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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 2017 FIRST 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 27 April 2017 (the “**Announcement**”) in relation to the full 2017 First 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 six months ending 30 June 2017

Forecasted change (in percentage) of net profit attributable to shareholders of the Company for the six months ending 30 June 2017 20 to 40%

Forecasted change (in range) of net profit attributable to shareholders of the Company for the six months ending 30 June 2017 RMB247,286,500 to RMB288,500,900

Net profit attributable to shareholders of the Company for the six months ended 30 June 2016 RMB206,072,100

Note: During the reporting period, the Company insisted on its strategies and focused on its principal business. In respect of external expansion, the Company continued to expand its harmless business, Environmental Engineering construction and PPP Projects, which was

effective. At the same time, through system innovation, working efficiency improvement, the Company continued to increase the cost and expense control, the expected growth of results have been achieved.

B. Financial Statement

(1) CONSOLIDATED BALANCE SHEET

Item	As at 31 March 2017 (unaudited) RMB	As at 31 December 2016 (audited) RMB
Current assets:		
Cash and bank balances	1,793,998,379.35	1,160,073,128.47
Financial assets at fair value through profit and loss	0.00	1,667,820.00
Bills receivables	50,211,329.33	43,826,934.87
Accounts receivables	560,840,428.70	493,350,206.69
Prepayments	61,779,966.89	58,626,629.51
Interest receivables	748,657.00	612,851.17
Other receivables	238,681,609.75	250,742,693.80
Loan	247,352,564.00	274,275,000.00
Inventories	290,852,586.11	267,170,579.55
Non-current assets due within one year	16,930,533.96	16,930,533.96
Other current assets	72,474,559.31	144,416,881.51
Total current assets	3,333,870,614.40	2,711,693,259.53
Non-current assets:		
Available-for-sale financial assets	14,931,700.00	14,931,700.00
Held-to-maturity investment	20,000,000.00	0.00
Long-term accounts receivable	198,821,411.25	225,111,058.25
Long-term equity investments	164,584,692.38	138,075,173.33
Investment properties	66,388,962.20	66,388,962.20
Fixed assets	1,382,996,074.07	1,397,225,395.38
Construction in progress	1,501,033,251.03	1,455,607,111.76
Intangible assets	895,643,491.67	828,345,528.78
Development expenditure	12,300,568.36	9,887,422.97
Goodwill	1,118,860,359.88	1,118,860,359.88
Long-term unamortized expenses	4,377,985.93	5,027,895.31
Deferred income tax assets	21,056,338.24	20,565,246.42
Other non-current assets	187,320,206.30	197,429,402.27
Total non-current assets	5,588,315,041.31	5,477,455,256.55

Total assets	8,922,185,655.71	8,189,148,516.08
Current liabilities:		
Short-term borrowing	1,540,727,988.25	1,735,862,188.25
Accounts payables	658,762,471.77	713,257,454.13
Receipts in advance	108,868,070.28	122,667,701.18
Employee emolument payables	37,897,816.98	49,024,619.72
Tax payables	76,531,074.71	94,270,901.66
Interest payables	246,329.37	492,344.62
Dividend payables	2,131,250.00	2,240,850.00
Other payables	358,839,505.85	386,376,361.66
Non-current liabilities repayable within one year	264,708,294.06	296,546,305.45
Other current liabilities	5,592,167.64	7,063,249.92
Total current liabilities	3,054,304,968.91	3,407,801,976.59
Non-current liabilities:		
Long-term borrowings	451,608,244.93	397,910,986.99
Bonds payables	1,273,855,875.00	357,165,749.95
Long-term payable	5,625,337.86	2,047,313.05
Deferred income	139,418,181.47	152,709,774.72
Deferred income tax liabilities	3,463,060.82	3,005,865.08
Other non-current liabilities	2,813,900.00	2,813,900.00
Total non-current liabilities	1,876,784,600.08	915,653,589.79
Total liabilities	4,931,089,568.99	4,323,455,566.38
Shareholders' equity:		
Share capital	887,152,102.40	887,152,102.40
Capital reserve	524,607,545.24	518,915,703.92
Less: treasury share	204,523,160.00	210,095,760.00
Other comprehensive income	1,024,186.83	3,060,802.36
Special reserves	1,912,526.46	1,912,526.46
Surplus reserve	190,854,508.48	190,854,508.48
Generic risk reserve	4,114,125.00	4,114,125.00
Undistributed profits	1,996,955,969.54	1,892,980,408.00
Equity attributable to shareholders of the Company	3,402,097,803.95	3,288,894,416.62
Minority interests	588,998,282.77	576,798,533.08
Total shareholders' equity	3,991,096,086.72	3,865,692,949.70
Total liabilities and shareholders' equity	8,922,185,655.71	8,189,148,516.08

