of recycling business and the decline in the collection and transportation price of non-hazardous wastes in the market. In addition, the relatively low gross profit margin of rare and precious metals recycling business also has a certain impact on the integrated gross profit margin.

For the six months ended 30 June 2023, loss for the Period attributable to equity holders of the Company was approximately RMB198,921,000 (for the six months ended 30 June 2022: profit of approximately RMB20,410,000). This was mainly due to the slowdown in domestic economic growth, the contraction of business size of the Group's main customers, the decrease in waste production, the intensified market competition, the significant decline in market prices for harmless treatment under the industrial waste disposal business, the drop in volume and increase in prices of raw materials for recycling business, coupled with a significant increase in financial expenses of interest-bearing borrowings and bond payables, leading to a reduction in the Group's net profit.

Selling expenses

For the six months ended 30 June 2023, the Group's selling expenses were approximately RMB32,893,000 (for the six months ended 30 June 2022: approximately RMB48,207,000), accounting for 1.64% of the total operating revenue (for the six months ended 30 June 2022: 2.37%). The decrease in selling expenses was mainly due to the decrease in market sales performance commissions offered by the Company to staff during the Reporting Period.

Administrative expenses

For the six months ended 30 June 2023, the Group's administrative expenses were approximately RMB190,971,000 (for the six months ended 30 June 2022: approximately RMB189,960,000), accounting for 9.52% of the total operating revenue (for the six months ended 30 June 2022: 9.34%), which remained basically the same compared to corresponding period of last year.



Finance costs

For the six months ended 30 June 2023, the Group's finance costs were approximately RMB87,945,000 (for the six months ended 30 June 2022: approximately RMB84,216,000), accounting for 4.38% of the total operating revenue (for the six months ended 30 June 2022: 4.14%). The increase in finance costs during the Reporting Period was mainly due to the increase in the interest-bearing borrowings as compared to the same period of last year.

Income tax expenses

For the six months ended 30 June 2023, the Group's income tax credits were approximately RMB2,943,000 (for the six months ended 30 June 2022: income tax expenses of approximately RMB10,857,000), accounting for 1.15% of the total profit (as of 30 June 2022: 61.79%). The decrease in income tax expenses was mainly due to the refund of overpaid tax in previous years resulting from the loss recorded during the Reporting Period.

Financial Position and Liquidity

For the six months ended 30 June 2023, the Group had a net loss of approximately RMB254 million. As of 30 June 2023, net current assets of the Group amounted to approximately RMB918,154,000 (as of 31 December 2022: net current liabilities of approximately RMB431,506,000). As of 30 June 2023, the Group has cash and time deposits (excluding restricted funds and pledged deposits) at banks and other financial institution of approximately RMB1,557,276,000 in total (as of 31 December 2022: approximately RMB617,856,000). The change in the Group's liquidity was mainly due to the completion of non-public issuance of A Shares by the Company during the Reporting Period.

As of 30 June 2023, total liabilities of the Group amounted to approximately RMB6,983,441,000 (as of 31 December 2022 (restated): approximately RMB6,958,949,000). The Group's gearing ratio was 54.97% (as of 31 December 2022 (restated): 59.28%) in terms of the Group's total liabilities and total assets. The Group's current liabilities amounted to approximately RMB3,128,308,000 (as of 31 December 2022 (restated): approximately RMB3,458,429,000). As of 30 June 2023, the Group's outstanding bank and other loans reached approximately RMB4,636,292,000 (as of 31 December 2022: approximately RMB3,865,324,000). In the opinion of the Directors, the Group can meet its financial obligations through the unused banking facilities readily available to the Group or issuance of Super Short-term Financing Bonds and Medium Notes.

The Board believes that the Group has a stable and strong financial and liquidity position to meet the needs of its future operation and business development.



Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Jieyang Guangye Biotechnology Co., Ltd. (揭陽市廣業生物科技有限公司) (“Guangye Biotech”), an associate of the Company, was established in January 2023, which was owned as to 13% by the Company, with 40% of the investment cost of approximately RMB1,400,000 incurred during the Period. Guangye Biotech is a food waste treatment project in Jieyang, which is mainly engaged in the integrated services of food waste collection, transportation and treatment, and has yet to commence construction.

