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DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

東江環保股份有限公司

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

(Stock code: 00895)

**INSIDE INFORMATION
SUMMARY OF 2018 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**”) dated 24 October 2018 (the “**Announcement**”) in relation to the full 2018 Third Quarterly Report 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 are presented in Renminbi (“RMB”).

A. Forecast on operating results for the twelve months ending 31 December 2018

Forecasted change (in percentage) of net profit attributable to shareholders of the Company for the twelve months ending 31 December 2018 5% to 25%

Forecasted change (in range) of net profit attributable to shareholders of the Company for the twelve months ending 31 December 2018 RMB497,044,800 to RMB591,720,000

Net profit attributable to shareholders of the Company for the twelve months ended 31 December 2017 RMB473,376,000

Note: In the context of the overall economic downturn, tightened environmental protection policies and strengthened supervision, the company adheres to the development strategy of focusing on hazardous waste industries, actively expands the industrial hazardous waste market, and speeds

up production capacity construction. At the same time, the Company controls the growth of costs and expenses to ensure the steady growth of operating revenue and profit.

B. Financial Statement

(1) CONSOLIDATED BALANCE SHEET

Item	As at 30 September 2018 (unaudited) RMB	As at 31 December 2017 (audited) RMB
Current assets:		
Cash and bank balances	1,114,214,463.84	1,242,430,230.43
Bills receivables and Accounts receivables	781,151,026.35	781,002,940.96
Including : Bills receivables	66,432,657.53	86,366,871.17
Accounts receivables	714,718,368.82	694,636,069.79
Prepayments	69,860,833.93	49,245,646.02
Other receivables	345,584,182.23	296,097,793.32
Inventories	296,762,708.18	312,588,190.52
Loans	379,940,000.00	254,980,000.00
Non-current assets due within one year	11,084,380.33	11,084,380.33
Other current assets	116,866,071.14	88,979,559.41
Total current assets	3,115,463,666.00	3,036,408,740.99
Non-current assets:		
Other debt investment	20,000,000.00	20,000,000.00
Long-term accounts receivable	171,334,431.18	194,929,785.02
Long-term equity investments	258,676,602.33	243,310,020.04
Other equity instruments investment	13,431,700.00	13,431,700.00
Investment properties	89,685,173.20	89,685,173.20
Fixed assets	1,740,695,384.70	1,649,540,887.90
Construction in progress	1,867,360,432.30	1,605,701,931.03
Intangible assets	969,167,542.74	912,308,605.74
Development expenditure	16,591,709.30	10,741,736.70
Goodwill	1,235,994,451.48	1,235,994,451.48
Long-term deferred	28,291,675.56	19,979,692.84

expenses		
Deferred income tax assets	19,674,554.50	15,222,949.45
Other non-current assets	214,717,669.41	192,891,698.08
Total non-current assets	6,645,621,326.70	6,203,738,631.48
Total assets	9,761,084,992.70	9,240,147,372.47
Current liabilities:		
Short-term borrowing	1,919,355,835.19	1,872,637,100.25
Bills payables and Accounts payables	736,518,715.93	705,134,001.34
Receipts in advance	132,286,812.03	139,360,367.89
Employee emolument payables	49,804,375.28	62,977,562.92
Tax payables	65,147,266.63	61,811,293.24
Other payables	258,523,841.70	314,712,466.87
Non-current liabilities repayable within one year	20,257,784.13	6,131,610.36
Other current liabilities	2,991,470.55	7,384,032.79
Total current liabilities	3,184,886,101.44	3,170,148,435.66
Non-current liabilities:		
Long-term borrowings	514,049,409.82	292,554,335.54
Bonds payables	1,277,040,042.22	1,289,727,036.55
Long-term payable	5,857,366.86	3,766,857.73
Deferred income	157,687,781.32	155,897,737.22
Deferred income tax liabilities	3,391,543.77	3,391,543.77
Other non-current liabilities	2,813,900.00	2,813,900.00
Total non-current liabilities	1,960,840,043.99	1,748,151,410.81
Total liabilities	5,145,726,145.43	4,918,299,846.47
Shareholders' equity:		
Share capital	887,100,102.40	888,237,102.40
Capital reserve	509,967,522.76	505,827,372.67
Less: treasury share	112,618,280.00	124,677,510.00
Other comprehensive income	4,326,595.64	2,564,766.23
Special reserves	4,615,584.89	3,128,442.22
Surplus reserve	199,255,721.44	199,255,721.44
Generic risk reserve	4,114,125.00	4,114,125.00
Undistributed profits	2,480,554,965.27	2,250,645,463.83
Equity attributable to	3,977,316,337.40	3,729,095,483.79

