

# **Infore Environment Technology Group Co., Ltd.**

## **2023 Annual Report**



让世界更清洁 让未来更美好

**April 2024**

# **2023 Annual Report**

## **Part I Important Notice, Table of Contents and Definitions**

**The Board of Directors, the Board of Supervisors as well as the directors, supervisors and senior officers of Infore Environment Technology Group Co., Ltd. warrant that the information in this report contains no misrepresentations, misleading statements or material omissions, and jointly and severally accept liability for the truthfulness, accuracy and completeness of information in this report.**

**Ma Gang, the Company's legal representative, Wang Qingbo, the Company's principal officer in charge of accounting, and Wu Shanshan, the principal officer of the Company's accounting division (head of accounting) warrant that the financial statements contained in this report are truthful, accurate and complete.**

**All directors of the Company attended the Board meeting to review this report.**

**Any forward-looking statements such as future plans mentioned in this report shall not be considered as promises to investors. Investors are advised to pay attention to possible investment risks.**

**The Board has approved a proposal on dividend plan as follows: Based on the total share capital (minus shares in the Company's repurchase account) on the date of record for the 2023 final dividend plan, a cash dividend of RMB 1.25 (tax inclusive) per 10 shares will be distributed to the shareholders, with no capitalization of the capital reserve to share capital.**

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## **Documents Available for Reference**

(I) Financial statements with signatures and seals of the legal representative of the Company, principal officer in charge of accounting and principal officer of the accounting division.

(II) Original audit report with the seal of the accounting firm, and signed and stamped by certified public accountants (CPAs).

(III) Originals of all corporate documents and announcements publicly disclosed on the website designated by the CSRC during the reporting period.

The originals and legally effective photocopies of the aforesaid documents are available at the Company and the stock exchange for inspection by investors.

## Definitions

Term	means	Definition
Company, the Company, Infore Enviro	means	Infore Environment Technology Group Co., Ltd.
Zoomlion Environmental	means	Changsha Zoomlion Environmental Industry Co., Ltd.
Infore Technology	means	Guangdong Infore Technology Co., Ltd.
Green Oriental Company	means	Shenzhen Green Oriental Environmental Protection Co., Ltd.
CSRC	means	China Securities Regulatory Commission
SZSE	means	Shenzhen Stock Exchange
General Meetings of Shareholders	means	General Meetings of Shareholders of Infore Environment Technology Group Co., Ltd.
Board of Directors, the Board	means	Board of Directors of Infore Environment Technology Group Co., Ltd.
Board of Supervisors	means	Board of Supervisors of Infore Environment Technology Group Co., Ltd.
<i>Company Law</i>	means	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	means	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	means	Articles of Association of Infore Environment Technology Group Co., Ltd.

## Part II Company Profile and Principal Financial Indicators

### I. Company Information

Stock abbreviation	Infore Enviro	Stock code	000967
Shares listed on	Shenzhen Stock Exchange		
Chinese name	盈峰环境科技集团股份有限公司		
Chinese abbreviated name	盈峰环境科技集团		
English name (if any)	Infore Environment Technology Group Co., Ltd.		
Legal representative	Ma Gang		
Registered address	1818 Renmin West Road, Dongguan Street, Shangyu District, Shaoxing City, Zhejiang Province, China		
Postal code	312300		
Historical updates to registered address	On February 29, 2016, the Company changed its registered address to 1818 Renmin West Road, Dongguan Street, Shangyu District, Shaoxing City, Zhejiang Province, China, from Shangpu Town, Shangyu City, Zhejiang Province.		
Office address	23/F, Infore Center, 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province		
Postal code	528300		
Company website	www.inforeenviro.com		
Email	inforeenviro@infore.com		

### II. Contact Details

	Board Secretary	Securities Representative
Name	Jin Taotao	Wang Fei
Address	23/F, Infore Center, 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province	23/F, Infore Center, 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province
Telephone	0757-26335291	0757-26335291
Fax	0757-26330783	0757-26330783
Email	wangyf@infore.com	wangyf@infore.com

### III. Information Disclosure and Access

Stock exchange website on which the report is published	Shenzhen Stock Exchange: <a href="http://www.szse.cn/">http://www.szse.cn/</a>
Publications and websites on which the report is published	<i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , <i>Shanghai Securities Journal</i> , and Cninfo ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> )
Place where the report is lodged	Securities Department, 23/F, Infore Center, 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City

#### IV. Changes to Registered Information

Unified Social Credit Code	913300006096799222
Changes to the Company's principal activities since its listing (if any)	<p>Since it went public in 2000, the Company has changed its business scope five times. Scope of business as at November 18, 1993: the research, development and production of ventilators, air-cooling and water-cooling equipment, air conditioners, refrigerators, quick-freezing equipment, molds and power generators. Export (refer to the documents of approval from the Ministry of Foreign Trade and Economic Cooperation for details); On July 2, 2002, the scope of business expanded to include "metal and plastic-steel composite pipes and profiles". On November 14, 2003, the scope of business expanded to include "environmental engineering". On February 29, 2016, a strategic transformation led to an expansion of the Company's scope of business to: R&amp;D, maintenance, and operation services of environmental monitoring instruments, development, consulting, and services of environmental management technologies, operation services of environmental management facilities; design and construction of environmental engineering, environmental engineering, municipal engineering, and water conservancy and other water-related projects, technological development and services for water pollution control, water treatment, and ecological restoration; R&amp;D, sales, and technical consulting services of communication products, network products, mechatronic products, automatic control products, intelligent building and community products, as well as software products; design, development, investment, operation management, and technical consulting services of relevant supporting facilities for the disposal and recycle of municipal waste and solid waste; sales of ventilators and air-cooled, water-cooled, and air conditioning equipment; operation of import and export businesses; industrial investment, investment management, asset management, and investment consultation; On May 18, 2016, "investment, the operation of import and export business, industrial investment, investment management and asset management" were removed from the Company's scope of business. On June 28, 2019, the Company's scope of business was updated to: R&amp;D, manufacturing, sales, technical consultation, maintenance and operation services of sanitation equipment, special operation robots, new energy vehicles (NEV), environmental monitoring equipment, special equipment for environmental protection, car charging equipment and parts; equipment leasing; design, operations management, technological development and technical services of supporting facilities relating to disposal and recycling of municipal garbage and solid waste; design, construction, operations management, technological development, technical services of environmental engineering, municipal engineering, garden engineering, electric power engineering, water conservancy engineering, water pollution treatment engineering, air pollution treatment engineering, and soil remediation engineering; operational cleaning, collection, transportation and treatment services of urban household garbage (operating with license); development, technical consultation and technical services of environmental protection, IoT and Internet technologies; software development and sales; sales of ventilators, air cooling, water cooling and air conditioning equipment; import and export business and investment consultation.</p>
Changes to the Company's controlling shareholders since its incorporation (if any)	<p>1. In 2000, the Company went public, and its largest shareholder was Zhejiang Fan &amp; Air-cooled Equipment Co., Ltd. 2. On February 23, 2006, the former controlling shareholder of the Company, Zhejiang Shangfeng Industry Group Co., Ltd., and the Company's shareholder, Midea Group Co., Ltd., transferred their respective stocks of 9,575,027 shares and 24,897,984 shares to Guangdong Infore Group Co., Ltd. Guangdong Infore Group Co., Ltd. became the Company's largest shareholder. 3. On August 5, 2008, the Company's controlling shareholder, Guangdong Infore Group Co., Ltd. changed its name to "Guangdong Infore Holding Investment Group Co., Ltd." 4. On September 30, 2010, Guangdong Infore Holding Investment Group Co., Ltd. changed its name to "Infore Holding Investment Group Co., Ltd." The latter became the Company's controlling shareholder. 5. On January 4, 2019, the private placement of new shares for the purchase of new assets was made, and the Company issued 1,017,997,382 shares to Ningbo Infore Asset Management Co., Ltd. to acquire its 51% equity interest in Zoomlion Environmental. Ningbo Infore Asset Management Co., Ltd. became the Company's largest shareholder. As at the end of the reporting period, the Company's controlling shareholder was Ningbo Infore Asset Management Co., Ltd.</p>

## V. Other Relevant Information

The accounting firm engaged by the Company

Name of accounting firm	Pan-China Certified Public Accountants LLP (Special General Partnership)
Office address of accounting firm	27/F, Run'ao Business Center (T2), Qianjiang Century CBD, Xiaoshan District, Hangzhou City, Zhejiang Province
Authorized signatories	Bian Shanshan, and Wei Xiaohui

The sponsor engaged by the Company to exercise constant supervision over the Company during the reporting period

Applicable Not applicable

Sponsor	Sponsor's office address	Representative	Supervisory period
Huaxing Securities Co., Ltd.	Huaxing Securities, 2301, Raffles City The Bund East Tower, No. 1089 Dongdaming Road, Hongkou District, Shanghai	Li Zeming, Zheng Zaoshun	2023

The financial advisor engaged by the Company to exercise constant supervision over the Company during the reporting period

Applicable Not Applicable

## VI. Major Accounting Data and Financial Indicators

Whether the Company needs to retrospectively adjust or restate accounting data in previous years

Yes No

	2023	2022	YoY change	2021
Operating revenue (RMB)	12,631,050,967.34	12,255,992,938.42	3.06%	11,866,291,611.45
Net profit attributable to the listed company's shareholders (RMB)	498,383,730.00	418,794,179.13	19.00%	752,792,198.66
Net profit attributable to the listed company's shareholders after non-recurring gains and losses (RMB)	444,753,430.22	324,753,411.18	36.95%	557,050,456.60
Net cash flows from operating activities (RMB)	1,385,556,509.49	1,662,482,287.71	-16.66%	809,218,720.13
Basic earnings per share (RMB/share)	0.16	0.13	23.08%	0.24
Diluted earnings per share (RMB/share)	0.16	0.13	23.08%	0.24
Weighted average return on equity	2.88%	2.41%	0.47%	4.51%
	December 31, 2023	December 31, 2022	YoY change	December 31, 2021
Total assets (RMB)	29,048,201,560.36	29,271,291,859.98	-0.76%	28,362,883,652.30
Net assets attributable to the listed company's shareholders (RMB)	17,437,509,156.73	17,288,602,018.09	0.86%	16,927,565,990.33

The lower of net profit before and after non-recurring gains and losses is negative for the most recent three fiscal years, and the latest auditor's report shows there is uncertainty as to the Company's ability to continue as a going concern.



Yes No

The lower of net profit before and after non-recurring gains and losses is negative.

Yes No

## VII. Accounting Data Differences Arising from Domestic/Overseas Accounting Standards

### 1. Differences in net profit and net assets under Chinese Accounting Standards and International Accounting Standards

Applicable Not Applicable

No such differences during the reporting period.

### 2. Differences in net profit and net assets under Chinese Accounting Standards and Overseas Accounting Standards

Applicable Not Applicable

No such differences during the reporting period.

## VIII. Quarterly Key Financial Indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,671,198,594.33	3,461,432,009.54	2,857,777,560.35	3,640,642,803.12
Net profit attributable to the listed company's shareholders	156,375,931.23	216,592,838.32	230,043,358.95	-104,628,398.50
Net profit attributable to the listed company's shareholders after non-recurring gains and losses	132,592,018.43	194,972,218.23	216,119,614.54	-98,930,420.98
Net cash flows from operating activities	-372,981,710.55	482,209,744.40	213,560,033.15	1,062,768,442.49

Whether the financial indicators above or their sums differ materially from those in the Company's disclosed quarterly and interim reports

Yes No

## IX. Non-recurring Gains and Losses Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount in 2023	2022	2021	Note
Gain or loss for the disposal of non-current assets (inclusive of provisions to write off impaired assets)	-4,146,549.53	-2,289,681.16	6,337,251.97	-

Government subsidies recognized as gain or loss during the reporting period (exclusive of government subsidies given in the Company's ordinary course of business based on the established criteria and having a continuous impact on the Company's gain or loss as per the government policies or regulations)	52,966,550.75	80,268,041.82	55,341,877.03	-
Gain or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises as well as from the disposal of financial assets and financial liabilities (exclusive of effective hedges that arise in relation to the Company's ordinary business operations)	-	0.00	-79,222,823.84	-
Capital collected from non-financial enterprises that was recognized as gain or loss during the reporting period	52,623.28	1,280,730.46	3,173,551.55	
Gain or loss on entrusting other parties with investment or asset management	12,111,406.99	19,091,108.25	29,170,261.66	Income from wealth management products: RMB 12,111,406.99.
Reversal of provisions for impaired receivables that have been individually tested for impairment	484,240.00	-	-	-
Gain/loss on debt restructuring	-3,130,560.92	-5,380,200.00	-	-
Operating revenue and expenses other than the above items	9,532,774.64	2,164,235.04	2,598,028.75	-
Other gains and losses that fall into the definition of non-recurring gains and losses	-	19,785,940.63	172,459,718.81	-
Tax rebates, reductions	-	1,004,379.44	3,768,945.18	-

and exemptions granted ultra vires or without official documents of approval				
Less: Income tax	11,730,712.09	22,153,064.81	-8,007,245.43	-
Minority interest affected (after tax)	2,509,473.34	-269,278.28	5,892,314.48	-
Total	53,630,299.78	94,040,767.95	195,741,742.06	--

Details on other gains and losses that fall into the definition of non-recurring gain/loss:

Applicable Not Applicable

No such cases during the reporting period.

Explanation of classification of non-recurring gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public — Non-recurring Gains and Losses* as recurring gains and losses

Applicable Not Applicable

No such cases during the reporting period.

## Part III Management Discussion and Analysis

### I. Industry Performance During Reporting Period

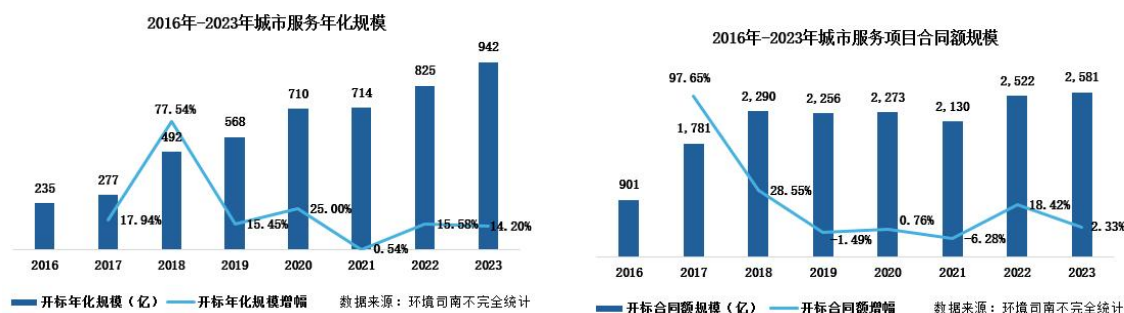
#### 1. Industry overview

Infore Enviro is a leading investor and operator in the smart urban service industry, primarily engaging in two areas: urban cleaning services and environmental protection equipment. Urban cleaning services refer to the comprehensive activities of collecting, comprehensively treating and recycling domestic and industrial waste, and managing related social activities to minimize the environmental impact of urban waste and ensure a clean and hygienic working and living environment for city dwellers. Specifically, these services include cleaning, maintenance and watering of urban roads, squares, and other public spaces; collecting and transporting domestic waste from residential areas and public spaces; construction, maintenance, and service of sanitation facilities such as public toilets, waste bins, and garbage transfer stations; terminal harmless treatment of urban waste and special waste; planning, construction, and maintenance of urban landscapes and green spaces.

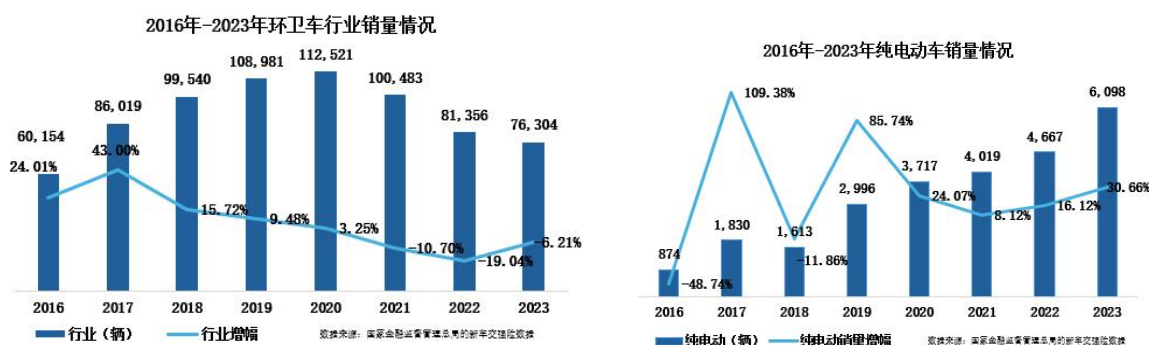
#### 2. Development trends

2023 marked the beginning of full implementation of the guiding principles of the 20th CPC National Congress, and was a crucial year for implementing China's 14th Five-Year Plan. The urban service market maintained robust momentum thanks to the sanitation marketization reform and the "urban steward" model. Driven by policy incentives, demand for environmental protection equipment remained high, indicating a positive outlook over the long term. However, the market experienced a continued decline from the previous year due to macroeconomic challenges, decline in government's fiscal payment capacity, and downturn in customers' budgets.

Increase in annual amount and total amount of urban services contracts in the past eight years:



Total sales of environmental protection equipment, and sales of pure-electric environmental protection equipment in the past eight years:



Urban service is an essential item of government spending, as it is closely related to people's livelihoods. The sector's long-term

growth is not entirely connected with short-term economic volatility, and it is tied with long-term economic trends, policy directives, environmental requirements, and people's living standards, without notable seasonal and regional features.

