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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 ANNOUNCEMENT IN RELATION TO PROVISION FOR ASSET IMPAIRMENT

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 (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 27 March 2026, Dongjiang Environmental Company Limited* (the “**Company**”) convened the 14th meeting of the eighth session of the board of directors (the “**Board**”), at which the “Resolution on Provision for Asset Impairment for the Year 2025” was considered and approved, details of which are set out as follows:

I. Overview of the Provision for Asset Impairment

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises* (《企業會計準則》), and to truly reflect the Company’s financial position, asset values and operating results, the Company has sorted out and analyzed the values of relevant assets in the consolidated statements as of 31 December 2025, conducted impairment tests by asset category, and made provision for asset impairment on assets where potential asset impairment losses may exist.

II. Scope, Total Amount and Explanation of Assets for Which Provision for Asset Impairment is Made in this Period

The Company made provision for asset impairment in an aggregate amount of

RMB454,064,300 in respect of the assets recorded in the consolidated financial statements for the year of 2025, and the breakdown of provision for impairment made for each asset is set out as follows:

Unit: RMB ten thousand

Asset items	Amount of provision for asset impairment in 2025	Description of provision for asset impairment
Accounts receivable	3,610.24	Provision for asset impairment is made in accordance with the expected credit loss model and the individual expected credit loss rate.
Other receivables	-68.36	Provision for asset impairment is made in accordance with the expected credit loss model and the individual expected credit loss rate.
Notes receivable	2.15	Provision for asset impairment is made in accordance with the expected credit loss model and the individual expected credit loss rate.
Inventories	1,866.86	Provision for asset impairment is made for the difference by which the cost exceeds the net realizable value.
Long-term equity investments	332.10	Provision for asset impairment is made for the difference by which the net book value exceeds the recoverable amount.
Fixed assets	8,816.41	Where the recoverable amount is lower than the carrying amount, an impairment provision is recognized for the difference.
Construction in progress	9.30	Where the recoverable amount is lower than the carrying amount, an impairment provision is recognized for the difference.
Intangible assets	282.53	Where the recoverable amount is lower than the carrying amount, an impairment provision is recognized for the difference.
Goodwill	30,555.20	The carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergy effect of corporate mergers. Where the results of the tests indicate that the recoverable amount of goodwill allocated to asset groups or groups of asset groups is lower than its carrying amount, the corresponding impairment loss is recognized.
Total	45,406.43	

III. Details of Significant Amount of Provision for Asset Impairment

1. Details of provision for bad debts in respect of accounts receivable

On the basis of expected credit losses, the Company performs impairment treatment on financial assets at amortized cost, debt instrument at fair value through other comprehensive income and lease receivables, mainly including bills receivables, accounts receivable, receivable financing, other receivables and long-term receivables. In addition, for contract assets and certain financial guarantee contracts, provision for impairment is made and credit impairment losses are recognized in accordance with the accounting policies described in this section.

The Company makes provision for impairment and recognizes credit impairment losses for each of the above items in accordance with its applicable expected credit loss measurement method (general method or simplified method). For financial instruments with low credit risk on the balance sheet date, the Company makes the loss provision based on whether the credit risk has increased significantly since the initial confirmation, and uses the expected credit loss amount in the next 12 months or the entire period as the basis for calculating the loss provision. The Company evaluates the credit risk of individual financial assets with significantly different credit risks. In addition to financial assets which are subject to individual credit risk assessments, the Company classifies financial assets into different groups based on common risk characteristics, and assesses credit risk on a group basis.

Determination of credit losses on various types of financial assets:

① Bills receivables

The Company measures the loss allowance for bills receivables based on the amount of expected credit losses of the bills for the entire credit period. Based on the credit risk characteristics of the bills receivables, they are classified into different groups:

Item	Basis of grouping
Bank acceptance notes	The acceptor is a bank with low credit risk
Commercial acceptance notes	Based on the credit risk of the acceptors, the classification shall be the same as that of the "accounts receivable" group

② Accounts receivable and contract assets

For accounts receivable and contract assets without significant financing components, the Company measures the loss allowance at an amount equal to the expected credit loss for the whole credit period.

For accounts receivable, contract assets and lease receivables with significant financing components, the Company has elected to always measure the loss allowance at an amount equal to the expected credit loss for the credit period.

In addition to the accounts receivable that are individually assessed for credit risk, the Company classifies them into different groups according to the credit risk characteristics:

Item	Basis of grouping
Accounts receivable:	
Group 1	Accounts receivable from government
Group 2	Accounts receivable from related companies
Group 3	Accounts receivable from general customers or others
Contract assets:	
Group 1	Environmental engineering construction and service projects of related companies
Group 2	Government public utility construction projects
Group 3	Environmental engineering construction and service projects of other customers
Group 4	Household waste landfill projects
Group 5	Power generation subsidy project

③ Receivable financing

Bills receivables and accounts receivable at fair value through other comprehensive income with a maturity of one year (inclusive) or less from the date of initial recognition are presented as receivable financing. The Company measures impairment losses using the amount of expected credit loss for the entire credit period.