shareholders of the Company		
Minority interests	638,042,509.87	592,752,042.21
Total shareholders' equity	4,615,358,847.27	4,321,847,526.00
Total liabilities and shareholders' equity	9,761,084,992.70	9,240,147,372.47

(2) BALANCE SHEET OF THE COMPANY

Item	As at 30 September 2018 (unaudited) RMB	As at 31 December 2017 (audited) RMB
Current assets:		
Bank balances and cash	694,976,597.64	607,297,838.44
Bills receivables and Accounts receivables	393,077,999.20	447,388,665.22
Including : bills receivables	13,738,629.90	14,810,711.01
Accounts receivables	379,339,369.30	432,577,954.21
Prepayments	102,253,871.68	1,956,403.07
Other receivables	2,336,208,422.36	2,327,471,266.90
Inventories	13,355,524.44	8,740,989.27
Non-current asset due within one year	11,084,380.33	11,084,380.33
Other current assets	3,599,825.70	3,730,707.65
Total current assets	3,554,556,621.35	3,407,670,250.88
Non-current assets:		
Long-term accounts receivable	162,830,315.31	188,432,039.02
Long-term equity investments	3,591,321,743.54	3,467,505,161.25
Other equity instruments investment	13,431,700.00	13,431,700.00
Investment properties	66,388,962.20	66,388,962.20
Fixed assets	81,213,379.33	85,011,672.14
Construction in progress	53,696,095.02	47,309,507.04
Intangible assets	89,614,952.00	92,204,257.50
Development expenditure	13,016,693.84	9,251,952.73
Long-term unamortized exp enses	101,974.81	
Deferred income tax assets	5,260,893.44	5,260,893.44
Other non-current assets	46,286,064.41	50,371,988.64
Total non-current assets	4,123,162,773.90	4,025,168,133.96

Total assets	7,677,719,395.25	7,432,838,384.84
Current liabilities:		
Short-term borrowings	1,670,000,000.00	1,774,778,100.25
Bill payables and Accounts payables	469,843,068.32	412,790,496.44
Receipts in advance	295,319.59	3,857,674.41
Employee emolument payables	2,554,873.85	15,539,254.77
Tax payables	2,009,934.57	8,351,912.50
Other payables	1,522,617,437.80	1,147,709,846.35
Non-current liabilities repayable within one year		4,500,000.00
Other current liabilities	472,749.72	472,749.72
Total current liabilities	3,667,793,383.85	3,368,000,034.44
Non-current liabilities:		
Long-term borrowings	80,000,000.00	40,000,000.00
Bonds payables	968,449,416.25	979,345,699.52
Deferred income	22,427,688.85	22,267,204.96
Deferred income tax liabilities	3,296,425.39	3,296,425.39
Other non-current liabilities	2,813,900.00	2,813,900.00
Total non-current liabilities	1,076,987,430.49	1,047,723,229.87
Total liabilities	4,744,780,814.34	4,415,723,264.31
Shareholders' equity:		
Share capital	887,100,102.40	888,237,102.40
Capital reserve	604,069,807.45	603,069,037.48
Less : treasury share	112,618,280.00	124,677,510.00
Other comprehensive income	3,509,701.20	3,509,701.20
Surplus reserve	182,744,446.34	182,744,446.34
Undistributed profits	1,368,132,803.52	1,464,232,343.11
Total shareholders' equity	2,932,938,580.91	3,017,115,120.53
Total liabilities and shareholders' equity	7,677,719,395.25	7,432,838,384.84