As the existing sanitation equipment gradually enters a replacement cycle and the supportive policies for new energy increase in 2024, the new energy sanitation market in China will reach an economic inflection point. With the introduction of franchise management measures and supportive policies, the sanitation franchise market will fully expand. It is expected that the overall growth trend of the sanitation industry will remain unchanged.

### 3. Development priorities

#### (1) Comprehensive adoption of new energy-powered and smart environmental protection equipment

As China advances ecological construction, achieving carbon peak and neutrality has been included in the national plan for ecological endeavors. Against this backdrop, more and more cities are launching large-scale initiatives to transition their environmental protection equipment toward new energy sources, particularly the increased adoption of low-noise and less-emissions new energy-powered sanitation vehicles. The penetration rate of new energy solutions in the environmental protection equipment sector reached 8.4% in 2023. As the market scales up and costs decrease, the life-cycle cost of new energy sanitation vehicles has become significantly lower than that of oil-powered vehicles. This signifies that the comprehensive transition of environmental protection equipment to new energy sources is entering a phase of rapid acceleration.

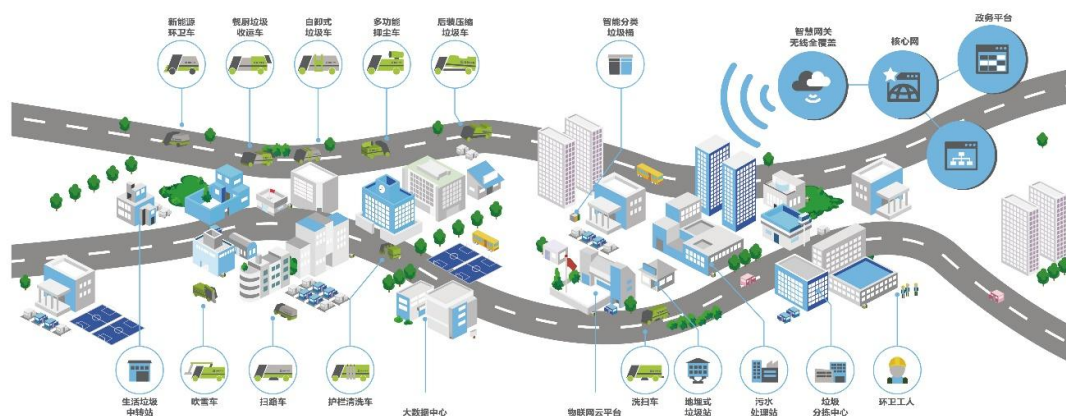
The traditional sanitation industry is characterized by its labor-intensive nature. With the aging population and the changing career preferences of younger generations, labor demand is skyrocketing, and labor costs remain high. This has given rise to the development of smart environmental protection equipment. Sanitation cleaning and maintenance is a low-growth area of application, and the technology is relatively mature and has begun to show economic viability. Current autonomous sanitation vehicles can replace certain human operations on closed and semi-closed roads. They can automatically perform scheduled cleaning tasks during off-peak hours of traffic in parks and other areas. Managers can remotely monitor the status of the robots in real time. This significantly reduces the workload of sanitation workers, and minimizes their exposure to harsh working environment while reducing management costs and alleviating labor shortages. As a significant part of the optimization of urban management models, the future of urban/rural services is increasingly steered towards one that is smart, and requires less or even no human labor, signifying a vast development space and application prospects in this sector.

#### (2) Smart urban services

As urbanization accelerates, the gradual transition from traditional "sanitation integration" to a smarter, more precise, and more efficient "urban steward" model has become a consensus in the new round of urban service reform. Traditional sanitation management models can no longer meet the demand for modern urban development. The emergence of smart urban services offers a solution for sustainable urban development. By leveraging Internet of Things (IoT) and mobile Internet, smart urban services enable full-process and real-time monitoring of all environmental sanitation service personnel, vehicles, objects, and events, assist in rationally designing sanitation management models, boosting operating quality, reducing operating costs, and making sanitation management effective through statistical data and assessments. All smart urban services are deployed on the Smart Urban Management Cloud and connected to the Smart City Network, and are provided to managers and workers in a cloud-based manner anytime. As technology continues to advance and applications continue to expand, smart urban services will play a more important role in the future, driving cities towards a greener, lower-carbon, and more sustainable future.

Drawing on its insights into the current state of the environmental protection industry, Infore Enviro began its foray into the field of urban stewardship in 2021 with a forward-looking perspective. Incorporating sophisticated technologies in "intelligent equipment, smart services, and Smart Sanitation Cloud Platform", Infore Enviro has created an "Infore Mode" encompassing "full series of intelligent equipment + full-scenario smart urban services". The Company's 5G intelligent cleaning robots can work through human-machine collaboration and auto driving, and have strong cleaning capabilities. They can complete high-precision automated cleaning tasks, based on real-time positioning, autonomous navigation, obstacle avoidance and detour, and autonomous safe operation, on complex outdoor roads and under dynamically changing scenarios. In collaboration with the new digital and intelligent management model and the remote monitoring and management model of the Smart Sanitation Cloud Platform, they are capable of 24/7, all-round,

seamless, precise, and efficient operation, maintenance, supervision, and management of service personnel, vehicles, objects, and events. On top of these strengths, the Company provides customers with tailored smart solutions to urban services including "smart supervision, smart operation, smart service", as well as a new model featuring "management + service + operation" for the whole process of urban public space, public resources, and public projects, which enables real transition from management to service, and from governance to operation, to meet the needs for refined urban management.



For a detailed analysis on the industry, please refer to Discussion and Analysis on the Future Development of the Company.

## II. Principal Business During the Reporting Period

### 1. Principal activities

In terms of urban service business, Infore Enviro has created an "Infore Mode" encompassing "full series of intelligent equipment + full-scenario smart urban services" by incorporating sophisticated technologies in "intelligent equipment, smart services, and Smart Sanitation Cloud Platform". The services range from road cleaning and maintenance, snow and ice removal, waste collection and transportation, waste sorting, municipal infrastructure maintenance, urban landscaping, water area cleaning to marine sanitation. The Company also offers customers one-stop services including planning, design, investment, construction, and operation of environmental sanitation projects. In terms of business scope, the Company implements an "urban steward + sanitation integration" dual strategy. Regarding business model, the Company pursues diversification through "government procurement", "franchising", and "equity cooperation". As such, it has consistently maintained its industry-leading position in the long-cycle urban service market.

In 2023, the Company ranked No.2 for increase in annual amount of urban service contracts, and ranked No.3 for total amount of urban service contracts. The Company ranked No.1 in terms of sales of environmental protection equipment in 2023 for the 23rd consecutive year in China.

### 2. Principal products

In terms of intelligent equipment, leveraging its leading position in the environmental protection equipment industry, strong R&D and manufacturing capabilities and a well-established nationwide sales network, the Company forged a most comprehensive suite of environmental protection equipment of over 400 models within the industry, providing customers with a wide range of solutions including various sanitation and cleaning equipment, waste collection and transportation equipment, and new and clean energy environmental protection equipment. The Company's range of products spans from cleaning and maintenance equipment, waste collection and transportation equipment, waste compression station equipment, kitchen food waste recycling equipment, municipal and landscaping equipment, to emergency snow and ice removal equipment. An industry leader in intelligent equipment R&D, the Company developed 5G intelligent cleaning robots, autonomous sanitation vehicles, small smart cleaning robots, smart energy storage equipment for industrial and commercial use, etc.



Smart Sanitation Cloud Platform is a big data smart urban service cloud platform developed in-house and a pioneering platform in China's sanitation industry that encompasses the full industrial chain. The platform, with an investment of nearly RMB 200 million, supported by over 25 smart urban service-related copyrighted software and patents and integrating 5G, AI, big data, cloud computing, edge computing and other advanced technologies to form an immersive framework and develop core technologies such as integrated IoT applications, data communication, video command and control, safe driving tests, IoT software and hardware compatible technologies and big data applications. Through the platform, the Company can monitor all environmental sanitation service personnel, vehicles, objects, and events on a real-time basis. The Company has designed robust sanitation management models to boost operating quality, reduce operating costs, and make sanitation management effective through statistical data and assessments. At present, the platform is providing intelligent services for more than 80,000 products of customers across China, with over 40,000 daily active users. In the future, the Company will continue to apply digital technologies and create innovative intelligent equipment and smart services. Moreover, through in-depth integration into smart city development, it will continuously boost the application of smart corporate cloud platforms to become a leader and enabler in the digital transformation of the environmental sanitation sector by dint of intelligence.

In terms of smart services, the Company's "Environmental Sanitation APP" enables remote monitoring, data collection and procedural approval for its line-up of smart equipment and products during operations. Through visualized operational data and automatic business analysis, the Smart Sanitation Cloud Platform is capable of digitalized equipment management, sophisticated process management, and quantified materials management. This drives a digitalized, intelligent, IT-based, and integrated management approach throughout the entire sanitation process.

### 3. Technology accumulation and innovation

#### (1) Cumulative R&D capabilities

Infore Enviro's R&D team of environmental protection equipment comprises experts from national research institutions, who have a long track record in scientific research. Based on China's status of environmental governance, the Company has built the most comprehensive environmental industry system in China, providing customers with complete sets of equipment and solutions for road cleaning and maintenance, solid waste collection and transportation, municipal emergency rescue, landscaping and maintenance, snow and ice removal, kitchen food waste treatment, environmental governance and water treatment. The Company's advanced technologies in environmental protection equipment powered by new energy and hydrogen energy are at the forefront of the industry. The Company owns 1,155 patents, including 599 utility patents, 447 utility model patents, and 109 design patents. It leads the industry in terms of the number of technical and utility patents. Many national, industry, and local standards have been made under the direction of Infore Enviro. With provincial research centers, the Company has been recognized as a National Intellectual Property Model Enterprise, and a National Intellectual Property Competitive Enterprise and received numerous awards, including the China Patent Excellence Award, China Machinery Industry Science and Technology Award, Hunan Provincial Science and Technology Progress Award, and Huaxia Construction Science and Technology Award. It has obtained the first autonomous drive test license in sanitation. Furthermore, the Company was identified by the Ministry of Industry and Information Technology (MIIT) as a leading enterprise with key tasks in new-generation AI industry innovation, making it a top player in China's AI domain and a member of the "national team" of intelligent cleaning robot innovators.

During the reporting period, the Company invested RMB 353 million in R&D for continuous improvement and innovation in product tech, with 353 patent applications, including 95 utility patents, 197 utility model patents, and 61 design patents. It has made remarkable R&D results and is leading the industry in this regard.

#### (2) Innovation of cloud platform

Smart Sanitation Cloud Platform is a big data smart cloud platform that was developed in-house by the Company. By integrating advanced underlying technologies such as big data, cloud computing, IoT, mobile Internet and AI into the platform, the Company developed core technologies such as integrated IoT applications, data communication, video command and dispatch, safe driving tests, IoT software and hardware compatible technologies and big data applications. The seamless integration of environmental protection equipment and operations allows the platform to achieve real-time connectivity between urban service personnel, vehicles, objects, and events as well as standardized, digitalized and smart operation and management. The Company established a digital operation and management system for smart services, which, through smart and safe operation that requires less human labor and energy consumption, enables it to develop competitive advantages with smart services.

The platform is supported by over 20 urban service-related software copyrights and patents and has won accolades such as the *MIIT's 2019 Pilot Demonstration of the Integration of Key Industries and the Internet*, *2021 Outstanding Cases of Mobile IoT*, *2021 Excellent Industrial App of Hunan*, *2022 Changsha's Key R&D Project – Garbage Classification Collection and Transportation System Based on Image Recognition and CNN Deep Learning Algorithm*, and *2022 Changsha Torch Plan for Intelligent Vehicle Industry Ecosystem*. The platform has provided smart services to over 80,000 products of customers.

#### (3) Leader in new energy

Pioneering the development of new energy in the sanitation industry, the Company offers the most comprehensive portfolio of new energy products in the industry. Infore Enviro started the research and development of new energy-powered environmental protection equipment in 2007 and successfully developed the first pure-electric sweeper truck in China in July 2008. The Company was tasked with the cleaning and sanitation of the streets during the 2008 Beijing Olympics. Over three decades of sustained R&D in sanitation vehicles and over a decade of hard work have led Infore Enviro into developing over 40 types of new energy vehicles (NEV) for cleaning, washing, waste collection and urban sanitation. The Company's nearly 200 vehicle models form the most comprehensive suite of new energy-powered sanitation vehicles in China. The Company launched its fifth generation of new energy-powered environmental protection equipment, as the industry's most comprehensive range of products, including over 100 varieties that cover road sweeping and washing, garbage transportation, urban landscape, solar power cleaning, and mobile charging. Additionally, it unveiled the industry's first domain controller platform to fully integrate the chassis-control system of the chassis and upper installation, with platformized hardware, integrated software, modular functionality and scene-based products. The Company



has reduced system costs by 9% while increasing system performance by 15%, leading the innovative development of new energy sanitation. This helps customers lower purchasing and operating costs. The Company sold 1,974 pure-electric powered sanitation vehicles in 2023, with a market share of 32.4%, ranking No.1 in the industry, according to the motor vehicle accident liability insurance data released by the National Financial Regulatory Administration.

#### (4) Pioneer in intelligent cleaning robots

The Company has independently developed over 10 models of intelligent cleaning robots (both basic and 5G smart models are available) and offers the most comprehensive suite of cutting-edge intelligent cleaning robots in the market. The entire series of products are integrated with core technologies such as green new energy, 5G+AIOT cluster control, AI, machine vision, 360-degree image recognition and are equipped with sensors such as laser radar, ultrasonic radar, high precision differential GPS, 360-degree cameras, allowing for smart operations and smart navigation of intelligent cleaning robots as well as paving the way for a more diverse operational capacity in a wide range of locations and scenarios. The Company's first "5G Cloud + Intelligent Cleaning Robot" is a smart remote cluster model of operation that redefines how sanitation is carried out. By raising the standards of digitalization and efficiency in the industry drastically and reducing safety risks to sanitation personnel as well as labor costs, the new model of operation presents remarkable economic and social benefits for the community and economy.

The Company's 5G intelligent cleaning robot crew has been deployed in Shenzhen, Changsha and Suzhou. The crew has become a new benchmark for smart urban services and has been repeatedly recognized by government agencies and other associations as a model for technological innovation that breathes new life into the traditional sanitation industry with AI. The 5G smart sanitation robot crew digitalizes and informatizes urban sanitation, raises the capabilities for and standards of informatization in the sanitation industry and improves the standards of sophisticated management of urban public services, creating a better living environment for the people.

Other businesses of the Company primarily include environmental monitoring, solid waste treatment, and ventilator equipment manufacturing.

The Company's environmental monitoring business covers the monitoring of smoke, air quality, haze, water quality, water conservation, soil and dust and the provision of an integrated one-stop service for environmental protection, water conservation, water supply and smart cities. Product sales are the main business operations, supplemented by the provision of services for operation and maintenance.

The Company's solid waste disposal business primarily encompasses the incineration of domestic waste to generate energy, the landfilling of domestic waste, the recycling of food waste and the utilization of solid waste in industrial parks. With waste-to-energy projects as the core, the industrial parks of solid waste recycling are equipped with treatment facilities for domestic waste disposal, hazardous waste disposal, sludge treatment, food waste treatment, sewage treatment, construction wastewater treatment, ecological restoration of landfills, leachate treatment and fly ash disposal. Their operating model is public-private partnership (PPP).

The Company's ventilation machinery manufacturing covers ventilators, mufflers, dampers, refrigerators, magnetic levitation fans, blowers and nuclear-grade dampers for nuclear power, subways, tunnels, rail transportation, industrial and civil construction and other areas. Its fans are mainly sold via a combination of direct sales and retailers.

### III. Analysis of Core Competitiveness

#### 1. Industry leader in sanitation equipment

The Company sold 1,974 pure-electric powered sanitation vehicles in 2023, with a market share of 32.4%, ranking No.1 in the industry, according to the motor vehicle accident liability insurance data released by the National Financial Regulatory Administration. As a leader in China's sanitation equipment sector, ranking No.1 in terms of sales of sanitation equipment for the 23rd consecutive year, the Company owns state-of-the-art technologies and offers the most comprehensive range of environmental protection equipment. In terms of R&D, the Company has mastered industry-leading technologies in new energy-powered environmental protection equipment, intelligent cleaning robots and autonomous environmental sanitation vehicles, and obtained the

first drive test license in environmental sanitation from the government. The Company developed the world's first intelligent cleaning robot crew and successfully deployed the crew in Orange Isle, a 5A level national scenic spot in Changsha City, Hunan Province. The Company's 5G autonomous intelligent cleaning robot crew has also been deployed in the college town in Changsha. The Company has developed a comprehensive suite of environmental protection equipment that spans over 400 models and allows the Company to meet the diverse sanitation demand across the country. As one of the pioneers in environmental protection equipment, the Company developed the first wet and dry vacuum sweeper truck, the first fully hydraulic mini road sweeper, the first tunnel road washer, the first pure-electric road sweeper and the first natural gas-powered road washer in China. The Company has extensive proven experience in the environmental sanitation industry and become the most influential brand in the industry.

## 2. Fast-growing urban services with standardized management

The Company established a new sanitation ecosystem with its operational model of "mechanized production+smart operation+standardized service". With its new operational model, the Company aims for the centralized management of services and planning, visual monitoring of the entire process of sanitation, swift response to emergencies and closed-loop management. With smart analysis performed on all data and improvements to management and controls that are based on evidence and rigorous science, the Company strives to standardize services, refine sanitation management by virtue of smart technologies, grow business rapidly, build key competitive advantages, and lead in the new era of smart urban services.