Jieyang Guangye New Energy Environmental Protection Co., Ltd. (揭陽市廣業新能源環保有限公司) (“Guangye New Energy”), an associate of the Company, was established in January 2023, which was owned as to 13% by the Company, with 40% of the investment cost of approximately RMB1,141,000 incurred during the Period. Guangye New Energy is a municipal sludge treatment center concession project in Jieyang, which is currently under construction.

Jieyang Guangye Environmental Technology Co., Ltd. (揭陽市廣業環境科技有限公司) (“Guangye Environmental”), an associate of the Company, was established in January 2023, which was owned as to 13% by the Company, with 40% of the investment cost of approximately RMB1,377,000 incurred during the Period. Guangye Environmental is an emergency landfill concession project in Jieyang, which is currently under construction.

Save as disclosed in this report, during the Reporting Period, the Group had no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures.

Details of Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, as at 30 June 2023, the Group did not have other future plans for material investments or capital assets, except for the capital commitment of approximately RMB276,308,000 as disclosed in the paragraph headed “Capital Commitment” below.

Interest Rate and Foreign Exchange Risks

Interest rate risk

The Group is exposed to the fair value interest rate risks as a result of the Group’s fixed-rate bank and other loans, and is also exposed to cash flow interest rate risk as a result of the Group’s floating-rate bank and other loans. The Group currently has no interest rate hedging policy. However, the Group closely monitors its interest rate exposure and will consider managing this risk using an appropriate mix of fixed and floating rate loans.

Foreign exchange risk

The Group's functional currency is RMB, and the majority of transactions are denominated in RMB. However, certain bank balances, trade and other receivables and other payables are denominated in currencies other than RMB. Expenses of the Group's overseas operations other than China are also denominated in foreign currencies. The Group has not engaged in any particular hedge against foreign exchange risk.

Pledge of Assets

Certain property, plant and equipment, land use rights, construction in progress and trade receivables of the Group were pledged to secure bank and other loans granted to the Group. As at 30 June 2023, the total carrying amount of the pledged assets of the Group was approximately RMB1,608,003,000 (as at 31 December 2022: approximately RMB1,471,754,000). Please refer to note 13 to the financial statements for details.

Information on Employees and Remuneration Policies

As of 30 June 2023, the number of full-time employees of the Group was 4,618 as compared to 5,330 as of 30 June 2022. The total staff cost for the six months ended 30 June 2023 was approximately RMB303,126,000 as compared to RMB333,172,000 for the same period in 2022. The Group offers continuous training, remuneration package and additional benefits to its employees, including retirement benefits, housing fund and medical insurance.

Capital Commitment

As of 30 June 2023 and as of 31 December 2022, the capital commitment of the Group was as follows:

Item	As of 30 June 2023 (Unaudited) RMB'000	As of 31 December 2022 (Audited) RMB'000
Significant outsourcing contracts	207,445	237,014
Commitment to acquisition of long-term assets	43,660	37,717
Commitment to external investments	25,203	29,121
Total	276,308	303,852



Contingent Liabilities

As of 30 June 2023, the Group had no material contingent liabilities.

Future Prospects

In the second half of 2023, the Company will continue to adhere to the general keynote of “ensuring survival and seizing market opportunities”, implement diverse measures to develop the market, thereby ensuring stability in the volume of hazardous waste collection and transportation for the year. It will also vigorously promote new products such as anhydrous copper chloride and basic copper carbonate to enhance the proportion and sales performance of high value-added recycled products; further deepen and refine the rare and precious metals industrial chain to significantly increase the annual output value; actively expand to overseas markets such as Europe, the United States and Southeast Asia to create new growth drivers for sales business; strengthen industry collaboration, extend the industrial chain of copper-containing sludge, and accelerate the expansion of raw material acquisition channels for the rare and precious metals segment. At the same time, the Company will continue to make efforts in internal management, implement measures such as “slimming and fitness” and “extreme reduction of costs” in order to enhance operational efficiency and expedite recovery of funds. It will also facilitate the research and development of core technologies and project implementation, thereby contributing to the transformation and upgrading of the industry for high-quality development.