(3) CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

Item	For the three months ended 30 September 2018 (unaudited)	For the three months ended 30 September 2017 (unaudited)
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	RMB	RMB
Total operating revenue	811,125,151.25	756,806,191.85
Including: Operating revenue	811,125,151.25	756,806,191.85
Total operating costs	718,208,586.80	644,666,896.54
Including : Cost of operation	545,603,165.12	487,615,210.08
Handling charges and commission expenses	1,030.57	2,635.62
Sales tax and levies	9,689,525.41	10,815,696.38
Selling expenses	27,797,495.93	18,182,798.10
Administrative expenses	82,949,954.35	90,828,748.83
Research and development expenses	24,344,456.21	10,875,466.66
Finance costs	27,194,173.29	22,461,322.83
Including : Interest cost	28,551,287.66	24,979,184.81
Interest income	3,569,751.10	2,104,901.29
Impairment loss for assets	628,785.92	3,885,018.04
Add : Other income	29,141,594.93	19,906,257.52
Investment income (loss)	3,725,979.69	9,877,235.02
Including : Investment income (loss) from jointly controlled entities and associates	3,725,979.69	9,934,900.80
Income received from disposal of assets	-297,912.86	592,267.38
Operating profit (loss)	125,486,226.21	142,515,055.23
Add: Non-operating income	8,693,823.94	5,760,364.18
Less: Non-operating expenses	2,590,092.41	3,716,252.17
Total profit (loss)	131,589,957.74	144,559,167.24
Less: Income tax expenses	12,043,655.39	14,750,425.53
Net profit (loss)	119,546,302.35	129,808,741.71
Continuing operating net profit(loss)	119,546,302.35	129,808,741.71
Net profit attributable to Shareholders of the Company	106,659,243.16	106,082,090.23
Minority interests	12,887,059.19	23,726,651.48
Net of other	-395,735.97	3,240,000.00

comprehensive income (after tax)		
Net of other comprehensive income attributable to shareholders of the Company (after tax)	-395,735.97	3,240,000.00
Items can be reclassified to profit and loss in the future	-395,735.97	3,240,000.00
Exchange difference on the translation of foreign currency financial statement	-395,735.97	3,240,000.00
Total comprehensive income	119,150,566.38	133,048,741.71
Total comprehensive income attributable to shareholders of the Company	106,263,507.19	109,322,090.23
Total comprehensive income attributable to minority interests	12,887,059.19	23,726,651.48
Earnings per share :		
Basic earnings per share	0.13	0.13
Diluted earnings per share	0.13	0.13

(4) INCOME STATEMENT OF THE COMPANY FOR THE REPORTING PERIOD

Item	For the three months ended 30 September 2018 (unaudited) RMB	For the three months ended 30 September 2017 (unaudited) RMB
Total operating revenue	204,005,460.56	194,691,143.09
Less: cost of operation	167,307,787.90	161,336,683.31
Sales tax and levies	1,294,474.12	1,211,028.97
Selling expenses	724,972.93	28,489.84
Administrative expenses	17,480,614.02	20,684,520.42
Research and development expenses	1,532,539.61	3,590,489.20
Finance costs	19,193,053.43	20,116,495.22
Including : Interest cost	18,904,581.84	21,420,670.83
Interest income	1,587,142.59	848,002.00