From 2016 to 2023, the Company recorded a contract amount of RMB 1.237 billion, RMB 5.561 billion, RMB 8.711 billion, RMB 9.72 billion, RMB 12.574 billion, RMB 8.435 billion, RMB 9.251 billion, and RMB 7.652 billion respectively and an annual service contract amount of RMB 55 million, RMB 305 million, RMB 429 million, RMB 855 million, RMB 1.248 billion, RMB 1.228 billion, and RMB 1.819 billion, and RMB 1.553 billion, respectively for urban services. The Company's operating revenue from urban services increased by 35.38% YoY to RMB 5.63 billion in 2023.

## 3. "Direct repair+" after-sales service

After-sales service is a critical touchpoint for companies to connect with customers, and high-quality after-sales service is a company's core competitive edge. Based on product lifecycle management, the Company launched a "Speedy Service" Program that follows the "1314" service standards—responding to customers within 15 minutes; departing within 30 minutes and arriving at material service areas within 2 hours; addressing general faults within 1 day and material faults within 3 days; offering free services four times each quarter. For this service program, the Company has deployed resources, including one platform, 300 service outlets, 1,000 service engineers, and 400 service stations. Currently, Infore Enviro can deliver timely, warm, quality, fairly-priced, and trustworthy services to its customers.

## 4. Corporate culture and management team

Corporate culture is the cornerstone of a company's creativity and unity as well as an important part of a company's key competitive advantages. With the corporate mission of "Cleaner World, Better Future", the Company sticks to the corporate philosophy of "simple and professional with quick execution" and the core values of "our clients are vital to us; our employees are our partners in our endeavors; we aim to be achievement-oriented - competence beats mediocrity; and technology innovation is the basis for our development." We adopt the development strategy with leading technology at the center, being order-driven as the means, and motivating talent as the basis, and are committed to becoming a respected and trusted leader in providing intelligent equipment and services with cleaning robots at its core. After years of efforts, the Company has deeply incorporated the core elements of its corporate culture into operations. These principles have guided its business segments, branches, and subsidiaries in benchmarking operations, advancing refined management, and high-quality growth.

The Company is helmed by a pragmatic and competent management team. The Company's management team endorses the corporate culture and shares the same management philosophy. Each member of the team complements the others' strengths and has clearly defined responsibilities. As a whole, the team is united and possesses strong executive abilities. With abundant industry experience and forward-looking vision, the team identifies industry trends with precision and speed and seizes market opportunities promptly. For many years, the Company has promoted stock incentives and employee stock ownership programs as well as set up team management frameworks for cornerstone partnerships, senior partnerships and general partnerships, gathering a group of

passionate trailblazers who share the Company's values, building a community for key employees in the Company and propelling the Company towards stable, healthy and long-term growth.

## IV. Analysis of Principal Business

### 1. Overview

Infore Enviro faced severe external challenges in 2023 amidst the macroeconomic situation. Despite that, the Company remained committed to its development strategies and annual business plan, with a strong emphasis on its core "5115" strategy. It significantly improved its internal operations by strengthening its key teams and intensifying technological innovation and product research and development. As a result, the Company maintained its position as an industry leader in smart urban services based on its established R&D advantages in environmental protection equipment.

In 2023, the Company generated RMB 498,383,700 in net profit attributable to the listed company's shareholders and RMB 12,631,051,000 in operating revenue. As at the end of the reporting period, the Company reported RMB 29,048,201,600 in total assets and RMB 17,437,509,200 in net assets attributable to the listed company's shareholders. During the reporting period, the Company registered rapid growth in urban services while maintaining its leadership in the environmental protection equipment sector.

#### 1. Ranked No.2 for increase in annual amount of urban service contracts in 2023

According to Huanjing Sinan, Infore Enviro signed 82 urban service projects across 18 Chinese provinces in 2023. These new contracts have an annual amount of RMB 1.553 billion, ranking No.2 in the industry, and a total amount of RMB 7.652 billion, ranking No.3 in the industry. The Company's operating revenue from urban services increased by 35.38% YoY to RMB 5.63 billion. As at the end of the reporting period, Infore Enviro was running 263 urban service projects. These contracts have an annual amount of RMB 6.567 billion and a total amount of RMB 60.018 billion. The Company's executory contracts total RMB 43.809 billion. The Company performed well in terms of sustainable operation.

#### 2. Ranked No.1 in terms of sales of sanitation equipment in 2023

The Company sold 12,319 pieces of environmental protection equipment in 2023, according to the motor vehicle accident liability insurance data released by the National Financial Regulatory Administration. The sales of environmental protection equipment amounted to RMB 5.085 billion, ranking No.1 in the industry in China for the 23rd consecutive year.

#### 3. Ranked No.1 in terms of sales of new energy-powered environmental protection equipment in 2023

The Company sold 1,974 pure-electric powered sanitation vehicles in 2023, with a market share of 32.4%, ranking No.1 in the industry, according to the motor vehicle accident liability insurance data released by the National Financial Regulatory Administration.

#### 4. Improvement in quality and efficiency, and high-quality development

With the key goal of "achieving high-quality development", centering on all steps of production and operation, the Company explored multiple methods for improving its asset operation capabilities to reduce existing assets and control incremental assets. It dismissed high-risk orders, strengthened the classification and accountability mechanisms for contract risks, enhanced recovery of corporate sales revenue, and accelerated operational turnover efficiency. In 2023, the Company recorded RMB 1,385,556,500 in net cash flows from operating activities, and YoY increase of 1.79% and 1.23% in gross profit margin from the two core business segments: intelligent equipment and smart services, leading to the improvement in operational quality ultimately, improvement in quality and efficiency, and effectively driving high-quality sustainable development.

#### 5. Digital transformation and the setup of a highly efficient operating system

Infore Enviro continued to digitalize value chains as digitalization has been one of its core transformation strategies. The Company fully digitalized all applications and processes across value chains using one system and platform under Infore Enviro. By expanding online coverage and enhancing standardization and information technology, it advanced the comprehensive digitalization and visualization for decision-making support across all segments, supported operations management with data, accelerated the

monetization of data assets, improved its refined process management, enhanced control capabilities, reduced costs and risks, and empowered operations. It eventually managed to cut costs and increase efficiencies.

#### 6. High cash dividends for shareholders

Valuing investor return, the Company has been implementing an active profit distribution policy. It has paid high cash dividends for many years in a row as return for its shareholders. According to the 2023 profit distribution plan (proposed) approved at the six meeting of the Tenth Board of Directors, a cash dividend of RMB 1.25 (tax inclusive) per 10 shares will be distributed to the shareholders, based on the total share capital (minus shares in the Company's repurchase account) on the date of record for the plan. A total cash dividend of around RMB 396 million (tax inclusive) is expected to be distributed, accounting for 79.43% of the net profit attributable to the listed company's shareholders in 2023. As the proposed plan is awaiting the approval of the General Meeting of Shareholders, the actual dividend amount will be disclosed by the Company in the relevant announcements.

In the past three years (2021–2023), the Company has paid RMB 1.056 billion in cash dividends, accounting for 41.45%, 83.18% and 79.43% of the net profit attributable to the listed company's shareholders, respectively.

#### 7. Active fulfillment of social responsibility as part of its corporate responsibility

In 2023, while seeking business growth, the Company fulfilled its social responsibility as it got involved in poverty alleviation and disaster relief efforts. In terms of poverty alleviation, the Company took an active part in various initiatives, including making donations, such as the Shangyu Fourth Round Poverty Alleviation and Assistance Charity Fund, the "Warmth of the Ancient City" Relief and Assistance Foundation, and other charity funds or foundations, including those supporting individuals with disabilities. These monetary contributions are used for a wide range of purposes, including poverty alleviation, education, medical and elder care, disaster relief, innovative poverty reduction efforts, and public welfare projects. The Company also readily responds to emergency situations. In response to floods caused by typhoons and continued heavy rainfall, particularly in Beijing and Hebei, the Company swiftly put in place an emergency rescue mechanism with local partners and customers and sent dedicated teams to ensure the proper functioning of equipment through around-the-clock personnel and vehicle services. Its service engineers worked tirelessly to keep sanitation vehicle functioning properly and deliver essential supplies promptly, becoming key contributors to the post-disaster reconstruction efforts.

## 2. Revenue and cost

### (1) Breakdown of operating revenue

Unit: RMB

	2023		2022		YoY change
	Amount	As a percentage of operating revenue	Amount	As a percentage of operating revenue	
Total revenue	12,631,050,967.34	100%	12,255,992,938.42	100%	3.06%
Sector					
Smart urban service	10,715,122,532.51	84.83%	10,242,746,845.77	83.57%	4.61%
Others	1,915,928,434.83	15.17%	2,013,246,092.65	16.43%	-4.83%
Product					
Intelligent equipment	5,085,372,879.14	40.26%	6,084,414,800.17	49.64%	-16.42%
Smart service	5,629,749,653.37	44.57%	4,158,332,045.60	33.93%	35.38%
Others	1,915,928,434.83	15.17%	2,013,246,092.65	16.43%	-4.83%
Region					
Domestic	12,584,153,957.04	99.63%	12,237,181,369.71	99.85%	2.84%
Overseas	46,897,010.30	0.37%	18,811,568.71	0.15%	149.30%
Wholesale					

Direct sales	11,172,859,318.43	88.46%	10,735,356,968.50	87.59%	4.08%
Retail	1,458,191,648.91	11.54%	1,520,635,969.92	12.41%	-4.11%

**(2) Sectors, products, regions or sales models accounting for over 10% of operating revenue or profit**

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YoY change in operating revenue	YoY change in operating costs	YoY change in gross profit margin
<b>Sector</b>						
Smart urban service	10,715,122,532.51	8,366,738,029.64	21.92%	4.61%	4.28%	0.25%
Others	1,915,928,434.83	1,378,744,058.28	28.04%	-4.83%	-4.67%	-0.13%
<b>Product</b>						
Intelligent equipment	5,085,372,879.14	3,675,986,033.73	27.71%	-16.42%	-18.44%	1.79%
Smart service	5,629,749,653.37	4,690,751,995.91	16.68%	35.38%	33.41%	1.23%
Others	1,915,928,434.83	1,378,744,058.28	28.04%	-4.83%	-4.67%	-0.13%
<b>Region</b>						
Domestic	12,584,153,957.04	9,712,142,988.74	22.82%	2.84%	2.73%	0.07%
Overseas	46,897,010.30	33,339,099.18	28.91%	149.30%	109.52%	13.50%
<b>Wholesale</b>						
Direct sales	11,172,859,318.43	8,647,595,286.40	22.60%	4.08%	4.35%	-0.21%
Retail	1,458,191,648.91	1,097,886,801.52	24.71%	-4.11%	-7.16%	2.48%

The Company's main business data for the year was adjusted to take into account revised statistical standards that were updated during the reporting period

Applicable Not Applicable

**(3) Whether revenue from goods sales higher than revenue from rendering services**

Yes No

Sector	Item	Unit	2023	2022	YoY change
Intelligent equipment	Sales	Unit	14,903	17,674	-15.68%
	Production	Unit	15,216	16,221	-6.20%
	Inventory	Unit	1,947	1,634	19.16%

Explanation of data with YoY differences that exceed 30%

Applicable Not Applicable

**(4) Fulfillment of material sales/procurement contracts signed during the reporting period**

Applicable Not Applicable

**(5) Breakdown of operating costs**

Sector

Unit: RMB

Sector	Item	2023		2022		YoY change
		Amount	As a percentage of operating cost	Amount	As a percentage of operating cost	
Smart urban service	Raw materials	3,578,986,019.54	42.78%	4,021,886,417.92	50.13%	-11.01%
Smart urban service	Labor expense	1,762,380,063.07	21.06%	1,056,998,188.36	13.17%	66.73%
Smart urban service	Depreciation	504,195,683.78	6.03%	423,631,356.77	5.28%	19.02%
Smart urban service	Utilities	403,490,139.16	4.82%	463,060,371.23	5.77%	-12.86%
Smart urban service	Other manufacturing overhead	2,117,686,124.09	25.31%	2,057,720,725.63	25.65%	2.91%
Others	Raw materials	596,485,884.08	43.27%	729,321,140.14	50.43%	-18.21%
Others	Labor expense	125,343,062.94	9.09%	97,064,385.84	6.71%	29.13%
Others	Depreciation	163,979,538.70	11.89%	140,507,354.03	9.72%	16.71%
Others	Utilities	24,003,170.66	1.74%	26,661,871.00	1.84%	-9.97%
Others	Other manufacturing overhead	468,932,401.90	34.01%	452,659,020.35	31.30%	3.60%

Note

Labor costs in relation to smart urban services rose significantly over the previous year, primarily because revenue from smart service increased during the current period, resulting in a corresponding increase in supporting facilities, labor costs, and labor outsourcing costs.

#### (6) Changes in the scope of consolidated financial statements for the reporting period

Yes No

For details of the changes in the scope of the consolidated financial statements during the reporting period, please refer to Note 8 "Changes in the Scope of Consolidation" in Part X Financial Statements.

#### (7) Material changes in the business, products or services during the reporting period

Applicable Not Applicable

#### (8) Major customers and suppliers

Major customers of the Company

Total sales to top five customers (RMB)	768,801,478.51
Total sales to top five customers as a percentage of annual total sales	6.09%
Total sales to related parties among top five customers as a percentage of annual total sales	0.00%

Top five customers

No.	Customer	Sales revenue (RMB)	As a percentage of annual total sales
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1	Customer A	184,221,542.53	1.46%
2	Customer B	159,156,813.97	1.26%
3	Customer C	151,343,512.56	1.20%
4	Customer D	139,862,294.97	1.11%
5	Customer E	134,217,314.48	1.06%
Total	--	768,801,478.51	6.09%

Other information about major customers

Applicable Not Applicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	1,548,979,382.34
Total purchases from top five suppliers as a percentage of annual total purchases	19.85%
Total purchases from related parties among top five suppliers as a percentage of annual total purchases	0.00%

Top five suppliers

No.	Supplier	Purchase during the reporting period (RMB)	As a percentage of total purchases
1	Supplier A	625,907,194.69	8.02%
2	Supplier B	448,675,120.98	5.75%
3	Supplier C	245,457,742.48	3.15%
4	Supplier D	128,693,061.92	1.65%
5	Supplier E	100,246,262.27	1.28%
Total	--	1,548,979,382.34	19.85%

Other information about major suppliers

Applicable Not Applicable

### 3. Expenses

Unit: RMB

	2023	2022	YoY change	Reason for material change
Selling expenses	794,334,952.02	762,970,847.95	4.11%	--
Administrative expenses	726,159,237.45	609,601,680.23	19.12%	Mainly due to increase in revenue from smart service during the current period, resulting in a corresponding increase in remuneration of management members.
Financial Expenses	75,321,084.87	101,839,423.91	-26.04%	Mainly due to increase in deposit interest income and decrease in loan interest expenses during the current period.
R&D expenses	344,030,239.33	340,775,707.34	0.96%	--

### 4. R&D investments

Applicable Not applicable

Name of major R&D projects	Objectives	Progress	Proposed goals	Expected impact on future development of the Company
Intelligent Magnetic Levitation Turbine Centrifugal Compressor Equipment for Blower and Vacuum Systems	To explore and expand the segment	Mass-produced and launched on the market	To industrialize the result and generate market orders	This helps the Company improve its key competitive advantages
Nuclear-grade Centrifugal Roof Fan	To explore and expand the segment	Mass-produced and launched on the market	To industrialize the result and generate market orders	This helps the Company improve its key competitive advantages
Three-phase Centrifugal Blower for Nuclear Islands	To meet the energy efficiency requirements of centrifugal blower for nuclear islands	Mass-produced and launched on the market	To industrialize the result and generate market orders	This helps the Company improve its key competitive advantages
Automatic Online Water Quality Monitor for the Content of Total Thallium	To expand the product range for the online monitoring of thallium in domestic sewage and industrial wastewater	Mass-produced and launched on the market	To develop a type of automatic online water quality monitor for the content of total thallium	This helps the Company improve its key competitive advantages
Automatic Water Sampler	To develop new products suitable for pretreatment for surface water stations, with functions such as retention of non-compliant samples and synchronous sample retention	Mass-produced and launched on the market	To develop a type of pretreatment equipment for surface water stations, i.e., sampler with functions such as retention of non-compliant samples and synchronous sample retention	This helps the Company improve its key competitive advantages
Ozone Analyzer	To expand the product range for the online monitoring of ambient atmospheric ozone	R&D completed	To develop a type of highly accurate ozone analyzer	This helps the Company improve its key competitive advantages
Pollution Source CO2 Analyzer	To expand the product range for the online monitoring of polluting greenhouse gases	R&D completed	To develop a type of online automatic monitor of CO2 emissions	This helps the Company improve its key competitive advantages
Continuous Monitoring System for Volatile Organic Compounds in Ambient Air	To expand the range of scientific instruments, enabling online monitoring of 116 types of VOCs in ambient air	R&D completed	To develop a set of online monitoring system of 116 types of VOCs	This helps the Company improve its key competitive advantages
Autonomous Unmanned Sweeping Robot	To develop a type of unmanned sweeping robot	R&D completed	To successfully develop a type of unmanned sweeping robot	This helps the Company improve its key competitive advantages
Outdoor Unmanned Driving Operating System R&D (Phase II)	To conduct specialized technology development for outdoor unmanned driving technology to enhance technical capabilities	R&D completed	To successfully develop the outdoor unmanned driving technology (phase II)	This helps the Company improve its key competitive advantages