(2) BALANCE SHEET OF THE COMPANY

Item	As at 31 March 2017 (unaudited) RMB	As at 31 December 2016 (audited) RMB
Current assets:		
Bank balances and cash	1,106,024,604.06	513,255,882.45
Financial assets at fair value through profit and loss	0.00	1,667,820.00
Bills receivables	9,275,844.88	3,514,255.67
Accounts receivables	337,789,318.44	237,317,626.16
Prepayments	1,284,406.49	3,808,820.33
Interest receivable	748,657.00	612,851.17
Other receivables	1,489,338,703.29	1,599,957,230.03
Inventories	5,899,627.14	2,858,170.21
Non-current asset due within one year	16,930,533.96	16,930,533.96
Other current assets	0.00	82,747,324.17
Total current assets	2,967,291,695.26	2,462,670,514.15
Non-current assets:		
Available-for-sale financial assets	14,931,700.00	14,931,700.00
Long-term accounts receivable	193,022,695.25	219,603,856.25
Long-term equity investments	3,183,854,110.51	3,131,524,591.46
Investment properties	66,388,962.20	66,388,962.20
Fixed assets	89,872,510.87	90,985,913.64
Construction in progress	13,606,865.46	87,631,260.74
Intangible assets	87,602,667.10	9,587,049.63
Development expenditure	12,217,764.52	9,887,422.97
Deferred income tax assets	11,188,168.59	11,188,168.59
Other non-current assets	44,980,527.58	45,635,810.48
Total non-current assets	3,717,665,972.08	3,687,364,735.96
Total assets	6,684,957,667.34	6,150,035,250.11
Current liabilities:		
Short-term borrowings	1,462,971,988.25	1,657,971,988.25
Accounts payables	346,173,973.35	257,378,082.38
Receipts in advance	18,267,657.93	27,015,378.52
Employee emolument payables	5,742,143.57	10,454,227.31
Tax payables	35,210,071.61	40,921,261.18
Interest payables	276,214.55	376,379.53

Dividend payables	1,872,850.00	1,982,450.00
Other payables	536,593,620.61	538,029,118.15
Non-current liabilities repayable within one year	218,573,946.52	213,712,490.59
Other current liabilities	259,562.31	356,083.08
Total current liabilities	2,625,942,028.70	2,748,197,458.99
Non-current liabilities:		
Long-term borrowings	114,793,691.98	93,391,847.72
Bonds payables	961,829,914.11	357,165,749.95
Deferred income	21,592,433.28	21,592,433.28
Deferred income tax liabilities	3,005,865.08	3,005,865.08
Other non-current liabilities	2,813,900.00	2,813,900.00
Total non-current liabilities	1,104,035,804.45	477,969,796.03
Total liabilities	3,729,977,833.15	3,226,167,255.02
Shareholders' equity:		
Share capital	887,152,102.40	887,152,102.40
Capital reserve	578,719,423.66	573,027,582.34
Less : treasury share	204,523,160.00	210,095,760.00
Other comprehensive income	3,509,701.20	3,509,701.20
Surplus reserve	174,343,233.38	174,343,233.38
Undistributed profits	1,515,778,533.55	1,495,931,135.77
Total shareholders' equity	2,954,979,834.19	2,923,867,995.09
Total liabilities and shareholders' equity	6,684,957,667.34	6,150,035,250.11

(3) CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

Item	For the three months ended	For the three months ended
	31 March 2017 (unaudited) RMB	31 March 2016 (unaudited) RMB
Total operating revenue	675,502,324.94	499,283,095.64
Including: Operating revenue	675,502,324.94	499,283,095.64
Total operating costs	564,021,157.98	432,976,788.41
Including: Cost of operation	425,355,162.03	323,671,523.80
fee and commission payments	2,652.76	493.00
Tax and levies	7,077,216.46	3,856,901.97
Selling expenses	18,440,303.78	11,511,919.47
Administrative expenses	88,770,604.62	79,365,946.52
Finance costs	23,383,385.48	21,210,199.73