Impairment loss for assets	765,100.33	3,909,394.57
Other income	9,344,970.46	2,788,985.13
Investment income (loss)	5,255,979.69	19,114,900.79
Including : Investment income from jointly controlled entities and associates	3,725,979.69	9,934,900.80
Income received from disposal of assets	153,004.97	-14,687.00
Operating profit (loss)	10,460,873.34	5,703,240.48
Add: Non-operating income	71,637.54	-914,480.99
Less: Non-operating expense	120,394.17	3,135,900.00
Total profit (loss)	10,412,116.71	1,652,859.49
Less: Income tax expenses	183,465.47	-1,393,142.77
Net profit (loss)	10,228,651.24	3,046,002.26
Continuing operating net profit(loss)	10,228,651.24	3,046,002.26
Total comprehensive income	10,228,651.24	3,046,002.26
Earnings per share :		
Basic earnings per share	-	-
Diluted earnings per share	-	-

(5) CONSOLIDATED INCOME STATEMENT FROM THE BEGINNING OF THE YEAR TO THE END OF REPORTING PERIOD

Item	For the nine months ended 30 September 2018 (unaudited) RMB	For the nine months ended 30 September 2017 (unaudited) RMB
	Total operating revenue	2,473,259,860.22
Including : Operating revenue	2,473,259,860.22	2,160,309,950.13
Total operating costs	2,106,640,001.26	1,831,818,875.20
Including : Cost of operation	1,615,726,262.55	1,379,217,191.97

Handling charges and commission expenses	6,943.32	6,490.25
Sales tax and levies	31,368,095.87	26,577,028.06
Selling expenses	69,316,979.91	53,413,599.94
Administrative expenses	240,701,474.54	253,292,885.66
Research and development expenses	66,280,860.77	38,658,400.31
Finance costs	80,263,735.47	72,504,063.65
Including : interest cost	86,881,980.70	81,047,631.43
Interest income	8,846,136.37	8,639,470.50
Impairment loss for assets	2,975,648.83	8,149,215.36
Add : Other income	84,200,148.38	77,707,719.12
Investment income (loss)	13,432,120.91	17,767,322.85
Including: Investment income (loss) from jointly controlled entities and associates	13,412,885.23	17,082,560.88
Income received for disposal of assets(loss)	-469,576.39	-3,773,036.55
Operating profit (loss)	463,782,551.86	420,193,080.35
Add: Non-operating income	23,743,536.27	15,768,052.05
Less: Non-operating expenses	2,972,831.53	5,067,991.58
Total profit (loss)	484,553,256.60	430,893,140.82
Less: Income tax expenses	51,735,403.55	50,875,700.55
Net profit (loss)	432,817,853.05	380,017,440.27
Continuing operating net profit(loss)	432,817,853.05	380,017,440.27
Net profit attributable to Shareholders of the Company	372,595,040.86	326,229,233.63
Minority interests	60,222,812.19	53,788,206.64
Net of other comprehensive income (after tax)	1,761,829.41	2,039,678.94
Net of other comprehensive income attributable to shareholders of	1,761,829.41	2,039,678.94

the Company (after tax)		
Items can be reclassified to profit and loss in the future	1,761,829.41	2,039,678.94
Exchange difference on the translation of foreign currency financial statement	1,761,829.41	2,039,678.94
Total comprehensive income	434,579,682.46	382,057,119.21
Total comprehensive income attributable to shareholders of the Company	374,356,870.27	328,268,912.57
Total comprehensive income attributable to minority interests	60,222,812.19	53,788,206.64
Earnings per share:		
Basic earnings per share	0.43	0.38
Diluted earnings per share	0.43	0.38

(6) INCOME STATEMENT OF THE COMPANY FROM THE BEGINNING OF THE YEAR TO THE END OF REPORTING PERIOD

Item	For the nine months ended 30 September 2018 (unaudited) RMB	For the nine months ended 30 September 2017 (unaudited) RMB
Total operating revenue	628,854,811.27	574,147,298.09
Less: cost of operation	511,688,596.84	445,592,411.58
Sales tax and levies	2,919,509.12	1,944,295.71
Selling expenses	3,094,226.59	544,535.60
Administrative expenses	54,445,130.51	68,873,014.65
Research and development expenses	4,688,677.07	5,467,106.73
Finance costs	61,818,680.25	64,288,525.06
Including : Interest Cost	63,905,760.44	67,948,389.41
Interest income	4,092,285.83	3,489,319.42
Impairment loss for assets	568,560.72	5,609,316.94
Add : Other income	11,264,512.08	6,019,604.14
Investment income (loss)	44,717,885.23	61,476,797.56
Including: Investment income from jointly	13,412,885.23	17,082,560.88