Research on Pneumatic Noise Control and Energy-Saving Pneumatic Conveying Technology	To further reduce product energy consumption and noise	R&D completed	To reduce energy consumption and noise of existing products	This helps the Company improve its key competitive advantages
Third-generation Leakage-free Compression Garbage Truck	1. To solve the problem of low loading capacity of the existing product; 2. To solve the problems of material accumulation and scattering on the top of the garbage bin in the existing product; 3. To solve the problem of odor leakage due to the unsealed open end of the existing product.	R&D completed	To develop a wet waste collection and compression truck with features such as full sealing, no leakage, and large loading capacity	This helps the Company improve its key competitive advantages
18-ton Pure-Electric Dual-fan Road Cleaners	To address energy consumption, noise, and other problems of the product	R&D completed	To improve the performance of the existing product	This helps the Company improve its key competitive advantages
18-ton Front Collection Green Hedge Trimmer	To expand the product range for landscape maintenance, such as the trimming, collection of green belts on highways, ring road expressways, and urban roads, the pruning of high branches of bush on roadside, and slope mowing	R&D completed	To develop a specialized vehicle with front-mounted boom arm and quick-change system for transitions between various landscaping tools to manage trimming tasks in a variety of settings, including green belts, roadsides, and slopes	This helps the Company improve its key competitive advantages

## Information about R&amp;D personnel

	2023	2022	Change
Number of R&D personnel	1,212	1,415	-14.35%
R&D personnel as a percentage of total staff	5.99%	8.23%	-2.24%
Education background of R&D personnel			
Bachelor's degree	802	995	-19.40%
Master's degree	358	374	-4.28%
Doctoral degree	11	12	-8.33%
College degree	41	34	20.59%
Age composition of R&D personnel			
< 30 years	471	662	-28.85%
30-40 years	560	641	-12.64%
> 40 years	181	112	61.61%

## Information about R&amp;D investments

	2023	2022	Change
R&D investments (RMB)	352,849,905.78	364,237,563.22	-3.13%
R&D investments as a	2.79%	2.97%	-0.18%

percentage of operating revenue			
Capitalized R&D investments (RMB)	8,819,666.45	23,461,855.88	-62.41%
Capitalized R&D investments as a percentage of total R&D investments	2.50%	6.44%	-3.94%

Reasons and impacts of material change in R&D personnel composition

Applicable Not Applicable

Reasons for significant YoY change in total R&D investments as a percentage of operating revenue

Applicable Not Applicable

Reasons and rationale for significant change in capitalization rate of R&D investment

Applicable Not applicable

The capitalization rate of R&D investment decreased by 3.94% YoY, mainly due to the decrease in the investment in R&D projects under development during the reporting period.

## 5. Cash flow

Unit: RMB

Item	2023	2022	YoY change
Subtotal of cash inflows from operating activities	14,265,101,402.26	14,255,237,258.75	0.07%
Subtotal of cash outflows from operating activities	12,879,544,892.77	12,592,754,971.04	2.28%
Net cash flows from operating activities	1,385,556,509.49	1,662,482,287.71	-16.66%
Subtotal of cash inflows from investing activities	1,691,155,211.72	5,558,632,508.54	-69.58%
Subtotal of cash outflows from investing activities	2,766,885,333.81	6,696,412,810.26	-58.68%
Net cash flows from investing activities	-1,075,730,122.09	-1,137,780,301.72	5.45%
Subtotal of cash inflows from financing activities	1,486,267,737.80	2,381,374,197.63	-37.59%
Subtotal of cash outflows from financing activities	2,462,201,245.03	2,447,214,731.68	0.61%
Net cash flows from financing activities	-975,933,507.23	-65,840,534.05	-1,382.27%
Net increase in cash and cash equivalents	-664,519,991.45	461,918,360.27	-243.86%

Explanation of main impact factor of material change of the data YoY

Applicable Not applicable

The cash inflows from investing activities decreased by 69.58% YoY, and the cash outflows from investing activities declined by 58.68% YoY, mainly due to the YoY decrease in the purchase and redemption of wealth management products during the reporting period.

The cash inflows from financing activities decreased by 37.59% YoY, and the net cash flows from financing activities dropped by 1,382.27% YoY, mainly due to optimization of the debt mix during the reporting period, resulting in more repayments of loans than new borrowings.

Explanation of reasons for the material difference between net cash flows from operating activities during the reporting period and net profit for the year

Applicable Not Applicable

## V. Analysis of Non-Core Business

Applicable Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reasons for generation	Recurrent or non-recurrent
Investment income	-51,597,205.92	-8.46%	--	RMB 4,960,692.79 is the returns on long-term equity investments calculated using the equity method, which is recurrent; the other portion is non-recurrent.
Gain or loss on changes in fair value		0.00%	--	No
Impairment of assets	-123,390,769.02	-20.23%	Mainly due to provision of goodwill impairment loss	No
Non-operating revenue	19,846,705.60	3.25%	--	No
Non-operating expenses	13,031,066.19	2.14%	--	No

## VI. Assets and Liabilities

### 1. Material changes of asset items

Unit: RMB

	December 31, 2023		January 1, 2023		Change	Reason for material change
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	4,411,376,583.78	15.19%	4,728,203,530.46	16.15%	-0.96%	--
Accounts receivable	5,867,669,476.86	20.20%	5,625,792,472.37	19.22%	0.98%	--
Contract assets	74,803,489.48	0.26%	101,023,854.33	0.35%	-0.09%	--
Inventories	971,229,637.15	3.34%	881,038,036.95	3.01%	0.33%	--
Investment properties	1,138,868.60	0.00%	27,105,435.03	0.09%	-0.09%	--
Long-term equity investment	681,629,084.69	2.35%	676,829,959.84	2.31%	0.04%	--

Fixed assets	2,338,316,124.14	8.05%	2,268,287,202.01	7.75%	0.30%	--
Construction in progress	288,057,018.89	0.99%	41,073,267.68	0.14%	0.85%	--
Right-of-use assets	25,125,671.95	0.09%	31,859,454.24	0.11%	-0.02%	--
Short-term borrowings	126,939,855.26	0.44%	440,103,105.44	1.50%	-1.06%	--
Contract liabilities	306,777,173.57	1.06%	274,289,978.25	0.94%	0.12%	--
Long-term borrowings	1,884,356,851.73	6.49%	1,922,306,226.32	6.57%	-0.08%	--
Lease liabilities	16,170,790.76	0.06%	23,255,624.30	0.08%	-0.02%	--
Intangible assets	5,984,348,824.39	20.60%	6,048,114,364.49	20.66%	-0.06%	--

Offshore assets account for high proportion

Applicable Not Applicable

## 2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Gain/loss on changes in fair value during the period	Cumulative changes in fair value included in equity	Accrual of impairment during the period	Purchase amount during the period	Sales amount during the period	Other changes	Closing balance
Financial assets								
4. Investments in other entity instruments	15,352,971.01							15,352,971.01
Subtotal of financial assets	15,352,971.01							15,352,971.01
Total	15,352,971.01							15,352,971.01
Financial liabilities	0.00							0.00

Other changes

Whether any material changes occurred to the measurement attributes of the Company's major assets during the reporting period

Yes No

## 3. Restricted asset rights as at the end of the reporting period

Unit: RMB

Items	Closing balance	Carrying amounts at	Type of restriction	Reason for restriction
-------	-----------------	---------------------	---------------------	------------------------

		the end of the period		
Cash and cash equivalents	495,231,329.24	495,231,329.24	Guarantee, freeze, etc.	Deposits, escrow accounts, frozen due to litigation preservation
Notes receivable - bank acceptance	4,472,210.78	4,472,210.78	Endorsement or discount	Endorsed or discounted but undue
Notes receivable - trade acceptance	407,749.04	349,861.59	Endorsement or discount	Endorsed or discounted but undue
Accounts receivable	357,237,223.82	338,232,491.18	Pledged	Pledged
Receivable financing	55,280,364.20	55,280,364.20	Pledged	Pledged
Long-term accounts receivable and non-current assets due within one year	66,695,425.00	61,841,516.63	Factoring financing and pledge with recourse	Factoring financing and pledge with recourse
Fixed assets	72,439,458.40	27,881,359.42	Mortgaged	Mortgaged
Intangible assets	84,779,751.51	77,778,795.88	Mortgaged	Mortgaged
100% equity interest in Biyang Fenghe New Energy Power Co., Ltd.	105,047,950.25	105,047,950.25	Pledged	Mortgaged [Note]
100% equity interest in Funan Company	78,720,044.41	78,720,044.41	Pledged	
100% equity interest in Poyang Greenlander Renewable Energy Co., Ltd.	76,768,690.77	76,768,690.77	Pledged	
75% equity interest in Lianjiang Company	112,692,107.66	112,692,107.66	Pledged	
25% equity interest in Lianjiang Company	37,564,035.89	37,564,035.89	Freeze	
Total	1,547,336,340.97	1,471,860,757.90		

[Note]: The pledged amount refers to the Company's proportionate share in net assets of each entity.

## VII. Investments

### 1. Overview

Applicable Not applicable

Investment amount for the reporting period (RMB)	Investment amount for the prior period (RMB)	Change
7,056,438.75	106,000,002.00	-93.34%

### 2. Material equity investments made during the reporting period

Applicable Not Applicable

### 3. Material non-equity investments ongoing during the reporting period

Applicable Not Applicable

#### 4. Financial investments

##### (1) Securities investments

Applicable Not Applicable

No such cases during the reporting period.

##### (2) Derivatives investments

Applicable Not Applicable

No such cases during the reporting period.

#### 5. Use of proceeds from fundraising activities

Applicable Not applicable

##### (1) Overall use of proceeds

Applicable Not applicable

Unit: RMB 10,000

Year	Fundraising type	Total amount of proceeds	Net amount of proceeds	Total amount of proceeds used during the period	Accumulative amount of proceeds used	Total amount of proceeds with change of use during the reporting period	Accumulative amount of proceeds with change of use	Share of accumulative proceeds with change of use	Total amount of unused proceeds	Purpose and tracking of unused proceeds	Proceeds left idle for over 2 years
2020	Public offering of convertible corporate bonds	147,618.96	145,733.62	3,956.73	38,836.42	0	0	0.00%	107,743.13	RMB 1 billion will temporarily replenish working capital, and the remaining amount will be used to implement recent investment projects.	0
Total	--	147,618.96	145,733.62	3,956.73	38,836.42	0	0	0.00%	107,743.13	--	0
Explanation of the overall use of proceeds											
<p>According to the <i>Approval of the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd.</i> (Z.J.X.K. [2020] No. 2219) issued by the CSRC, the lead underwriter of the Company, Huaxing Securities Co., Ltd. (formerly known as Huajing Securities, hereinafter "Huaxing Securities") issued 14,761,896 convertible corporate bonds ("CBs") to the public with the offering price of RMB 100 and a par value of RMB 100 for each CB, raising a total of RMB 1,476,189,600.00. Specifically, priority allotment of 9,405,386 CBs were issued to original shareholders of the Company, accounting for 63.71% of the total amount of this public offering; 5,304,730 CBs were issued to public investors through online channels, accounting for 35.94%</p>											

of the total amount of this public offering; 51,780 CBs were to be underwritten by the lead underwriter, accounting for 0.35% of the total amount of this public offering. Proceeds in this offering had been remitted to the Company's raised fund supervision account by the lead underwriter Huaxing Securities on November 10, 2020, and the amount actually received after deducting RMB 15,238,100 of underwriting and sponsorship fees (tax exclusive) was RMB 1,460,951,500. After deducting RMB 3,615,300 (tax exclusive) of external fees that were directly related to CB such as online offering expenses, printing fee for the prospectus, fees of the reporting accountant, counsel fee, credit rating fee, information disclosure expenses, and issuance commission fee, the net amount of proceeds from this offering was RMB 1,457,336,200. The availability of the above-mentioned proceeds has been verified by Pan-China Certified Public Accountants LLP in its *Capital Verification Report* (T.J.Y. [2020] No.490).

As at December 31, 2023, the accumulated use of fundraising proceeds was RMB 388,364,200, and the total amount of fundraising proceeds not yet used was RMB 1,077,431,300.

## (2) Projects with committed investment of proceeds

Applicable Not applicable

Unit: RMB 10,000

Committed investment projects and investment of excessive proceeds	Whether projects have been changed (including partial change)	Total amount of proceeds	Adjusted total investment amount (1)	Investment amount during the reporting period	Accumulative investment amount as at the end of the reporting period (2)	Investment progress as at the end of the reporting period (3)=(2)/(1)	Date when the projects are ready for their intended use	Benefits realized during the reporting period	Whether the estimated return is realized	Whether there are material changes in the project feasibility
Committed investment projects										
The project of the comprehensive smart sanitation allocation center	No	129,638.49	129,638.49	3,956.73	22,741.29	17.54%	December 31, 2024	8,757.61	Not applicable	No
Replenishment of working capital	No	16,095.13	16,095.13	0	16,095.13	100.00%	Not applicable	No benefit generated separately	Not applicable	No
Subtotal of committed investment projects	--	145,733.62	145,733.62	3,956.73	38,836.42	--	--	8,757.61	--	--
Investment of excessive proceeds										
Not applicable										
Repayment of bank loans (if any)	--	0	0	0	0	0.00%	--	--	--	--
Replenishment of working capital (if any)	--	0	0	0	0	0.00%	--	--	--	--
Subtotal of investment of excessive proceeds	--	0	0	0	0	--	--		--	--

Total	--	145,733.62	145,733.62	3,956.73	38,836.42	--	--	8,757.61	--	--
Project-by-project details and reasons for failure to realize planned progress and expected return (including the reasons for choosing "N/A" for "Whether the expected return is realized")	<p>On April 26, 2024, the <i>Proposal on the Delay of Part of the Projects of Proceeds from the Public Issuance of A-share Convertible Corporate Bonds</i> was deliberated and approved at the sixth meeting of the Tenth Board of Directors and the sixth meeting of the Tenth Board of Supervisors. The Company agreed to adjust the investment progress by changing the date for the intended use of the above projects to December 31, 2026. The adjustment was made because the investment progress of the project of the comprehensive smart sanitation allocation center was mainly based on the current business size of the Company's sanitation service projects. The project's investment progress fell short of expectations due to the impact of the overall decline in demand for sanitation equipment and the designation of or restrictions on sanitation equipment suppliers for some projects on the number of orders. Therefore, the Company adjusted the project's investment progress to ensure the quality and full use of proceeds.</p>									
Explanations of the material changes in the project feasibility	Not applicable									
Amount, purpose, and progress of excessive proceeds	Not applicable									
Location changes in the implementation of investment projects of the proceeds	Not applicable									
Adjustments to the implementation method of investment projects of the proceeds	Not applicable									
Early investment and placement of the investment projects of the proceeds	Not applicable									
Temporary replenishment of working capital with idle proceeds	<p>Applicable</p> <p>The <i>Proposal on Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i> was deliberated and approved at the 21<sup>st</sup> Meeting of the Ninth Board of Directors and the 19<sup>th</sup> Meeting of the Ninth Board of Supervisors held by the Company on October 26, 2022, allowing the Company to use idle fundraising proceeds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to the Company's main businesses with a tenor of no more than 12 months as at the date when the Proposal was deliberated and approved by the Board of Directors.</p> <p>The Company issued the <i>Announcement on the Return of Fundraising Proceeds for Temporary Replenishment of Working Capital</i> on October 25, 2023, in which the Company returned all the RMB 1 billion of proceeds for temporary replenishment of working capital to the relevant designated account for proceeds on October 24, 2023 for a period not exceeding 12 months.</p> <p>The <i>Proposal on Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i> was deliberated and approved at the Fourth Meeting of the Tenth Board of Directors and the Fourth Meeting of the Tenth Board of Supervisors held on October 28, 2023, allowing the Company to use idle fundraising proceeds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to its principal businesses with a tenor of no more than 12 months as at the date when the Proposal was deliberated and approved by the Board of Directors. As at December 31, 2023, the balance of the idle fundraising proceeds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000.</p>									
The amount of and reasons for the balance of the proceeds from the project implementation	Not applicable									
Purpose and tracking of the unused proceeds	The <i>Proposal on Using Part of the Idle Fundraising Proceeds to Replenish</i>									



	<i>Working Capital</i> was deliberated and approved at the Fourth Meeting of the Tenth Board of Directors and the Fourth Meeting of the Tenth Board of Supervisors held on October 28, 2023, allowing the Company to use idle fundraising proceeds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to its principal businesses with a tenor of no more than 12 months as at the date when the Proposal was deliberated and approved by the Board of Directors. As at December 31, 2023, the balance of the idle fundraising proceeds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000. The other unused proceeds of RMB 77,431,300 were kept in the designated proceeds account in the form of demand deposits to be used for the construction of the corresponding investment projects.
Problems in the use of proceeds and disclosure, or other cases	Not applicable

**(3) Changed projects of proceeds**

Applicable Not Applicable

No such cases during the reporting period.

**VIII. Sale of Material Assets and Equity Investments****1. Sale of material assets**

Applicable Not Applicable

No such cases during the reporting period.