Impairment loss for assets	991,832.85	-6,640,196.08
Add: Gain (loss) on fair value changes	43,260.00	-99,000.00
Investment income (loss)	2,308,882.07	4,116,299.14
Including: Investment income (loss) from jointly controlled entities and associates	2,329,519.05	4,059,550.79
Operating profit (loss)	113,833,309.03	70,323,606.37
Add: Non-operating income	22,216,064.82	37,137,580.85
Including: disposal gains on non-current asset	122,330.10	699,675.50
Less: Non-operating expenses	263,099.76	4,416,755.84
Including: Disposal loss on non-current asset	9,677.00	197,189.08
Total profit (loss)	135,786,274.09	103,044,431.38
Less: Income tax expenses	19,610,962.83	11,815,162.54
Net profit (loss)	116,175,311.26	91,229,268.84
Net profit attributable to Shareholders of the Company	103,975,561.54	84,627,682.02
Minority interests	12,199,749.72	6,601,586.82
Net of other comprehensive income (after tax)	-2,036,615.53	-52,820.49
Net of other comprehensive income attributable to shareholders of the Company (after tax)	-2,036,615.53	-52,820.49
Items can be reclassified to profit and loss in the future	-2,036,615.53	-52,820.49
Exchange difference on the translation of foreign currency financial statement	-2,036,615.53	-52,820.49
Total comprehensive income	114,138,695.73	91,176,448.35
Total comprehensive income attributable to shareholders of the Company	101,938,946.01	84,574,861.53
Total comprehensive income attributable to minority interests	12,199,749.72	6,601,586.82
Earnings per share:		
(1) Basic earnings per share	0.12	0.1
(2) Diluted earnings per share	0.12	0.1

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

Item	For the three months ended 31 March 2017 (unaudited)	For the three months ended 31 March 2016 (unaudited)
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	RMB	RMB
Total operating revenue	210,978,353.74	185,115,581.86
Less: cost of operation	152,400,703.40	139,974,182.11
Tax and levies	428,084.87	1,066,963.54
Selling expenses	334,798.05	3,071,478.62
Administrative expenses	21,367,877.44	28,055,530.93
Finance costs	20,463,957.86	15,357,947.88
Impairment loss for assets	-664,546.33	511,006.17
Add: Gain (loss) on fair value changes	43,260.00	-99,000.00
Investment income (loss)	2,287,813.65	11,709,550.79
Including: Investment income (loss) from jointly controlled entities and associates	2,329,519.05	4,059,550.79
Operating profit (loss)	18,978,552.10	8,689,023.40
Add: Non-operating income	3,968,438.78	5,400,527.22
Including: Disposal gains on non-current asset	0.00	14,534.00
Less: Non-operating expenses	842.96	296,117.05
Including: Disposal loss on non-current asset	0.00	171,413.18
Total profit (loss)	22,946,147.92	13,793,433.57
Less: Income tax expenses	3,098,750.14	312,582.42
Net profit (loss)	19,847,397.78	13,480,851.15
Total comprehensive income	19,847,397.78	13,480,851.15
Earnings per share		
(1)Basic earnings per share	-	-
(2)Diluted earnings per share	-	-

(5) CONSOLIDATED CASH FLOW STATEMENT FOR THE REPORTING PERIOD

Item	For the three months ended	For the three months ended
	31 March 2017 (unaudited) RMB	31 March 2016 (unaudited) RMB
Cash flows from operating activities:		
Cash received from sales of goods and	725,889,830.87	613,536,375.68