controlled entities and associates		
Income received for disposal of assets	156,204.97	-14,687.00
Operating profit (loss)	45,770,032.45	49,309,806.52
Add: Non-operating income	1,218,206.12	1,908,275.61
Less: Non-operating expenses	182,358.55	4,136,742.96
Total profit (loss)	46,805,880.02	47,081,339.17
Less: Income tax expenses	219,880.19	
Net profit (loss)	46,585,999.83	47,081,339.17
Continuing operating net profit(loss)	46,585,999.83	47,081,339.17
Total comprehensive income	46,585,999.83	47,081,339.17
Earnings per share		
Basic earnings per share	-	-
Diluted earnings per share	-	-

(7) CONSOLIDATED CASH FLOW STATEMENT FROM THE BEGINNING OF THE YEAR TO THE END OF REPORTING PERIOD

Item	For the nine months ended 30 September 2018 (unaudited) RMB	For the nine months ended 30 September 2017 (unaudited) RMB
Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	2,821,624,432.34	2,403,482,051.00
Cash received from interest, handling fee and remuneration	45,424,547.67	42,211,544.93
Other cash receipts relating to tax returning	76,592,364.25	74,283,113.87
Other cash receipts relating to operating activities	24,602,685.30	72,647,893.95
Sub-total of cash inflows	2,968,244,029.56	2,592,624,603.75

from operating activities		
Cash paid for goods and services	1,480,904,432.96	1,473,569,998.68
Net increase in loans and advances to customers	124,960,000.00	-37,730,000.00
Cash paid to and on behalf of employees	436,305,299.90	384,004,542.80
Payments of taxes and levies	290,420,541.02	258,634,542.54
Other cash payments relating to operating activities	96,346,550.01	41,924,724.07
Sub-total of cash outflows from operating activities	2,428,936,823.89	2,120,403,808.09
Net cash flows from operating activities	539,307,205.67	472,220,795.66
Cash flows from investing activities:		
Cash received from investments	12,269,981.54	12,500,000.00
Net Cash received from disposal of fixed assets, intangible assets and other long-term assets	341,631.62	282,354.37
Other cash receipts relating to investing activities		1,642,909.29
Sub-total of cash inflows from investing activities	12,611,613.16	14,425,263.66
Cash paid to acquire fixed assets, intangible assets and other long-term assets	659,292,066.39	594,475,020.28
Net cash paid on acquisition of subsidiaries and other operating units	71,163,678.60	175,811,750.00
Other cash payments relating to investing activities		71,080,000.00
Sub-total of cash outflows from investing activities	730,455,744.99	841,366,770.28
Net cash flows used in investing activities	-717,844,131.83	-826,941,506.62
Cash flows from financing		

activities:		
Cash received from absorption of investments	9,000,000.00	
Including: cash received by subsidiaries from investment of minority shareholders	9,000,000.00	
Cash received from borrowings	1,624,706,138.91	1,262,558,800.00
Cash received from issuing bonds		920,000,000.00
Cash received from other financing activities	1,633,706,138.91	2,182,558,800.00
Cash payments for settlement of borrowings	1,341,752,329.69	1,753,353,797.02
Cash payments for distribution of dividend or profits, or interest expenses	260,020,981.97	223,018,321.27
Including: cash payments for distribution of dividend and profit by subsidiaries to minority shareholders	26,695,000.00	41,553,691.00
Other cash payments relating to financing activities		13,866,460.00
Sub-total of cash outflows from financing activities	1,601,773,311.66	1,990,238,578.29
Net cash flows from financing activities	31,932,827.25	192,320,221.71
Effect of foreign exchange rate changes on cash and cash equivalents	-816,894.44	2,039,678.94
Net increase in cash and cash equivalents	-147,420,993.35	-160,360,810.31
Add: Cash and cash equivalents at the beginning of the period	1,221,930,230.43	1,139,658,566.94
Cash and cash equivalents at the end of the period	1,074,509,237.08	979,297,756.63