**2. Sale of material equity investments**

Applicable Not Applicable

**IX. Analysis of Major Subsidiaries and Joint Stock Companies**

Applicable Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Type of company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Changsha Zoomlion Environmental Industry Co., Ltd.	Subsidiary	Smart urban service	2,351,529,800	17,721,351,611.36	8,074,408,455.97	10,689,866,567.16	815,342,983.52	712,220,602.56

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Acquisition and disposal of subsidiaries during the reporting period	Effects on the overall operations and performance
Hubei Yingling Testing Technology Service Co., Ltd.	Business combination not under common control	Positive effects on the Company's business

Liaocheng Chiping Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Jiangmen Lvying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuzhou Changle Yingsheng Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Chongqing Banan Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Yingtai Urban Management Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yingchuang Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Puning Honglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Hefei Yingsheng Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Fengyang Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Sanya Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuzhou Yinghe Environmental Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Chuzhou Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Yongxin Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Lianjiang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Yingzhi Urban Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Longgang Yinglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Yinglian Landscaping Engineering Co., Ltd.	Incorporation	Positive effects on the Company's business
Yangjiang Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Renshou Yinghe Urban and Rural Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Chibi Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Longgang Yingji Urban Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuyi Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Xuchang Jian'an Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Taizhou Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Changsha Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Huichang Yingmao Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Tangshan Yinglian Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Yongfeng Yinghe Environmental Sanitation	Incorporation	Positive effects on the Company's business

Management Co., Ltd.		
Nanjing Yinglian Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Suzhou Wujiang Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Xiajiang Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Longquan Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xinhua Yinglian Modern Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangxi Luocheng Yingxin Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Suzhou Yingfen Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Renshou Zhongying Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Nantong Lianying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Huazhou Liansheng Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Heyuan Zijin Liansheng Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Tangshan Yingxing Sanitation Equipment Manufacturing Co., Ltd.	Incorporation	Positive effects on the Company's business
Quanzhou Yingxin Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhejiang Yolsh Intelligent Emergency Equipment Co., Ltd.	Incorporation	Positive effects on the Company's business
Heyang Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xuzhou Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Meishan Pengshan Zhongfeng Environmental Industry Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Chengdu Yinglian Environmental Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Chongyang Yinglian Environmental Protection Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Yiyang Yinglian Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Wanning Yinglian Environmental Industry Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Shenzhen Longhua District Yinglian Urban Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance

Guangdong Infore Smart Technology Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Gucheng Yinglian Urban Environmental Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Zaozhuang Yinglian Urban Environmental Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Yichun Yinglian Urban Environmental Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Chongqing Yinglian Urban Environmental Sanitation Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Huaibei Zhongfeng Urban Environmental Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance

Fact sheet of major subsidiaries

## X. Structured Entities Controlled by the Company

Applicable Not Applicable

## XI. Future Prospects of the Company

### (I) Market opportunities

1. The 2023 national policies are favorable for the development of the sanitation industry

On January 30, the Ministry of Industry and Information Technology, together with other seven state departments issued the *Notice on Organizing the Pilot Program of Pilot Zones for Full Electrification of Public Service Vehicles*, requiring that there should be a significant rise in the proportion of new energy vehicles in incremental and upgraded vehicles in pilot areas, with an 80% level in terms of buses, taxis, sanitation, postal and express delivery, and urban logistics vehicles fueled by new energy. This policy is favorable for the development of the industry.

*The Opinions of the Central Committee of the CPC and the State Council on Fulfilling the Key Work of Comprehensively Promoting Rural Revitalization in 2023*, which was issued on February 13, requires that efforts should be made to solidly advance the improvements in the rural living environment and increase the intensity of improvements in the village public space. This directly benefits the waste collection and transportation equipment sector.

On May 17, the National Development and Reform Commission (NDRC) issued the *Guidelines on Accelerating the Construction of Charging Infrastructure to Better Support New Energy Vehicle Purchases in the Countryside and Rural Revitalization*. This policy encourages regions with suitable conditions to increase support for the adoption of new energy vehicles (NEV) in public transport, road passenger transport, taxis, law enforcement, sanitation, and logistics.

The State Council, at a policy briefing held on June 21, announced a pilot program for the full electrification of public vehicles. This program involves an implementation plan for heavy-duty truck electrification, and acceleration of the electrification of urban buses, logistics vehicles, taxis, sanitation vehicles, and heavy trucks.

On June 30, the General Office of NDRC and other departments issued the *Notice on Addressing Shortcomings in Public Sanitation and Environmental Facilities and Carrying Out Clean-up and Rectification in Urban and Rural Environmental Sanitation*. This notice sets out initiatives to improve urban environmental sanitation and rural living environments, and address deficiencies in urban and rural waste and sewage treatment.

On July 25, the NDRC issued the *Notice on the Action Plan for Upgrading Environmental Infrastructure Construction (2023-2025)*. This plan calls for accelerating improvements in domestic waste sorting facilities and systems, reasonably blueprinting the construction of collection points, stations, and transfer compression stations, and enhancing collection and transportation networks. This document also aims to address the shortage of domestic waste incineration capacity in county-level regions by encouraging the use of the model of collection at villages, transportation in towns, and processing in counties or nearby to promote the construction of facilities in towns with established status and rural areas.

On July 31, the NDRC and other departments issued the *Notice on Several Measures to Promote Automobile Consumption*. This policy encourages the purchase of new energy vehicles for government agencies, public transport, taxis, postal services, sanitation, and landscaping in appropriate areas when new vehicles are needed or old vehicles need to be upgraded.

On August 25, the Ministry of Industry and Information Technology and six other departments issued the *Notice on the Work Plan for Stabilizing Growth in the Automobile Industry (2023-2024)*. This plan requires organizing the pilot program of pilot zones for full electrification of public service vehicles, accelerating the adoption of new energy buses, taxis, sanitation, postal and express delivery, and urban logistics vehicles, studying, exploring and promoting pilot projects for zero-emission heavy-duty truck in regional freight transport to further increase the electrification level of public service vehicles. It also calls for comprehensively promoting the demonstration of fuel cell vehicles and steadily increasing the applications of fuel cell vehicles.

On October 24, the sixth meeting of the 14th Standing Committee of the National People's Congress adopted a resolution on the issuance by the State Council of additional government bonds and the plan to adjust the 2023 central budget. The central government issued an additional RMB 1 trillion of 2023 government bonds in the fourth quarter. These funds were allocated directly to local governments through transfer payments, for them to focus on rebuilding disaster-stricken areas and addressing deficiencies in disaster prevention and relief infrastructure.

On November 15, the Ministry of Industry and Information Technology, the Ministry of Transport, and six other departments issued the *Notice on Launching the First Batch of Pilot Program of Pilot Zones for the Full Electrification of Public Service Vehicles*. This notice identifies fifteen cities, namely Beijing, Shenzhen, Chongqing, Chengdu, Zhengzhou, Ningbo, Xiamen, Jinan, Shijiazhuang, Tangshan, Liuzhou, Haikou, Changchun, Yinchuan and Ordos, as pilot zones to explore replicable experiences and models, to play a demonstrative and leading role in the full market expansion of NEVs and the development of a green and low-carbon transport system. The document sets out a pilot program that focuses on promoting NEVs in various sectors, including government vehicles, city buses, sanitation trucks, taxis, postal and delivery vehicles, urban logistics vehicles, airport vehicles, and heavy-duty trucks for specific applications, and the goal is to deploy over 600,000 NEVs.

On November 21, the third round of central ecological and environmental inspection commenced, with five inspection teams dispatched to Fujian, Henan, Hainan, Gansu, and Qinghai for a month-long inspection. The inspections focused on environmental issues in implementation of major regional strategies, major ecological damage, environmental pollution, environmental risks, and related responses; environmental infrastructure construction and operation; rectification of issues, ecological and environmental issues that have been raised by the people as major concerns; and the implementation of the principle that both Party committees and governments take responsibility, and officials perform their duties while also taking responsibility for ecological and environmental protection.

On November 30, the State Council issued the *Notice on the Action Plan for Continuous Improvement of Air Quality*. This plan sets out targets of reducing PM2.5 concentrations by 10% compared to 2020 levels, and limiting the proportion of days with severe or severer air pollution to less than 1% in all prefecture-level and above cities; reducing PM2.5 concentrations by 20% in the Beijing-Tianjin-Hebei Region and surrounding areas, and 15% in Fenwei Plain, and achieving overall compliance with national standards on PM2.5 concentration in Yangtze River Delta Region, and maintaining Beijing's PM2.5 concentration below 32 micrograms per cubic

meter. In key regions, at least 80% of newly added or updated public buses, taxis, urban logistics vehicles, and light sanitation vehicles should be fueled by new energy. In prefecture-level and above cities, the mechanical cleaning rate of roads within the built-up area should reach around 80%, and the mechanical cleaning rate of roads in counties should reach around 70%.

On December 25, the Ministry of Ecology and Environment issued the *Notice on Issuing the Comprehensive Action Plan for Tackling Air Pollution in the Beijing-Tianjin-Hebei Region and Surrounding Areas and the Fenwei Plain during the Autumn and Winter of 2023-2024*. This plan requires that by the end of December 2023, the construction or renovation of VOCs treatment facilities should be completed at 1,040 enterprises, and VOCs fugitive emissions should be addressed at 1,217 enterprises. At least 80% of newly added or updated public service vehicles, such as public buses, taxis, logistics vehicles, and light sanitation vehicles, should be fueled by new energy.

## 2. The demand for urban services will keep increasing

The source of urban services revenue is the government budget with the nature of rigid expenditure and is less affected by macroeconomic regulation factors. The business is characterized by continuity and stability.

### (1) The scale of demand for services driven by urbanization

As urbanization continues, the construction of urban roads will directly increase the area for road cleaning, urban housing, compound construction, and urban greening, hence increasing the demand for environmental protection equipment and urban cleaning services. Furthermore, sanitation is one of the prerequisites for each province, city, and district to construct urban upgrades such as "national civilized cities", "national hygienic cities", "national model cities of environmental protection", and "national ecological garden cities". From 2015 to 2022, the area of road cleaning in China's cities and counties increased from 9.678 billion square meters to 13.337 billion square meters, an overall increase of nearly 37.8%; the domestic waste removed and transported in cities and counties rose from 258 million tons to 317 million tons, an overall growth of 22.9%, according to the statistics from the National Bureau of Statistics and the Ministry of Housing and Urban-Rural Development. Driven by urbanization, the release of urban service demand is constantly facilitated in order to maintain the cleanliness and sanitation of urban roads, residential compounds, and municipal gardens, as well as the normal transfer and treatment of domestic waste.

### (2) The "Beautiful Countryside" kick-started, and the rural sanitation market is gradually gaining momentum

The *Five-Year Action Plan for the Remediation and Improvement of Rural Living Environment (2021-2025)* requires that "the rural toilet revolution shall be firmly implemented", "the promotion of rural domestic sewage treatment shall be accelerated", and "the standard of rural domestic waste treatment shall be improved comprehensively". In the era of building "beautiful villages" and boosting urban and rural sanitation integration, projects like promotion by all counties and comprehensive management have emerged continuously and the rural sanitation market will enter a new stage for further rapid market expansion. This will create vast opportunities for urban services and the entire sanitation industry.

### (3) Continued promotion of waste classification and the continued release of market demand

In September 2020, President Xi Jinping chaired the meeting of the Central Comprehensively Deepening Reforms Commission, at which the *Several Opinions on Further Promoting Domestic Waste Classification* was deliberated and approved. The accelerated implementation of waste classification policies would overturn the traditional domestic waste collection and transportation system. Conventional sanitation vehicles will no longer meet the needs of classified collection and transportation. Domestic waste is treated in four steps, namely "dumping", "collection", "transportation", and "disposal", requiring upgrades and renovation of traditional sanitation technology and equipment. Additionally, making the system smart requires increased investment, spurring a continuous release of market demand.

### (4) Full electrification of public service vehicles and increasing demand for new energy-powered environmental protection equipment

On January 30, 2023, the MIIT, together other seven other state departments issued the *Notice on Organizing the Pilot Program of Pilot Zones for Full Electrification of Public Service Vehicles*, setting out to launch nationwide pilot programs of pilot zones for full electrification of public service vehicles from 2023 to 2025. The document requires that there should be a significant rise in the proportion of NEVs in incremental and upgraded vehicles in pilot areas, with an 80% level in terms of buses, taxis, sanitation, postal

and express delivery, and urban logistics vehicles fueled by new energy. Since 2012, China has made a guiding policy to accelerate the cultivation of the new energy vehicle industry, and has successively released important documents for its promotion. After a period of development, new energy-powered sanitation vehicles are poised for significant growth.

(5) The increasing mechanization will drive the growth in the environmental protection equipment market

The increase in mechanization rate of the sanitation industry will reduce the cost of sanitation operations and relieve the financial burden of governments and enterprises. With the expansion of China's urban and rural road cleaning areas, the mechanization rate of the sanitation industry is gradually increasing. According to the *2022 Urban and Rural Construction Statistical Yearbook*, at the end of 2022, the mechanical cleaning space of roads in cities across the country reached 11.1 billion square meters, with a mechanization rate of 79.7%; the mechanical cleaning space of roads in counties across the country reached 2.4 billion square meters, with a mechanization rate of 78.4%. This indicates that there is still room for development in terms of the mechanization level of sanitation industry in China. In the future, as labor costs continue to rise, the mechanization of sanitation operations will become the main development direction of the domestic sanitation market, and it will cover road cleaning, guardrail cleaning, waste collection & transportation, and other segments.

(6) The trend of aging population will drive the expansion of the environmental protection equipment market

The frequent adjustments made by China in terms of minimum wages in different cities have largely influenced the operating costs of urban service enterprises. The defects including high operating costs and low working efficiency in the traditional manual urban service model have increased the business pressure on sanitation operation enterprises. Furthermore, China's elderly population reached 297 million at the end of 2023, accounting for 21.1% of the nation's total population, according to the State Statistics Bureau. The aging trend will exacerbate the workforce deficit in the urban service industry. Meanwhile, with the diversification of job options, the number of young and middle-aged laborers who are willing to engage in sanitation work is also decreasing. Therefore, improving the mechanization rate of the sanitation industry and expanding the use of environmental protection equipment is not only a realistic need in the face of the labor market shortage, but also the requirement for the development of urban sanitation level.

(7) Industrial breakthrough fueled by technological advancement

The rapid development of 5G and AI technology has widened industrial boundaries and opened up a slew of new opportunities. Small-sized smart devices and smart services will be the new bonanza, introducing new variables and increments for the sector. Smart, less humanized, or even unmanned sanitation will be a general trend.

(II) Business plan for 2023

In 2023, the Company closely revolved around its development strategy and annual business plan, focusing on its core strategic business. It improved internal operations, and actively promoted smart urban services, achieving its business plan relatively well for 2023. The Company's business targets set at the beginning of the year were: RMB 80 billion in the planned cumulative contract amount of smart urban services and RMB 6.5 billion in annual revenue. The actual planned cumulative contract amount of smart urban services reached RMB 60.018 billion, while annual revenue posted RMB 5.63 billion.

In 2023, the Company failed to accomplish its annual revenue target of RMB 6.5 billion for smart services, with an achievement rate of 86.62%. It also failed to accomplish its operating target of RMB 80 billion in total contract amount, with an achievement rate of 75.02%. The reason for the Company's failure to achieve the operating target of the total contract amount is a decrease in orders with long cycles of more than 5 years in the market, resulting in a slight decrease in the total contract amount of orders obtained by the Company. In 2024, the Company will take into account the market trends, diversify its operations and actively attract short- and medium-cycle projects.

2024 operating target: to achieve a cumulative contract amount of RMB 100 billion for smart urban service solutions, and to realize an annual revenue of RMB 10 billion; from 2020 to 2024, the planned cumulative contract amount would be RMB 100 billion, so as to achieve an annual revenue of RMB 10 billion.

The Company will continue to increase resource input in its strategic core business, smart urban service, striving to be one of the top-ranking enterprises in the industry in the next five years.

In 2024, the Company will continue to follow its strategy of technology and product leadership, with further focus on its core business – smart urban services. At the same time, it will expand its presence in new energy products, including solar panel brackets as well as energy storage products for industrial and commercial purposes.

(III) Plan for use of funds

2024 is a key period for the Company's rapid development. Given its big demand for funding, the Company will make a funding supply and demand plan that fits its development. Apart from making full use of its own funds, the Company will also further strengthen the management of accounts receivable while optimizing the financial structure to enable strong financial guarantees for its business development and control financial risks. The main funding sources are diverse, including any and combination of issuance of financing bills, medium-term notes, cash flows from operating activities, and bank loans.

(IV) Main risk factors that may adversely affect the achievement of the Company's future development strategies and business objectives

1. Policy-related risks

As the state attaches more importance to environmental protection and environmental governance, unprecedented development opportunities will also appear in the environmental protection industry, but such industry is also highly dependent on national industrial policies since it is typically policy-driven. Adjustments to macroeconomic policies, tax policies, environmental industry policies and environmental management policies will affect the Company's performance.

Countermeasures: To raise the scientific decision-making capacity of managers and boost the Company's resilience against policy-related risks, the Company will pay careful attention to changes in national macroeconomic policies and strengthen research and analysis of industry policies.

2. Operation management risks

As the Company continuously expands its business scale, enriches its business types, broadens its markets and develops more subsidiaries, its asset scale, personnel scale and organization scale are also undergoing rapid expansion, causing its organizational structure and management system to become more complex. Although the Company has formed a complete set of management policies for internal control and improved it annually, the difficulties and risks in the management and control are still increasing due to the differences in industry attributes, geographic distribution, cultural characteristics and corporate culture of its branch institutions.

Countermeasures: the Company is concentrating on strengthening the management and risk control systems, further improving the operation management system and business process, continuing to refine management, and strengthening the risk control and culture of subsidiaries, all while strengthening the talent team.

3. Heightened market competition risks

The sanitation industry in China is an emerging comprehensive industry that is still in the early stages of marketization and has a relatively low level of concentration. However, the industry is currently in a period of rapid growth. With its rapid growth, the involvement of upstream and downstream enterprises, and the continuous participation of new enterprises in different sectors, market competition will continue to intensify. The Company will likely face the risk of losing market share in the future.