EVENTS DURING THE PERIOD

Issuance of the First Tranche of the Super Short-term Financing Bonds in 2023

The Company has completed the issuance of the first tranche of the 2023 Super Short-term Financing Bonds with an issue size of RMB500 million and at the interest rate of 3.29% per annum on 19 January 2023, and has received the proceeds of such issuance in full on the same day.

For details, please refer to the Company’s overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement of the third extraordinary general meeting in 2020 dated 13 October 2020 and announcements dated 4 February 2021, 14 January 2022, 30 September 2022 and 19 January 2023.



Application for Registration and Issuance of Medium Notes and Super Short-term Financing Bonds

The Company applied to the National Association of Financial Market Institutional Investors (the “NAFMII”) for the issue of medium notes in the principal amount of up to RMB1.5 billion (inclusive) (the “New Medium Notes”) and super short-term financing bonds in the principal amount of up to RMB1.5 billion (inclusive) (the “New Super Short-term Financing Bonds”).

The proposed application for registration and issuance of New Medium Notes and New Super Short-Term Financing Bonds was approved by the Board and the supervisory committee of the Company, and was put to vote by way of poll and duly passed by the shareholders at the extraordinary general meeting of the Company held on 17 March 2023. The implementation of the proposal for the issuance of the New Medium Notes and New Super Short-term Financing Bonds is subject to registration with the NAFMII and the final proposal is subject to the notice of acceptance of registration of the NAFMII.

For details, please refer to the Company’s announcement dated 27 February 2023, circular dated 2 March 2023 and poll results announcement of the first extraordinary general meeting in 2023 dated 17 March 2023.

Completion of Proposed Non-public Issuance of A Shares under Specific Mandate and Proposed Subscription of A Shares by Substantial Shareholder

In May 2023, the Company has completed the proposed non-public issuance of 225,988,700 new A Shares in total at the issue price of RMB5.31 per new A Share, and the new A Shares have been registered with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and listed on the Shenzhen Stock Exchange. Guangdong Rising Holdings Group Co., Ltd. (“Guangdong Rising Holdings”), a substantial shareholder of the Company, has subscribed for 65,310,734 new A Shares. The number of issued Shares held by Guangdong Rising Holdings directly and indirectly increased from 226,147,494 Shares to 291,458,228 Shares (comprising 266,279,028 A Shares held directly and 25,179,200 H Shares held indirectly), representing an increase in the proportion of shareholding from 25.72% to 26.37%. The net price for the non-public issuance of A Shares was approximately RMB5.28 per new A Share, based on the net proceeds of RMB1,194.31 million raised and 25,988,700 new A Shares issued. The subscribers (other than Guangdong Rising Group) include seven (7) securities investment fund management companies, securities companies and other qualified investors in compliance with applicable laws and regulations. The closing price of the new A Shares and H Shares was RMB5.79 per A Share and HK\$2.45 per H Share, respectively, on the price determination date (i.e. first day of the issuance period on 17 April 2023).

The reasons for the non-public issuance of A Shares were (i) expanding the scale of the main business of hazardous waste disposal, improving the business chain and enhancing core competitiveness; (ii) optimizing the Company's asset and liability structure, reducing finance costs and enhancing risk resistance; and (iii) replenishing working capital and reducing financial risk.

For details, please refer to the Company's announcements dated 27 May 2022, 16 August 2022, 9 January 2023, 1 February 2023 and 15 May 2023, circular dated 23 June 2022 and poll result announcement of the third extraordinary general meeting, the first H Shares class meeting and A Shares class meeting in 2022 dated 12 July 2022.