(8) CASH FLOW STATEMENT OF THE COMPANY FROM THE BEGINNING OF THE

YEAR TO THE END OF REPORTING PERIOD

Item	For the nine months ended 30 September 2018 (unaudited) RMB	For the nine months ended 30 September 2017 (unaudited) RMB
Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	788,599,614.74	574,699,260.56
Refund of taxes and levies	3,656,727.95	6,019,604.14
Other cash receipts relating to operating activities	437,654,149.55	9,638,998.05
Sub-total of cash inflows from operating activities	1,229,910,492.24	590,357,862.75
Cash paid for goods and services	386,668,044.07	370,294,587.99
Cash paid to and on behalf of employees	98,545,551.46	156,336,053.09
Payments of taxes and levies	36,828,054.54	44,782,910.79
Other cash payments relating to operating activities	216,322,935.44	733,334,337.11
Sub-total of cash outflows from operating activities	738,364,585.51	1,304,747,888.98
Net cash flows from operating activities	491,545,906.73	-714,390,026.23
Cash flows from investing activities:		
Cash received from returns on investments	59,774,981.54	54,800,000.00
Other cash received relating to investing activities		1,766,348.90
Sub-total of cash inflows from investing activities	59,774,981.54	56,566,348.90
Cash paid to acquire fixed assets, intangible assets and other long-term assets	33,863,027.20	40,081,387.12

Net cash paid by subsidiaries and other operating units	140,473,678.60	-201,111,750.00
Other cash payments relating to investing activities	174,336,705.80	-161,030,362.88
Net cash flows used in investing activities	-114,561,724.26	217,596,711.78
Cash flows from financing activities:		
Cash received from borrowings	1,210,000,000.00	1,140,000,000.00
Cash received from issuing bonds		600,000,000.00
Cash received relating to financing activities		300,000,000.00
Sub-total of cash inflows from financing activities	1,210,000,000.00	2,040,000,000.00
Cash payments for settlement of borrowings	1,279,278,100.25	1,497,498,226.31
Cash payments for distribution of dividend or profits, or interest expenses	220,327,323.02	174,631,122.58
Other cash paid relating to financing activities		13,866,460.00
Sub-total of cash outflows from financing activities	1,499,605,423.27	1,685,995,808.89
Net cash flows from financing activities	-289,605,423.27	354,004,191.11
Net increase in cash and cash equivalents	87,378,759.20	-142,789,123.34
Add: Cash and cash equivalents at beginning of the year	587,597,838.44	499,420,139.79
Cash and cash equivalents at end of the period	674,976,597.64	356,631,016.45

Shareholders and investors of the Company should refer to the 2018 Third Quarterly Report set out in the Announcement for more details.

The board of directors, supervisory committee and the directors, supervisors and senior management of the Company undertake that the 2018 Third Quarterly Report does not contain any false information, misleading statements or material omission, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents contained in the 2018 Third Quarterly Report.

All financial information set out above is unaudited and prepared in accordance with the PRC Accounting Standards of the People's Republic of China.

By order of the Board

Dongjiang Environmental Company Limited*

Deng Qian

Non- Executive Director

Shenzhen, Guangdong Province, The
People's Republic of China
24 October 2018

As at the date of this announcement, the board of directors of the Company comprises two executive directors, being Mr. Li Yong Peng and Mr. Zhang Kai; three non- executive directors, being Mr. Liu Boren, Mr. Deng Qian and Mr. Huang Yiming; and three independent non-executive directors, being Mr. Wong Hin Wing, Mr. Qu Jiu Hui and Mr. Zhu Zhengfu.

** For identification purpose only*