rendering of services		
Cash received from interest, handling fee and wages	12,626,171.77	10,165,459.83
Other cash receipts relating to tax returning	16,176,386.17	12,611,197.53
Other cash receipts relating to operating activities	7,132,272.81	47,049,585.98
Sub-total of cash inflows from operating activities	761,824,661.62	683,362,619.02
Cash paid for goods and services	496,252,676.93	357,100,719.87
Net increase in loans and advances to customers	-26,922,436.00	32,040,000.00
Cash payment of interest, handling fee and wages	0	493
Cash paid to and on behalf of employees	111,926,457.03	126,971,946.81
Payments of taxes and levies	78,566,194.15	68,207,193.40
Other cash payments relating to operating activities	3,369,249.73	92,133,307.66
Sub-total of cash outflows from operating activities	663,192,141.84	676,453,660.74
Net cash flows from operating activities	98,632,519.78	6,908,958.28
Cash flows from investing activities:		
Cash paid to dispose fixed assets, intangible assets and other long-term assets	126,000.00	0.00
Sub-total of cash inflows from investing activities	126,000.00	0.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	139,035,537.08	144,224,649.20
Net cash paid on acquisition of subsidiaries and other operating units	23,500,000.00	144,000,000.00
Other cash payments relating to investing activities	20,000,000.00	0.00
Sub-total of cash outflows from investing activities	182,535,537.08	288,224,649.20
Net cash flows used in investing activities	-182,409,537.08	-288,224,649.20
Cash flows from financing activities:		
Cash received from borrowings	223,464,857.64	408,294,100.00
Cash received from issuing bonds	920,000,000.00	0.00
Sub-total of cash inflows from financing activities	1,143,464,857.64	408,294,100.00
Cash payments for settlement of borrowings	396,829,556.93	153,457,668.61

Cash payments for distribution of dividend or profits, or interest expenses	16,170,335.81	36,595,873.08
Other cash payments relating to financing activities	8,572,600.00	12,855,059.90
Sub-total of cash outflows from financing activities	421,572,492.74	202,908,601.59
Net cash flows from financing activities	721,892,364.90	205,385,498.41
Effect of foreign exchange rate changes on cash and cash equivalents	2,485,514.37	-52,820.49
Net increase in cash and cash equivalents	640,600,861.97	-75,983,013.00
Add: Cash and cash equivalents at the beginning of the period	1,139,658,566.94	815,961,534.58
Cash and cash equivalents at the end of the period	1,780,259,428.91	739,978,521.58

(6) CASH FLOW STATEMENT OF THE COMPANY OF REPORTING PERIOD

Item	For the three months ended 31 March 2017 (unaudited) RMB	For the three months ended 31 March 2016 (unaudited) RMB
Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	221,596,948.40	216,893,046.09
Refund of taxes and levies	581,298.93	4,920,400.57
Other cash receipts relating to operating activities	5,990,301.49	22,398,019.34
Sub-total of cash inflows from operating activities	228,168,548.82	244,211,466.00
Cash paid for goods and services	64,864,051.23	110,718,679.06
Cash paid to and on behalf of employees	53,793,284.90	43,228,067.89
Payments of taxes and levies	5,141,530.42	16,103,122.42
Other cash payments relating to operating activities	134,732,998.17	21,841,749.57
Sub-total of cash outflows from operating activities	258,531,864.72	191,891,618.94
Net cash flows from operating activities	-30,363,315.90	52,319,847.06
Cash flows from investing activities:		

Cash paid to acquire fixed assets, intangible assets and other long-term assets	6,132,469.00	8,090,886.99
Net cash paid by subsidiaries and other operating units	73,500,000.00	127,000,000.00
Other cash payments relating to investing activities	0.00	97,564,955.56
Sub-total of cash outflows from investing activities	79,632,469.00	232,655,842.55
Net cash flows used in investing activities	-79,632,469.00	-232,655,842.55
Cash flows from financing activities:		
Cash received from borrowings	190,000,000.00	302,704,074.23
Cash received from issuing bonds	600,000,000.00	0.00
Other cash received relating to financing activities	300,000,000.00	0.00
Sub-total of cash inflows from financing activities	1,090,000,000.00	302,704,074.23
Cash payments for settlement of borrowings	358,736,699.81	126,939,143.96
Cash payments for distribution of dividend or profits, or interest expenses	21,595,750.36	17,050,159.05
Other cash paid relating to financing activities	8,572,600.00	12,855,059.90
Sub-total of cash outflows from financing activities	388,905,050.17	156,844,362.91
Net cash flows from financing activities	701,094,949.83	145,859,711.32
Net increase in cash and cash equivalents	591,099,164.93	-34,476,284.17
Add: Cash and cash equivalents at beginning of the year	499,420,139.79	345,053,453.00
Cash and cash equivalents at end of the period	1,090,519,304.72	310,577,168.83

Shareholders and investors of the Company should refer to the 2017 First 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 2017 First 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 2017 First 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.

In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

By order of the Board
Dongjiang Environmental Company Limited*

Liu Ren

Chairman

Shenzhen, the PRC, 27 April 2017

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, being Mr. Liu Ren, Mr. Chen Shu Sheng and Mr. Li Yong Peng; 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*