Countermeasures: the Company will continue to pursue a technology-driven development strategy in order to preserve its technological leadership in the industry and, as a result, solidify its market leadership.

## XII. Visits Paid to the Company for Purposes of Research, Communication, and Interview during the Reporting Period

Applicable Not applicable

Time	Venue	Method	Visitor type	Visitor	Main content of discussion and materials provided	Reference of the study's basic information
April 24,	Foshan,	By phone	Institution	Harvest Fund, China	Operating status	For details, please refer to



2023	Guangdong Province			Future Capital, Haitong Securities, Greenwoods Asset Management, GF Securities, Changjiang Securities, Huatai Securities, Huatai Securities Asset Management, China Merchants Securities, National Green Development Fund, Tianfeng Securities, Soochow Securities, Industrial Securities, Guotai Junan Securities, Everbright Securities, Huachuang Securities, etc.	and R&D direction of the Company	the Record Sheet Investor Relations Activities disclosed by the Company on April 24, 2023 on Cninfo (www.cninfo.com.cn)
May 12, 2023	"Interactive Platform for Investor Relations" on Panorama Network	Online communication on Internet platform	Others	Investors	Business development status and future business strategy of the Company's segments	For details, please refer to the Record Sheet of Investor Relations Activities disclosed by the Company on May 12, 2023 on Cninfo (www.cninfo.com.cn)
December 17, 2023	Foshan, Guangdong Province	By phone	Institution	Changjiang Securities, Northeast Securities, CITIC Securities, Harvest Fund, Penghua Fund Management, China Life Asset, Minsheng Royal Fund, Orient Fund, ABC-CA Fund Management, etc.	Market situation and core competitiveness of the Company's products	For details, please refer to the Investor Relations Activities disclosed by the Company on December 18, 2023 on Cninfo (www.cninfo.com.cn)

### XIII. Implementation of the Action Plan for Quality and Return Improvements

Whether the Company disclosed the Action Plan for Quality and Return Improvements.

Yes No

## Part IV Corporate Governance

### I. General Information of Corporate Governance

1. The Company continuously perfects its corporate governance structure in strict accordance with the requirements of the *Company Law*, the *Securities Law* and the relevant laws and regulations of the CSRC. The Board of Directors has four special committees, namely, Strategy Committee, Audit Committee, Nomination Committee, and Remuneration & Appraisal Committee, dedicated to providing advice and recommendations to ensure the Board of Directors' deliberation and decision-making are professional and efficient.

2. The Company convenes the Annual General Meeting of Shareholders in strict accordance with the relevant provisions of the *Articles of Association* and *Rules of Procedure for General Meeting of Shareholders*. The Board of Directors, which is the decision-making body of the Company, conscientiously implements the resolutions of General Meetings of Shareholders. The Board of Supervisors exercises its supervisory authorities and powers in strict accordance with the regulations, and it supervises the financial affairs of the Company as well as duty performance and actions of directors and senior officers, thus safeguarding the legitimate rights and interests of the Company and all shareholders. The Management of the Company strictly implements the resolutions of General Meetings of Shareholders and Meetings of the Board of Directors and executes decisions. All functional departments and subsidiaries of the Company are responsible for day-to-day operations.

3. During the reporting period, in order to regulate its insider information management, ensure confidentiality of insider information and effective registration and management of insiders who have access to insider information, effectively prevent securities violations of laws and regulations such as insider trading, maintain the fairness of information disclosure, and protect the legitimate rights and interests of the general investors, the Company promptly, truthfully and fully recorded all the persons with access to the insider information before disclosure at stages such as discussion and planning, demonstration and consultation, establishment and in phases such as reporting, transmission, preparation, examination, resolution, and disclosure, as well relevant information archives regarding the content, time, place, basis and method, etc. for the insiders to know the insider information, and file with the relevant regulatory authorities to strictly prevent the occurrence of insider trading, pursuant to the laws and regulations such as the *Securities Law*, the *Measures for the Administration of Information Disclosure by Listed Companies*, as well as the relevant provisions of the *Articles of Association*, *Information Disclosure Management Policy*, and *Policy on Internal Reporting of Material Information* of the Company.

4. The Company discloses information in strict accordance with the provisions of the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Shares on SZSE*, and other relevant laws, regulations and normative documents, as well as the *Information Disclosure Management Policy*, to ensure that it makes true, accurate, complete, timely and fair information disclosure to increase the openness and transparency of its operations. The Company has received no disciplinary actions such as criticism and reprimand from the stock exchange for issues relating to information disclosure. During the reporting period, there were no governance irregularities such as the provision of undisclosed information to the controlling shareholder and the de facto controller.

5. During the reporting period, there was no change in the stock price arising from leakage of inside information of the Company. As part of its next steps, the Company will constantly improve its corporate governance structure, further standardize corporate operations, and raise the level of corporate governance pursuant to relevant laws and regulations as well as the requirements of the SZSE.

As to the actual status of corporate governance whether there is any material departure from laws, administrative regulations and the rules issued by the CSRC on listed company governance

Yes No

As to the actual status of governance of the Company, there is no material non-compliance with laws, administrative regulations, and the rules issued by the CSRC on the governance of listed companies.

## II. Independence of the Company from the Controlling Shareholder and De Facto Controller and on Ensuring Company's Assets, Personnel, Finance, Structure and Businesses and Other Aspects

The Company is completely independent of the controlling shareholder in terms of businesses, personnel, assets, organization and finance, etc., and has fully independent businesses and operation capacity. Details are as follows:

(1) Business independence: The Company's businesses are independent of the controlling shareholder, and the controlling shareholder and its affiliates are not engaged in any businesses in competition with the Company.

(2) Personnel separation: The personnel of the Company are independent of the controlling shareholder, and the President, CFO, Board Secretary and other senior officers of the Company do not hold positions other than directors in the controlling shareholder, the financial officers of the Company do not have a part-time job in affiliated companies. The Company has put in place independent policies on labor, personnel and remuneration management and established an independent labor and personnel management department. Thus, its labor, personnel and remuneration management are completely independent.

(3) Integrity of assets: The Company owns independent and complete assets and has independent production, supply and sales systems, and there is no horizontal competition between the Company and its controlling shareholder in the manufacturing and operation of the same products.

(4) Organizational independence: The Company is organizationally complete, and there is no superior-subordinate relationship between its controlling shareholder and functional departments thereof and the Company and functional departments thereof. The Company's Board of Directors, Board of Supervisors and other internal institutions operate fully independently.

(5) Financial separation: The Company's finance is entirely independent, with an independent financial department. It has also established an independent accounting system and financial accounting management policy dedicated to independent accounting, independent opening of bank accounts and independent tax payment.

## III. Horizontal Competition

Applicable Not Applicable

## IV. Annual and Extraordinary General Meetings of Shareholders Convened During the Reporting Period

### 1. General meetings of shareholders convened during the reporting period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Meeting resolution
The first extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	45.17%	January 12, 2023	January 13, 2023	The <i>Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2023</i> (Announcement No.: 2023-004) was published on the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ), which are the media designated by the Company for information disclosure.
The 2022 Annual	Annual General	72.23%	May 22, 2023	May 23, 2023	The <i>Announcement on the Resolutions of the 2022 Annual</i>

General Meeting of Shareholders	Meeting of Shareholders												<i>General Meeting of Shareholders</i> (Announcement No.: 2023-030) was published on the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ), which are the media designated by the Company for information disclosure.
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## 2. Extraordinary general meeting of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable Not Applicable

## V. Information of directors, supervisors and senior officers

### 1. Basic information

Name	Gender	Age	Position	Incumbent/ Former	Start of tenure	End of tenure	Beginning number of shares held	Number of shares increased during the period	Number of shares decreased during the period	Other changes	Ending number of shares held	Reasons for share increase/d decrease
Ma Gang	Male	45	Chairman of the Board and President	Incumbent	December 4, 2014	January 11, 2026	1,654,600	0	0	0	1,654,600	N/A
Su Bin	Male	46	Director	Incumbent	September 6, 2021	January 11, 2026	0	0	0	0	0	N/A
Kuang Guangxiong	Male	45	Director	Incumbent	January 30, 2019	January 11, 2026	0	0	0	0	0	N/A
Shen Ke	Male	53	Director	Incumbent	January 30, 2019	January 11, 2026	0	0	0	0	0	N/A
Zhang Yu	Male	46	Independent Director	Incumbent	December 26, 2019	January 11, 2026	0	0	0	0	0	N/A
Li Ruidong	Male	47	Independent Director	Incumbent	December 26, 2019	January 11, 2026	0	0	0	0	0	N/A
Li Yingzhao	Male	62	Independent Director	Incumbent	January 12, 2023	January 11, 2026	0	0	0	0	0	N/A
Jiao Wanjiang	Male	43	Chairman of the Board of Supervisors	Incumbent	November 14, 2016	January 11, 2026	308,692	0	0	0	308,692	N/A
Liu Kan	Male	40	Supervisor	Incumbent	December 26, 2019	January 11, 2026	0	0	0	0	0	N/A
Lin Meiling	Female	39	Employee Supervisor	Incumbent	November 14, 2016	January 11, 2026	0	0	0	0	0	N/A
Wang Qingbo	Male	48	Vice President & CFO	Incumbent	April 29, 2022	January 11, 2026	800	0	0	0	800	N/A
Jin Taotao	Male	41	Vice President and Secretary of	Incumbent	December 26, 2019	January 11, 2026	0	0	0	0	0	N/A

			the Board of Directors									
Total	--	--	--	--	--	--	1,964,092	0	0	0	1,964,092	--

Whether any director or supervisor left office or any senior officer was dismissed during their tenure during the reporting period

Yes No

Changes of the Company's directors, supervisors and senior officers

Applicable Not applicable

Name	Position held	Type	Date	Reason
Li Yingzhao	Independent Director	Elected	January 12, 2023	New member election

## 2. Position and biographical information

Professional backgrounds, major work experience and current posts in the Company of the incumbent directors, supervisors and senior officers:

1. Mr. Ma Gang, born in 1979, holding a master's degree, is Chairman of the Tenth Board of Directors of Infore Enviro. Starting in December 2014, he has been serving as President of the Company. He joined Midea Group in June 2001, and held successively the positions of R&D Engineer, branch salesman and Regional Director at Midea Rice Cooker Division, General Manager at Midea Small Domestic Appliance Sales Company in China, President of China Marketing Headquarters of Midea Daily Home Electric Appliance Group, Vice President and Domestic Sales General Manager at Midea Small Domestic Appliance Division, Vice President of Midea Small Domestic Appliance Division and General Manager at Midea Water Material Product Company, and Deputy Director at Midea Domestic Market Department.

2. Mr. Su Bin, born in 1978, holding a Master's degree, is Director of the Tenth Board of Directors of Infore Enviro. Starting in October 2020, he has been Vice President of Infore Group Co., Ltd. From March 2013 to October 2020, he held successively the positions of Executive President and President of Fosun Group's Energy and Environment Group, as well as the Executive President and Vice President of Fosun Capital, etc. He was a Partner of Mingli China Growth Fund from January 2009 to February 2013 and an Executive Director of Hongshang Industrial Holding Group Co., Ltd. from March 2003 to December 2008.

3. Mr. Kuang Guangxiong, born in 1979, holding a master's degree, is a PRC Certified Public Accountant and International Accountant, in addition to Director of the Tenth Board of Directors of Infore Enviro. He has been Vice President of Infore Group from October 2018 till now. From July 2002 to October 2018, he held successively the positions of Financial Manager at Midea Daily Home Electric Appliance Group, Financial Manager at Midea subsidiary in the US, Financial Director at Midea Kitchen Appliances Division, Financial Director at Midea Commercial Air Conditioner Division, and Financial Director at Midea-KUKA Joint Venture in China.

4. Mr. Shen Ke, born in 1971, holding a master's degree, is Director of the Tenth Board of Directors of Infore Enviro. He has been Vice President of Zoomlion Heavy Industry Science and Technology Co., Ltd. from September 2020 till now. From July 2003 to September 2020, he held the positions of Head of the Investment Development Department, Board Secretary, and Investment Director at Zoomlion Heavy Industry Science and Technology Co., Ltd.

5. Mr. Zhang Yu, born in 1978, holding a doctorate degree, is Independent Director of the Tenth Board of Directors of Infore Enviro. He has served as Associate Professor and Professor at China Europe International Business School since 2015 till now, and held the position of Assistant Professor at University of California, Irvine from 2008 to 2015.

6. Mr. Li Ruidong, born in 1977, holding a bachelor's degree, is Independent Director of the Tenth Board of Directors of Infore Enviro. He has been President and Editor-in-chief at the China Environment Magazine since November 2013 till now. He served as Assistant to General Manager of *Environmental Protection Magazine Co., Ltd.* from February 2012 to November 2013, and Director of the Office of the *Environmental Protection Magazine* from March 2008 to January 2012.

7. Mr. Li Yingzhao, born in 1962, holding a doctorate degree, is Professor of Accounting at School of Business Administration, South China University of Technology, and he serves as Independent Director of the Tenth Board of Directors of Infore Enviro. He also currently serves as Independent Director at Guangdong TLOONG Technology Group Co., Ltd., and External Supervisor of Nanhai Rural Commercial Bank Co., Ltd. He served as Independent Director at such listed companies as Guangzhou Friendship Group Co., Ltd. and Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd. He has participated in the SZSE training and received the Independent Director Qualification.

8. Mr. Wang Qingbo, born in 1976, holding a bachelor's degree, is Vice President and CFO of Infore Enviro. He previously served as Vice President and Vice President of Finance at Guangdong NVC Lighting Technology Co., Ltd., Vice President of Finance at Guangdong Xinbang Logistics Co., Ltd., CFO at Midea Annto Logistics Division, Deputy CFO at Midea Small Domestic Appliance Division, Financial Manager at Midea Industrial Design Company, and Financial Supervisor at Midea Fan Factory.

9. Mr. Jin Taotao, born in 1983, holding a master's degree, is Vice President and Board Secretary of Infore Enviro. He held the positions of Engineer at the Environmental Planning Institute of the Ministry of Ecology and Environment (formerly the Ministry of Environmental Protection) from September 2005 to April 2016, Vice President at Infore Environment Technology Group Co., Ltd. from May 2016 to June 2019, and Board Secretary at Stariver Environmental Technology Co., Ltd. from July 2019 to November 2019. Mr. Jin Taotao joined the SZSE board secretaries training program in November 2019 and obtained the qualification certificate for Board Secretary.

10. Mr. Jiao Wanjiang, born in 1981, holding a master's degree, is Chairman of the Tenth Board of Supervisors of Infore Enviro. He is currently the General Manager of the Business Department of Infore Environment Technology Group Co., Ltd. He successively served as Head of the Operation Management Department and General Manager of the Solid Waste Treatment Department of Infore Environment Technology Group Co., Ltd. He joined Midea in July 2005. He successively held the positions of Domestic Sales Branch Manager of Guangdong Midea Small Domestic Appliance Sales Company in China, Senior Product Planning Manager at Headquarters and Head of Brand & Marketing Department of Headquarters.

11. Mr. Liu Kan, born in 1984, holding a bachelor's degree, is Supervisor of the Tenth Board of Supervisors of Infore Enviro. He has served the Company since February 2016 till now, and is currently Director of the Operation Management Department of a subsidiary. He held the positions of General Manager at Infore Network Technology Co., Ltd. from 2017 to November 2019, Director of the Operation Management Department of Universtar Science & Technology (Shenzhen) Co., Ltd. from 2016 to 2017, and Rice Cooker Product Planning Manager at Midea Small Domestic Appliance Shenzhen Branch and Midea Small Domestic Appliance Division from 2006 to 2015.

12. Ms. Lin Meiling, born in 1985, holding a bachelor's degree, is Supervisor of the Tenth Board of Supervisors of Infore Enviro. She is currently the Director of Human Resources at Infore Environment Technology Group Co., Ltd. Starting in 2010, she has been responsible for the administration and HR affairs of the Company.