④ Other receivables

The Company measures impairment losses on other receivables based on whether there has been a significant increase in credit risk since initial recognition, using an amount equal to 12-month or expected credit loss for the entire credit period. In addition to other receivables that are individually assessed for credit risk, the Company classifies them into different groups according to their credit risk characteristics:

Item	Basis of grouping
Group 1	Accounts receivable from government
Group 2	Accounts receivable from related companies
Group 3	Accounts receivable from general customers or others
Group 4	Deposits, security deposit, reserve fund receivable and others

For 2025, based on the expected credit loss model and individual expected credit loss rate, the Company made bad debts provision for accounts receivable of RMB36,102,400, bad

debts provision for other receivables of RMB-683,600 and bad debts provision for note receivables of RMB21,500.

2. Details of provision for impairment of inventories

Inventories are measured at the lower of cost or net realizable value, and provision for impairment of inventories is made for the difference of cost in excess of net realizable value of inventories. For inventories used directly for sales, the net realizable value is determined by using the estimated selling price of the inventory less estimated selling expenses and relevant taxes in the normal course of production operations; for inventories that are subject to processing, the net realizable value is determined by using the estimated selling price of the finished goods produced less the estimated costs to be incurred to completion, estimated selling expenses and relevant taxes in the normal course of production operations. At the balance sheet date, if a portion of the same inventory has a contractual price agreement and the other portion does not have a contractual price, the net realizable value of the inventory shall be determined separately and compared with its corresponding cost to determine the amount of provision or reversal of provision for impairment of inventory respectively. For 2025, the Company made a provision for impairment of inventories of RMB18,668,600.

3. Details of provision for impairment of fixed assets

The recognition standard and accrual method of provision for impairment of the Company's fixed assets are as follows: The Company checks whether there is any sign of possible impairment of the fixed assets on the balance sheet date. If there is sign of possible impairment, the Company will conduct an impairment test to confirm the recoverable amount. Provision for impairment shall be made on the basis of the difference between a lower recoverable amount and a higher carrying amount. The recoverable amount of fixed assets is determined according to the higher of the net amount after deducting disposal costs from the fair value of the asset and the present value of the expected future cash flow of the asset. For 2025, the Company made provision for impairment of fixed assets of RMB88,164,100.

4. Details of provision for goodwill impairment

According to the requirements of "Accounting Standard for Business Enterprises No. 8 - Impairment of Assets", goodwill arising from corporate mergers shall at least be tested for impairment at the end of each year. Goodwill shall be tested for impairment in combination with the asset group or combination of asset groups associated with it. If the recoverable amount of an asset group or combination of asset groups is lower than its carrying amount, the corresponding impairment loss should be recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or combination of asset groups, and is recognised in the profit and loss statement of the period as impairment loss on goodwill.

As at the end of 2025, the Company performed impairment test on goodwill arising from corporate mergers, and engaged asset valuation firms to appraise the recoverable amounts of their respective groups of assets (including goodwill) as at the valuation reference date. Based on the impairment test, the Company made provision for goodwill impairment of RMB305,552,000.

IV. Effect of Provision for Asset Impairment on the Company

The amount of provision for asset impairment for 2025 was in total RMB454,064,300, which reduced the Company's net profit attributable to shareholders of the listed company in 2025 by RMB438,685,100 and correspondingly reduced the owners' equity attributable to shareholders of the listed company in 2025 of the Company by RMB438,685,100. After making provision for asset impairment, the Company's total loss in 2025 amounted to RMB1,340,325,100, and the net loss attributable to shareholders of the listed company amounted to RMB1,231,537,800. The information above has been audited by the Company's auditor, WUYIGE Certified Public Accountants LLP.

V. Explanation on Reasonableness of Provision for Asset Impairment for the Year of 2025

The provision for asset impairment was in compliance with the Accounting Standard for Business Enterprises and other relevant requirements with sufficient basis, which is consistent with the actual condition of the Company based on the accounting principle of prudence. After the provision for asset impairment, the Company's financial position and asset value as at 31 December 2025 could be more fairly presented, which enhanced the reasonableness of the Company's accounting information.

VI. Decision-making process

1. Deliberations of the Audit and Risk Management Committee of the Board

On 26 March 2026, the Company held the 10th meeting of the Audit and Risk Management Committee of the eighth session of the Board, at which the "Resolution on Provision for Asset Impairment for the Year 2025" was reviewed and approved.

2. Deliberations of the Board

On 27 March 2026, the Company held the 14th meeting of the eighth session of the Board, at which the "Resolution on Provision for Asset Impairment for the Year 2025" was reviewed and approved.

By order of the Board

Dongjiang Environmental Company Limited*

Wang Bi'an

Chairman

Shenzhen, the PRC

27 March 2026

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Bi'an, Mr. Li Xiangli and Mr. Zhu Lintao; two non-executive Directors, being Mr. Liu Xiaoxuan and Mr. Jia Guorong; and three independent non-executive Directors, being Mr. Lee Kwok Tung Louis, Mr. Li Jinhui and Ms. Xiang Ling.

** For identification purposes only*