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

The net proceeds from the non-public issuance of A Shares were approximately RMB1,194.31 million. During the period from the date of completion of the non-public issuance of A Shares to 30 June 2023, the net proceeds had been applied for the purposes disclosed in the circular of the Company dated 23 June 2022 as follows:

Proposed use of proceeds	Allocation of the net proceeds (RMB' million)	Net proceeds utilised during the six months ended 30 June 2023	Net proceeds utilised up to 30 June 2023	Net proceeds unutilised as at 30 June 2023	Expected timeline
		(RMB' million)	(RMB' million)	(RMB' million)	
Development of the green recycling centre (phase 1) located in Petrochemical Industrial Area, Dananhai, Jieyang* (揭陽大南海石化工業區)	410.00	25.33	125.59	284.41	By December 2024
Expansion of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荊州市江陵縣)	165.00	-	1.01	163.99	By December 2024
Smart digitalization development project	184.31	1.71	8.84	175.47	By December 2025
Modification and upgrade of hazardous waste treatment project	95.00	-	24.83	70.17	By December 2025
Replenishment of general working capital	340.00	200.00	200.00	140.00	By June 2024
Total	1,194.31	227.04	360.27	834.04	



Notes:

1. As disclosed in the circular of the Company dated 23 June 2022, before the receipt of the proceeds to be raised from the non-public issuance of A Shares, the Company will, finance such projects by self-raised funds taking into account the actual circumstance and progress of such projects, which will be subsequently replaced by the proceeds raised from the non-public issuance of A Shares in accordance with relevant procedures as required by applicable laws and regulations after the proceeds become available for utilization. As at 30 June 2023, the Company had utilized approximately RMB133.23 million in these projects with its self-raised funds, which were replaced by the funds raised from the non-public issuance of A Shares after completion of the same.
2. The expected timeline for each project is based on the Group's best estimate of future market conditions in combination with the business plan and market conditions, which may be subject to change based on the current and future development of market conditions. After considering a range of factors (which are analysed and disclosed in this report), including without limitation the actual business plan and funding needs of the Group, the priorities of fund utilization and business development of the Group, the overall financial condition of the Group and market conditions, the Company has made certain adjustments to the expected timeline based on the current estimate.



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

As at 30 June 2023, the interests and short positions of the Directors, supervisors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the ordinary Shares of the Company

Name	Capacity	Long position/ Short position	Class of Shares	Number of shares	Approximate percentage of the relevant class of Shares (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 1)
Mr. Tan Kan	Beneficial owner	Long Position	A Shares	120,000 Shares	0.013%	0.011%

Note:

- The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors, supervisors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SENIOR MANAGEMENT'S INTERESTS IN SHARES

As at 30 June 2023, the number of ordinary Shares of the Company held by the senior management of the Group are as follows:

Name	Capacity	Long position/ Short position	Class of Shares	Number of Shares	Approximate percentage of the relevant class of Shares (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 1)
Mr. Wang Shi	Beneficial owner	Long Position	A Shares	28,300 Shares	0.003%	0.003%

Note:

- The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 30 June 2023.

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

Save for the above disclosures in respect of certain Directors, as at 30 June 2023, as far as the Directors, supervisors and chief executive of the Company are aware, the person(s) below (other than the Directors, supervisors and chief executive of the Company) had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.


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



Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long position/ Short position	Approximate percentage of the relevant class of Shares [Note 1]	Approximate percentage of the total issued share capital of the Company [Note 1]
Jiangsu High Hope International Group Co., Ltd. ("High Hope Group")	Beneficial owner	A Shares	50,087,669 Shares	Long position	5.53%	4.53%
	Interest of controlled corporation	A Shares	25,756,638 Shares (Note 4)	Long position	2.85%	2.33%
	Interest of controlled corporation	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%
Jiangsu High Hope Venture Capital Co., Ltd	Beneficial owner	A Shares	25,756,638 Shares (Note 4)	Long position	2.85%	2.33%
	Beneficial owner	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%

Notes:

1. The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 30 June 2023.
2. Rising Investment Development Co., Ltd. and Guangdong Rising H.K. (Holding) Limited are wholly-owned subsidiaries of Guangdong Rising Holdings. Therefore, Guangdong Rising Holdings was deemed to be interested in the 25,179,200 H Shares held by Rising Investment Development Co., Ltd. and Guangdong Rising H.K. (Holding) Limited respectively under Part XV of the SFO.
3. Shanghai Baosteel New Building Materials Technology Co., Ltd is a wholly-owned subsidiary of Baowu Environment. Therefore, Baowu Environment was deemed to be interested in the 37,664,783 A Shares held by Shanghai Baosteel New Building Materials Technology Co., Ltd. under Part XV of the SFO.
4. Jiangsu High Hope Venture Capital Co., Ltd. is a wholly-owned subsidiary of High Hope Group. Therefore, High Hope Group was deemed to be interested in the 25,756,638 A Shares and 18,204,800 H Shares held by Jiangsu High Hope Venture Capital Co., Ltd. under Part XV of the SFO.