Positions held in shareholder entities:

Applicable Not applicable

Name of the personnel holding position	Shareholder entity	Position held at the shareholder entity	Start of tenure	End of tenure	Receiving remuneration or allowance from the shareholding entity or not
Ma Gang	Infore Group Co., Ltd.	Director	March 6, 2018	April 1, 2024	No
Su Bin	Infore Group Co., Ltd.	Director and Co-President	November 13, 2020	-	Yes
Kuang Guangxiong	Infore Group Co., Ltd.	Director and Co-President	October 1, 2018	-	Yes
Shen Ke	Zoomlion Heavy Industry Science and Technology	Vice President	June 29, 2015	-	Yes

	Co., Ltd.				
Statements on positions held in shareholder entities	-				

Positions held in other entities:

Applicable Not applicable

Name of the personnel holding position	Name of other entity	Position held in other entity	Start of tenure	End of tenure	Receiving remuneration or allowance from other entities or not
Su Bin	Beijing Baination Pictures Co Ltd.	Director	March 18, 2021	-	No
Su Bin	KUKA Home Co., Ltd.	Director	February 2, 2024	-	No
Su Bin	Guangzhou Holly's International Auction Co., Ltd.	Director	August 5, 2021	-	No
Su Bin	Ningbo Infore Equity Investment Fund Management Co., Ltd.	Manager, Executive Director	April 21, 2021	-	No
Su Bin	Nanjing Kele Composite Materials Co., Ltd.	General Manager	March 6, 2017	-	No
Su Bin	Zhuhai Aofei Infore Private Equity Fund Management Co., Ltd.	General Manager, Chairman	September 27, 2022	-	No
Su Bin	Shenzhen Hongfeng Business Management Co., Ltd.	Vice Chairman	September 25, 2023	-	No
Su Bin	Shanghai Fudehui Trading Co., Ltd.	Unknown	April 1, 2023	-	No
Kuang Guangxiong	Guangdong Infore Finance Connect Small Loan Co., Ltd.	Director	July 6, 2020	-	No
Kuang Guangxiong	KUKA Home Co., Ltd.	Director	February 2, 2024	-	No
Kuang Guangxiong	Guangzhou Baopu Investment Co., Ltd.	Director	April 22, 2022	-	No
Kuang Guangxiong	Guangdong Infore Material Technology Co., Ltd.	Chairman	October 9, 2023	-	No
Kuang Guangxiong	Infore Capital Management Co., Ltd.	Director	March 14, 2019	-	No
Kuang Guangxiong	Yinghe (Shenzhen) Robotics and Automation Technology Co., Ltd.	Director	August 5, 2020	-	No
Shen Ke	Bichamp Cutting Technology (Hunan) Co., Ltd.	Director	July 5, 2014	-	No
Shen Ke	Chasing Jixiang Life Insurance Company Limited	Director	October 31, 2012	-	No
Shen Ke	Zoomlion Capital Co., Ltd.	Director	October 22, 2015	-	No
Shen Ke	Zoomlion Earth Working Machinery Co., Ltd.	Executive Director, Manager	July 29, 2020	-	No
Shen Ke	Zoomlion Finance Co., Ltd.	Director	May 28, 2015	-	No
Shen Ke	Shaanxi Zoomlion West Earthmoving Machinery Co., Ltd.	Executive Director	July 30, 2020	-	No
Shen Ke	Zoomlion Purong Financial Leasing Co., Ltd.	Director	April 12, 2016	-	No
Shen Ke	Zoomlion Agriculture Co., Ltd.	Director	October 31, 2023	-	No
Shen Ke	Hunan Teli Hydraulic Co., Ltd.	Supervisor	March 11, 2020	-	No

Shen Ke	Hunan Fangsheng Company Limited	Supervisor	January 30, 2018	-	No
Shen Ke	Zoomlion Intelligent Agriculture Co., Ltd.	Director	November 5, 2020	-	No
Shen Ke	Zoomlion Business Factoring (China) Co., Ltd.	Director	October 11, 2023	-	No
Shen Ke	Hunan Xiangjiang Private Equity Fund Management Co., Ltd.	Director	April 28, 2021	-	No
Shen Ke	Hunan Zoomlion Emergency Device Co., Ltd.	Director	August 17, 2017	-	No
Shen Ke	Hunan Zoomlion International Trade Co., Ltd.	Director	September 23, 2002	-	No
Shen Ke	Zoomlion Heavy Machinery Zhejiang Co., Ltd.	Chairman	November 8, 2023	-	No
Shen Ke	Chongqing Zoomlion Shenghong Machinery Manufacturing Co., Ltd.	Executive Director	January 5, 2024	-	No
Shen Ke	Hunan Zhongchen Rolled Steel Manufacturing Engineering Co., Ltd.	Director	May 20, 2020	-	No
Shen Ke	Beijing Junlai Capital Management Company Limited	Director	June 22, 2018	-	No
Shen Ke	Changsha Zhonglian Zhitong Trenchless Technology Co., Ltd.	Director	April 13, 2009	-	No
Zhang Yu	China Europe International Business School	Professor	July 1, 2015	-	Yes
Zhang Yu	Guangzhou MINO Equipment Co., Ltd.	Independent Director	July 28, 2020	-	Yes
Zhang Yu	Aidite (Qinhuangdao) Technology Co., Ltd.	Director	February 1, 2022	-	Yes
Li Ruidong	China Environment Magazine	President and Editor-in-chief	November 1, 2013	-	Yes
Li Yingzhao	Jiangxi Green Recycling Co., Ltd.	Director	November 19, 2020	-	Yes
Li Yingzhao	Guangdong TLOONG Technology Group Co., Ltd.	Independent Director	July 21, 2022	-	Yes
Li Yingzhao	China Broadnet Guangzhou Network Co., Ltd.	Independent Director	April 27, 2021	-	Yes
Jiao Wanjiang	Guangdong Shunkong Environmental Investment Co., Ltd.	Director	November 9, 2016	-	No
Wang Qingbo	Guangdong Shunkong Environmental Investment Co., Ltd.	Supervisor	February 23, 2023	-	No
Statements on positions held in other entities	-				

Punishments imposed in the past three years by the securities regulator on the incumbent directors, supervisors and senior officers as well as those who left office during the reporting period:

Applicable Not Applicable

### 3. Remuneration of directors, supervisors and senior officer

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior officers

The remunerations of the directors, supervisors and senior officers of the Company for 2023 are strictly in compliance with the *Remuneration Plan for Directors, Supervisors and Senior Officers in 2023* deliberated and adopted by the Company, the *Rules of Procedure for the Board of Directors* formulated by the Company, the *Rules of Procedure for the Board of Supervisors* and the



Articles of Association of the Company, as well as the relevant provisions of the *Company Law*. The remuneration of the Company's directors, supervisors and senior officers shall be determined on the basis of reasonable remuneration in the market and the Company's performance appraisal results. The actual remuneration of the independent directors of the Company is paid on an annual basis. The actual remuneration of senior officers is partly on a monthly basis, and the part linked to the Company's performance is paid at year-end.

Remuneration of directors, supervisors and senior officers of the Company during the reporting period

Unit: RMB 10,000

Name	Gender	Age	Position	Incumbent /Former	Total pre-tax remuneration from the Company	Receiving remuneration from the Company's related parties or not
Ma Gang	Male	45	Chairman of the Board and President	Incumbent	290.17	No
Su Bin	Male	46	Director	Incumbent	0	Yes
Kuang Guangxiong	Male	45	Director	Incumbent	0	Yes
Shen Ke	Male	53	Director	Incumbent	0	Yes
Li Yingzhao	Male	62	Independent Director	Incumbent	10	No
Zhang Yu	Male	46	Independent Director	Incumbent	10	No
Li Ruidong	Male	47	Independent Director	Incumbent	10	No
Jiao Wanjiang	Male	43	Chairman of the Board of Supervisors	Incumbent	88.34	No
Liu Kan	Male	40	Supervisor	Incumbent	122.12	No
Lin Meiling	Female	39	Employee Supervisor	Incumbent	16.12	No
Wang Qingbo	Male	48	Vice President & CFO	Incumbent	80.1	No
Jin Taotao	Male	41	Vice President and Secretary of the Board of Directors	Incumbent	75.44	No
Total	--	--	--	--	702.29	--

Other information

Applicable Not Applicable

## VI. Performance of Duties by Directors during the Reporting Period

### 1. Information on the Board of Directors during the reporting period

Meeting	Date of the meeting	Disclosure date	Meeting resolution
The 1st meeting of the Tenth Board of Directors	January 12, 2023	January 13, 2023	The <i>Announcement on the Resolutions of the First Meeting of the Tenth Board of Directors</i> (Announcement No.: 2023-002) was published on the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 2nd meeting of the Tenth Board of Directors	April 24, 2023	April 25, 2023	The <i>Announcement on the Resolutions of the Second Meeting of the Tenth Board of Directors</i> (Announcement No.: 2023-009) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 3rd meeting of the Tenth Board of Directors	August 25, 2023	August 26, 2023	The <i>Announcement on the Resolutions of the Third Meeting of the Tenth Board of Directors</i> (Announcement No.: 2023-038) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo (www.cninfo.com.cn), which are media

			the designated by the Company for information disclosure.
The 4th meeting of the Tenth Board of Directors	October 27, 2023	October 28, 2023	The <i>Announcement on the Resolutions of the Fourth Meeting of the Tenth Board of Directors</i> (Announcement No.: 2023-045) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.

## 2. Attendance of directors at Board meetings and general meetings of shareholders

Attendance of directors at Board meetings and general meetings of shareholders							
Director's name	Number of Board meetings held	Number of Board meetings attended on site	Number of Board meetings attended by way of telecoms	Number of Board meetings attended through proxy	Number of Board meetings absent with apologies	Having failed to attend two consecutive Board meetings in person or not	Number of general meetings of shareholders attended
Ma Gang	4	4	0	0	0	No	2
Su Bin	4	4	0	0	0	No	2
Kuang Guangxiong	4	4	0	0	0	No	2
Shen Ke	4	4	0	0	0	No	2
Zhang Yu	4	4	0	0	0	No	2
Li Ruidong	4	4	0	0	0	No	2
Li Yingzhao	4	4	0	0	0	No	2

Explanation of failure to attend two consecutive Board meetings

## 3. Objections raised to relevant matters of the Company

Whether any directors raised an objection to any relevant matter of the Company

Yes No

Directors did not raise any objection to the relevant matters of the Company during the reporting period.

## 4. Other information about the performance of duties by directors

Whether any recommendations from directors were adopted by the Company

Yes No

Explanation of adoption/rejection of directors' recommendations for the Company

During the reporting period, the directors of the Company acted in a diligent and responsible manner, and actively attended Board meetings and general meetings of shareholders in strict compliance with provisions and requirements in the *Articles of Association of the Company*, the *Rules of Procedure for the Board of Directors* as well as relevant laws and regulations. Based on the actual situation of the Company, the directors proposed relevant opinions on the Company's material governance and operation decisions, reached a consensus through adequate communication and discussion, firmly supervised and promoted the execution of resolutions of the Board of Directors, ensured the decision-making was scientific, timely and highly efficient and protected the legitimate rights and interests of the Company and all shareholders.

## VII. Information on Special Committees of the Board during the Reporting Period

Name of the	Members	Number	Date of	Meeting contents	Important	Other	Specific
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committee		of meetings held	the meeting		opinions and suggestions proposed	information on performance of duties	information on matters that objections were raised (if any)
Audit Committee	Li Yingzhao, Kuang Guangxiong, Li Ruidong and Zhang Yu	5	January 16, 2023	1. Pre-approval of the Financial Statements in 2022 Annual Report; 2. 2022 Annual Internal Control Self-Assessment Report; 3. 2023 Internal Audit Work Plan Report; 4. Ex-ante Communication of 2022 Annual Report.	Approved the relevant proposals of this meeting.	--	Not applicable
Audit Committee	Li Yingzhao, Kuang Guangxiong, Li Ruidong and Zhang Yu	5	April 21, 2023	1. 2022 Annual Report and its summary; 2. 2022 Annual Final Financial Accounting Report; 3. 2022 Profit Distribution Plan Proposal; 4. 2023 First Quarter Report; 5. Assurance Report on the Placement and Use of Fundraising Proceeds in 2022; 6. Proposal on the Delay of Part of the Projects of Proceeds from the Public Issuance of A-share Convertible Corporate Bonds; 7. Proposal on Changes to Accounting Policy of the Company and Its Subsidiaries; 8. Proposal on Provision for Impairment of Goodwill in 2022; 9. Proposal on Estimated Routine Related Party Transactions for 2023; 10. Proposal on the 2023 Annual Plan for Entrusted Wealth Management with Self-owned Funds; 11. Proposal on Guarantee Limits Provided by the Company to Its Subsidiaries; 12. Proposal on the Provision of Buyer's Credit Guarantees for Customers; 13. Proposal on the Application for Comprehensive Credit Lines from Banks and the Authorization for the Chairman to Sign Bank Credit Contracts; 14. Proposal on Continuously Carrying out Accounts Receivable Factoring; 15. Proposal on Related Party Transactions for Temporary Borrowing Funds Provided by Infore Group Co., Ltd. to the Company in 2023; 16. Proposal on Professional Services for the Procurement Information System and Related Transactions; 17. Proposal on the Reappointment of Accounting Firms; 18. Summary Report of 2022 Auditor's Report by Pan-China Certified Public Accountants LLP (Special General Partnership); 19. 2022 Annual Internal Control Self-	Approved the relevant proposals of this meeting.	--	Not applicable

				<i>Assessment Report; 20. Proposal on Revising Articles of Association.</i>			
Audit Committee	Li Yingzhao, Kuang Guangxiong and Li Ruidong	5	August 24, 2023	1. <i>Summary of Internal Audit for the First Half of 2023; 2. 2023 Interim Report and its summary; 3. Special Report on the Placement and Use of Fundraising Proceeds in the First Half of 2023; 4. Revised Procedure for Annual Report Work of Audit Committee; 5. Revised Internal Audit Management Policy; 6. Revised Procedure for Annual Report Work of Independent Directors; 7. Revised Accountability Policy for Material Errors in Annual Report Information Disclosure.</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Audit Committee	Li Yingzhao, Kuang Guangxiong and Li Ruidong	5	October 26, 2023	1. <i>Internal Control Work Summary for the Third Quarter of 2023; 2. Third Quarter Report for 2023; 3. Proposal on the Use of Part of Idle Fundraising Proceeds to Temporarily Replenish Working Capital.</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Audit Committee	Li Yingzhao, Kuang Guangxiong, Li Ruidong and Zhang Yu	5	December 11, 2023	<i>Communication on Pre-approval of 2023 Annual Report</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong and Zhang Yu	3	January 12, 2023	1. <i>Reviewing the Performance of the Company's Directors and Senior Officers in Fulfilling Their Duties in 2022 and Conducting Annual Performance Assessment Based on Assessment Criteria and Remuneration Policies and Plans; 2. Implementation of the Remuneration Plan for Directors, Supervisors, and Senior Officers in 2022.</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong and Zhang Yu	3	April 21, 2023	<i>Proposal on the Remuneration Plan for Directors, Supervisors, and Senior Officers in 2023</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong and Zhang Yu	3	August 24, 2023	<i>Proposal on the Adjustment of the Exercise Price of the Third Stock Option Incentive Scheme</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Nomination Committee	Zhang Yu, Ma Gang and Li Yingzhao	1	January 12, 2023	1. <i>Proposal on Electing Mr. Ma Gang as Chairman of the Tenth Board of Directors; 2. Proposal on the Composition of the Special Committees of the Tenth Board of Directors; 3. Proposal on Appointing the Tenth Senior Management Team; 4. Proposal</i>	Approved the relevant proposals of this meeting.	--	Not applicable

				<i>on Appointing Ms. Wang Fei as Securities Representative of the Company.</i>			
Strategy Committee	Ma Gang, Su Bin and Shen Ke	3	April 21, 2023	1. <i>President's Work Report 2022</i> ; 2. <i>Proposal on the Delay of Part of the Projects of Proceeds from the Public Issuance of A-share Convertible Corporate Bonds</i> ; 3. <i>Proposal on the 2023 Annual Plan for Entrusted Wealth Management with Self-owned Funds</i> ; 4. <i>Proposal on Continuously Carrying out Accounts Receivable Factoring</i> ; 5. <i>Proposal on the Suspension of Downward Revision of the Conversion Price of Infore Convertible Bonds.</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Strategy Committee	Ma Gang, Su Bin and Shen Ke	3	August 24, 2023	<i>Revised Working Rules for President</i>	Approved the relevant proposals of this meeting.	--	Not applicable
Strategy Committee	Ma Gang, Su Bin and Shen Ke	3	October 26, 2023	<i>Proposal on Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i>	Approved the relevant proposals of this meeting.	--	Not applicable

## VIII. Work of the Board of Supervisors

Whether the Board of Supervisors identified any risk in the Company in its supervision during the reporting period

Yes No

The Board of Supervisors has no objection to supervisory matters during the reporting period.

## IX. Information on Employees of the Company

### 1. Number, specialty and educational backgrounds of employees

Number of in-service employees of the parent company at the end of the reporting period	196
Number of in-service employees of the major subsidiaries at the end of the reporting period	20,034
Total number of in-service employees at the end of the reporting period	20,230
Total number of paid employees during the reporting period	20,230
Number of retirees to whom the parent company or its major subsidiaries need to pay retirement pensions	0
Specialty	
Specialty category	Number of people in the specialty
Production personnel	15,969
Sales personnel	1,220
Technical personnel	1,637
Finance personnel	173

Administrative personnel	1,231
Total	20,230
Educational level	
Types of educational level	Number of people
Doctoral degree	11
Master's degree	474
Bachelor's degree	2,501
College	2,274
Below college	14,970
Total	20,230

## 2. Remuneration policy

The remuneration of employees is paid on time according to the remuneration policy of the Company. The fixed remuneration of employees is determined by the Company according to the position value and individual performance, and the floating salary of employees is determined according to the Company's individual performance assessment results. The Company swings the weight of salary payment towards strategic professionals to ensure that the income level of core talent is competitive in the market. The employee remuneration policy is subject to dynamic adjustments based on regional conditions, talent supply, staff turnover, the extent of changes in the industry environment and the corporate payment capacity.

## 3. Training plan

The Company pursues a talent strategy of high quality, high incentives, high performance, and high cultural identity. To support employees through targeted and efficient training, Infore Enviro has put in place a 3-tier training system that covers the company level, division level, and department level.

The Company has set up the Employee Skills Enhancement Center, focusing on improving the competence and capabilities of employees while actively promoting corporate culture. By continuously strengthening the trainer team, and improving online learning platforms and other key resources, while maintaining standardized training management processes, the Company is committed to creating a collaborative and efficient organizational climate that empowers employees and promotes individual growth.

Its learning and development programs comprehensively cover three key areas: new skills, expertise, and leadership. Leadership development is facilitated through a string of well-designed programs such as Ascent Program, Exploration Program, and Climbing Program. These initiatives aim to guide employees in continuously scaling new heights in their professional growth and development. Expertise programs, focusing on job-specific skills, are carried out in diverse forms such as specialized training camps, marketing and R&D lectures in order to help employees meet job requirements and adapt to market changes. To better support new employees in swiftly integrating into the Company and achieving a career transformation within 90 days, both from campus and social recruiting, a wide range of training programs are carried out, such as the Young Talent Training Camp, Graduate Training Program, and programs specific to new employees from social recruiting.