Save for the above disclosures in respect of certain Directors, as at 30 June 2023, the Directors, supervisors and chief executive of the Company are not aware of any other person (other than the Directors, supervisors and chief executive of the Company) who has interests or short positions in the Shares, underlying shares or debenture of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

SHARE SCHEMES

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

The Company has no share award scheme in place during the Reporting Period. There were no outstanding share awards granted under any share award scheme of the Company as at 1 January 2023 and 30 June 2023.

COMPETING INTERESTS OR BUSINESS

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

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company has established an Audit and Risk Management Committee in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules for the purpose of reviewing and supervising the Group's financial reporting process, risk management and internal audit functions and control. The Audit and Risk Management Committee is comprised of three independent non-executive Directors, namely Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi. Mr. Siu Chi Hung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee has reviewed the interim results and financial statements of the Group for the six months ended 30 June 2023 but the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have not been reviewed by the auditor of the Company.



PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

In May 2023, the Company has completed the proposed non-public issuance of 225,988,700 new A Shares in total at the issue price of RMB5.31 per new A Share.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2023 to the date of this report.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

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 all the applicable Code Provisions in the CG Code throughout the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

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



SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

EVENTS AFTER THE PERIOD

Completion of Registration of Medium Registration of New Medium Notes and New Super Short-term Financing Bonds

The Company received a “Notice of Acceptance of Registration” issued by the NAFMII (Zhongshi Xiezhuzhu [2023] No. MTN695), pursuant to which the NAFMII has decided to accept the registration of New Medium-Term Notes of the Company, with a registered amount of RMB1.5 billion. The registered amount shall be valid for two years commencing from the date of the notice (i.e. 11 July 2023).

At the same time, the Company received a “Notice of Acceptance of Registration” issued by the NAFMII (Zhongshi Xiezhuzhu [2023] No. SCP267), pursuant to which the NAFMII has decided to accept the registration of New Super Short-Term Financing Bonds of the Company, with a registered amount of RMB1.5 billion. The registered amount shall be valid for two years commencing from the date of the notice (i.e. 11 July 2023).

For details, please refer to the Company’s announcements dated 27 February 2023 and 12 July 2023, circular dated 2 March 2023 and poll results announcement of the first extraordinary general meeting in 2023 dated 17 March 2023.



CHANGE OF AUDITOR AND PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The terms of office of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) as the PRC auditors and the auditors for the internal control of the Company and Mazars CPA Limited as the international auditors of the Company have expired immediately following the conclusion of the annual general meeting held by the Company on 29 June 2023, and they have retired as the auditors of the Company upon expiration of their current term of office.

At the second extraordinary general meeting of 2023 of the Company held on 17 August 2023, WUYIGE Certified Public Accountants was appointed as the sole auditor and internal control auditor of the Company for the year 2023.

In addition, in order to enhance the efficiency of financial audit work, the Company has decided to consistently prepare financial statements and disclose corresponding financial information in accordance with the China Accounting Standards for Business Enterprises commencing from the financial year ending 31 December 2023, subject to the approval of the proposed amendments to the articles by the shareholders at an extraordinary general meeting to be convened by the Company in due course.

For details, please refer to the announcements of the Company dated 19 June 2023, 25 July 2023 and 9 August 2023, the circular dated 31 July 2023 and the poll results announcement of the second extraordinary general meeting in 2023 dated 17 August 2023.

By order of the Board
Dongjiang Environmental Company Limited*
Tan Kan
Chairman

Shenzhen, Guangdong, the PRC
25 August 2023

* *for identification purpose only*