Moreover, a fair and competitive career development system for employees has been established to ensure that each individual has opportunities for continuous growth and promotion. The Company regularly conducts comprehensive assessments to promote employees, as part of its tangible actions to support career advances. In 2023, successful promotions for over three hundred professional employees are not only a recognition of their hard work and talent, but also the outcomes of talent development strategy.

## 4. Labor outsourcing

Applicable Not applicable

Total hours of labor outsourced	65,861,146.46
Total payment for labor outsourcing (RMB)	789,175,464.30

## X. Company's Profit Distribution and Converting Capital Reserve into Share Capital

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy during the reporting period

Applicable Not applicable

According to the *Articles of Association*, while satisfying the conditions of cash dividend and ensuring the Company's normal operation and long-term development, the Company shall in principle pay cash dividend on an annual basis. The Board of Directors may propose interim cash dividends depending on the Company's profit status, cash flow status, development stage and capital requirements. The Company shall maintain the continuity and stability of the profit distribution policy. When the conditions for cash dividends are met, the cumulative profit distributed in cash in the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years.

During the reporting period, the Company distributed profit in strict accordance with the provisions of the *Articles of Association* and fully protected the legitimate rights and interests of small and medium investors. Independent directors have voiced their opinions on the proposal on the annual profit distribution of the Company.

Special remarks on the cash dividend policy	
Whether it complies with the Company's Articles of Association or resolutions of the general meetings of shareholders:	Yes
Whether dividend distribution standards and ratio are explicit and clear:	Yes
Whether the decision-making procedure and mechanism are complete:	Yes
Whether independent directors diligently performed their duties and played their due role:	Yes
In the event that the Company does not distribute cash dividends, it shall disclose the specific reasons and the next steps to elevate the level of return for investors.	Not applicable
Whether minority shareholders have the opportunity to fully express their opinions and demand and whether their legal rights and interests are adequately protected:	Yes
In case of adjusting or changing the cash dividend policy, whether the conditions and procedures involved are in compliance with applicable regulations and transparent:	Yes

The Company made profits during the reporting period and the parent company's profits distributable to shareholders were positive, but no proposal for cash dividend distribution was put forward.

Applicable Not Applicable

2. Profit distribution and converting capital surplus into share capital for the reporting period

Applicable Not applicable

Bonus shares per 10 shares (share)	0
Dividend per 10 shares (RMB) (tax inclusive)	1.25
Total shares as the basis for the proposal for profit distribution (share)	3,166,941,288.00
Cash dividends (RMB) (tax inclusive)	395,867,661.00
Cash dividends in other forms (such as share repurchase)	0.00

(RMB)	
Total cash dividends (inclusive of those in other forms) (RMB)	395,867,661.00
Distributable profit (RMB)	786,431,614.32
Total cash dividends (inclusive of those in other forms) as a percentage of total distributed profit	50.34%
Information on this cash dividend	
Others	
Details about the proposal for profit distribution and converting capital reserve into share capital	
<p>The profit distribution plan for 2023 is as follows: Based on the total share capital (minus company shares in the Company's repurchase account) on the date of record for the 2023 profit distribution plan, a cash dividend of RMB 1.25 (tax inclusive) per 10 shares will be distributed to the shareholders, with no bonus issue from either profit or capital reserves.</p> <p>At the end of 2022, the Company reported RMB 559,764,885.53 in profits available for distribution and RMB 211,401,343.85 in retained earnings after cash dividends. In 2023, the Company realized a net profit of RMB 63,892,252.27 and a surplus reserve of RMB 63,892,252.27. As a result, profits available for distribution at the end of 2023 reached RMB 786,431,614.32. When the profit distribution plan for 2023 is implemented, if the total share capital (minus shares in the Company's repurchase account) on the date of record for the plan remains unchanged, which is 3,166,941,288, a cash dividend of RMB 1.25 (tax inclusive) will be distributed for every 10 shares, totaling RMB 395,867,661. As a result, retained earnings after cash dividends will be RMB 390,563,953.32. If the total share capital changes due to reasons such as the conversion of convertible bonds, share repurchases, stock incentive exercise, and the listing of new shares from refinancing before the plan is implemented, the Company will maintain the policy of distributing RMB 0.125 (tax inclusive) per share and adjust the total cash dividends accordingly.</p>	

## XI. Company's Implementation of Stock Option Incentive Scheme and Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

### 1. Stock incentive

Overview of the Third Stock Option Incentive Scheme:

1. On April 22, 2021, the *Proposal on Matters Related to the Exercise in the Second Exercise Period of the Third Stock Option Incentive Scheme* was deliberated and approved at the 13th meeting of the Ninth Board of Directors and the 12th meeting of the Ninth Board of Supervisors. A total of 17,814,000 stock options of the Third Stock Option Incentive Scheme were deemed fit to be exercised at RMB 6.34 per share voluntarily in the second exercise period. Prior to the exercise of stock option, if the Company has dividend distribution, capital reserve transferred to share capital, distribution of share bonus, share split, share reduction or increase issue in stocks, etc., the exercise price of stock options will be adjusted accordingly.

2. On August 19, 2021, the 14th meeting of the Ninth Board of Directors and the 13th meeting of the Ninth Board of Supervisors held by the Company deliberated and approved the *Proposal for Adjustment of the Exercise Prices of the Second and Third Stock Option Incentive Schemes*. In view of the fact that the Company's 2020 annual equity distribution was completed on July 8, 2021, according to relevant provisions on the adjustment of the exercise price of the Third Stock Option Incentive Scheme (Draft), if the Company has capital reserve transferred to share capital, distribution of share bonus, share split, share reduction, dividend distribution or share allotments, etc. within the validity period of the stock options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of the Third Stock Option Incentive Scheme will be adjusted from RMB 6.34 per share to RMB 6.22 per share.

3. On August 24, 2022, the 19th meeting of the Ninth Board of Directors and the 18th meeting of the Ninth Board of Supervisors held by the Company deliberated and approved the *Proposal for Adjustment of the Exercise Price of the Third Stock Option Incentive Scheme*. In view of the fact that the Company's 2021 annual equity distribution was completed on July 20, 2022, according to relevant provisions on the adjustment of the exercise price of the *Third Stock Option Incentive Scheme (Revised Draft)*, if the Company has capital reserve transferred to share capital, distribution of share bonus, share split, share reduction, dividend distribution or share



allotments, etc. within the validity period of the stock options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of the Third Stock Option Incentive Scheme will be adjusted from RMB 6.22 per share to RMB 6.12 per share.

4. On October 26, 2022, the 21st Meeting of the Ninth Board of Directors and the 19th meeting of the Ninth Board of Supervisors held by the Company deliberated and approved the *Proposal for the Adjustment of the Eligible Participants and the Number of Options to Be Exercised under the Third Stock Option Incentive Scheme and Cancellation of Partial Stock Options* and the *Proposal for Matters Relating to Option Exercise during the Third Exercise Period of the Third Stock Option Incentive Scheme of the Company*.

(1) The Company's 22 recipients resigned and were identified by the Company's Board of Directors as no longer suitable for incentives. According to the *Third Stock Option Incentive Scheme (Revised Draft)*, their 1,788,000 stock options in total were canceled for the second and third exercise periods. After the adjustments, the number of recipients of the Third Stock Option Incentive Scheme was adjusted from the original 231 to 209, and the number of locked stock options granted was adjusted from 23,752,000 to 21,964,000.

(2) The exercise conditions for the third exercise period under the Third Stock Option Incentive Scheme have been met, and the total number of exercisable options is 21,964,000, which are exercised by individual exercise at the price of RMB 6.12 per share. Prior to the exercise of stock option, if the Company has dividend distribution, capital reserve transferred to share capital, distribution of share bonus, share split, share reduction or increase issue in stocks, etc., the exercise price of stock options will be adjusted accordingly.

5. On December 27, 2022, the *Proposal on the Cancellation of Expired, Unexercised Stock Options for the Second Exercise Period of the Third Stock Option Incentive Scheme* was deliberated and approved at the 22nd meeting of the Ninth Board of Directors and the 20th meeting of the Ninth Board of Supervisors. The 231 recipients exercised 16,409,380 stock options, with 1,404,620 unexercised during the second exercise period of the *Third Stock Option Incentive Scheme*. According to the *Third Stock Option Incentive Scheme (Revised Draft)*, the Board of Directors agreed to cancel the 1,404,620 expired stock options. After the completion of the cancellation, the Company's Third Stock Option Incentive Scheme will continue to be implemented in accordance with the requirements.

6. On August 25, 2023, the 3rd meeting of the Tenth Board of Directors and the 3rd meeting of the Tenth Board of Supervisors held by the Company deliberated and approved the *Proposal for Adjustment of the Exercise Price of the Third Stock Option Incentive Scheme*. In view of the fact that the Company's 2022 annual equity distribution was completed on July 18, 2023, according to relevant provisions on the adjustment of the exercise price of the *Third Stock Option Incentive Scheme (Revised Draft)*, if the Company has capital reserve transferred to share capital, distribution of share bonus, share split, share reduction, dividend distribution or share allotments, etc. within the validity period of the stock options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of the Third Stock Option Incentive Scheme will be adjusted from RMB 6.12 per share to RMB 6.01 per share.

7. On January 8, 2024, the *Proposal on the Cancellation of Expired, Unexercised Stock Options for the Third Exercise Period of the Third Stock Option Incentive Scheme* was deliberated and approved at the 5th extraordinary meeting of the Tenth Board of Directors. According to the provisions of the *Third Stock Option Incentive Scheme (Revised Draft)*, the Board of Directors agreed to cancel the 21,964,000 expired stock options of 209 recipients unexercised during the third exercise period. After the cancellation, the Third Stock Option Incentive Scheme will be fully implemented.

For details, please refer to announcements published on April 23, 2021, August 21, 2022, August 25, 2022, October 27, 2022, December 28, 2022, August 26, 2023, and January 9, 2024 on the media for information disclosure designated by the Company and Cninfo (<http://www.cninfo.com.cn>).

Equity incentives granted to directors and senior officers of the Company:

Applicable Not Applicable

Appraisal mechanism and incentives for senior officers

The Company has established a sound performance assessment and incentive system. The Board of Directors has the Remuneration & Appraisal Committee as the administrative agency for the appointment and remuneration appraisal of the senior officers of the Company, which shall be responsible for formulating remuneration standards and schemes for senior officers, reviewing their performance of duties and formulating scientific and reasonable remuneration schemes and submitting to the Board for review and discussion. The current senior officers of the Company shall be subject to comprehensive performance appraisal based on their positions, the current remuneration policy of the Company, the Company's actual operating performance, individual performance, performance of duties and achievement of responsibilities and goals, and the result of such appraisal shall serve as the basis to determine their remunerations. The Company pays the remunerations of senior officers based on schedule. During the reporting period, the senior officers of the Company conscientiously performed their duties in strict accordance with the *Company Law*, the *Articles of Association* and the relevant laws and regulations, actively implemented relevant resolutions of the General Meetings of Shareholders and Board meetings, and completed tasks of the year in a quite good way.

## 2. Implementation of the employee stock ownership plan

Applicable Not applicable

Information on all effective employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total number of shares held	Changes	As a percentage of the total share capital of the listed company	Source of funds to implement the plan
Directors (excluding independent directors), supervisors, senior officers, and backbone personnel (technology, marketing, production, etc.) of the Company.	134	64,789,616	As at October 12, 2023, the lock-up period for the Company's Second Employee Stock Ownership Plan expired, with employees' cumulative holding of 64,789,616 shares of the Company, accounting for 2.04% of the Company's total share capital.	2.04%	Employees' legitimate remuneration, self-raised funds, and other funds obtained by means permitted by laws and regulations.

Shareholding of directors, supervisors and senior officers in the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period (share)	Number of shares held at the end of the reporting period (share)	As a percentage of the total share capital of the listed company
Ma Gang	Chairman & President	17,246,996	17,246,996	0.54%
Wang Qingbo	Vice President & CFO	4,159,493	4,159,493	0.13%
Jin Taotao	Vice President & Board Secretary	2,462,005	2,462,005	0.08%
Jiao Wanjiang	Chairman of the Board of Supervisors	1,846,504	1,846,504	0.06%
Liu Kan	Supervisor	155,495	155,495	0.00%

Changes in the asset management institution during the reporting period

Applicable Not Applicable

Changes in equity arising from disposal of shares by holders during the reporting period

Applicable Not Applicable

Exercise of shareholders' rights during the reporting period

NA

Other relevant circumstances and explanations of the employee stock ownership plan during the reporting period

Applicable Not Applicable

Change of the members of the employee stock ownership plan management committee

Applicable Not Applicable

The financial impact of the employee stock ownership plan on the listed company during the reporting period and relevant accounting treatment

Applicable Not Applicable

Termination of the employee stock ownership plan during the reporting period

Applicable Not Applicable

Other statements:

NA

### 3. Other employee incentive measures

Applicable Not Applicable

## XII. Establishment and Implementation of the Internal Control Policy during the Reporting Period

### 1. Establishment and implementation of internal control

#### (1) Internal control development

Infore Enviro has established and improved rules and regulations relating to corporate governance and internal control in accordance with the requirements of the *Company Law*, the *Securities Law*, the *Basic Standard for Enterprise Internal Control*, the *Rules Governing the Listing of Shares on SZSE* and other statutory documents. The operations of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors in Infore Enviro are in compliance with the provisions of the relevant laws, regulations, *the Articles of Association of the Company*, *the Rules of Procedures for the General Meeting of Shareholders*, *the Rules of Procedures for the Board of Directors*, and *the Rules of Procedures for the Board of Supervisors*. Corresponding internal management policy with respect to such material issues as financial accounting, fundraising, external investment, external guarantee, related party transactions and information disclosure has been established in Infore Enviro to ensure the legality and compliance of day-to-day operations and decision-making procedures for material matters.

#### (2) Internal control implementation

##### (a) Execution of information disclosure management policies

Upon verification, the Company effectively complied with the *Information Disclosure Management Policy* in 2023, with good performance in information disclosure, and was not subject to punishments by the securities regulatory authorities for violation of rules on information disclosure.

##### (b) Implementation of financial internal control policies

Upon verification, with respect to finance and accounting, the Company has established the relevant internal management policy in accordance with the requirements of the *Accounting Standards for Enterprises*, the *Company Law* and other relevant laws and

regulations, which can ensure the accuracy and reliability of the financial and accounting information and the security and effectiveness of the financial and accounting systems.

(c) Implementation of other internal control policies

Upon verification, Infore Enviro complied with the provisions of the *Articles of Association* and the relevant rules and regulations, performed necessary decision-making procedures, and implemented the internal control policy quite well.

## 2. Details of material internal control deficiencies identified during the reporting period

Yes No

## XIII. Management and Control of the Company over the Subsidiaries during the Report Period

Company name	Integration plan	Integration progress	Problems in the integration	Resolution measures taken	Resolution progress	Follow-up resolution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

## XIV. Assessment Report or Audit Report on Internal Control

### 1. Internal control assessment report

Date of full disclosure of the internal control assessment report	April 29, 2024	
Index to full disclosure of the internal control assessment report	For details, please refer to the <i>Internal Control Assessment Report</i> disclosed on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).	
The total assets of the organization included in the assessment as a percentage of the total assets in the Company's consolidated financial statements	100.00%	
The revenue of the organization included in the assessment as a percentage of the revenue in the Company's consolidated financial statements	100.00%	
<b>Deficiency identification criteria</b>		
Category	Related to financial reporting	Unrelated to financial reporting
Qualitative criteria	Material deficiencies: 1. Fraud committed by directors, supervisors and senior officers in relation to financial reporting; 2. Material misstatement in financial statements of the current period identified by CPAs, which was not identified in the course of the functioning of internal controls; 3. Ineffective supervision over internal control by the Audit Committee and internal audit agency of the Company; 4. Lack of post qualification or obvious incompetence of principal financial personnel; 5. Ineffective compliance supervision and	Material deficiencies: If the likelihood of the deficiency is high, it could materially impair work efficiency or effectiveness, materially increase uncertainty in outcomes, or result in a material deviation from expected targets. Significant deficiencies: If the likelihood of the deficiency is medium, it could significantly diminish work efficiency or effectiveness, significantly increase uncertainty in outcomes, or result in a significant deviation from expected targets. General deficiencies:

	<p>violations of regulations that could materially affect the reliability of financial statements;                  Significant deficiencies:                  1. No anti-fraud procedures and controls have been established;                  2. Internal control over the selection and application of accounting policy in line with the generally accepted accounting standards have not been implemented;                  3. There are one or more deficiencies in the controls over the year-end financial reporting process, and it cannot reasonably ensure that the financial statements are prepared to achieve the objectives of authenticity and completeness.                  General deficiencies:                  Other internal control deficiencies that do not constitute material deficiencies or significant deficiencies.</p>	<p>If the likelihood of the deficiency is low, it could diminish work efficiency or effectiveness, increase uncertainty in outcomes, or result in a deviation from expected targets.</p>
<p>Quantitative criteria</p>	<p>Material deficiencies:                  1. The potentially misstated amount in the profit statement is greater than or equal to 1% of the revenue in the consolidated financial statements of the Company for the most recent fiscal year or 5% of the total pre-tax profit;                  2. The potentially misstated amount in the balance sheet is greater than or equal to 1% of the total assets in the consolidated financial statements of the Company for the most recent fiscal year.                  Significant deficiencies:                  1. The potentially misstated amount in the profit statement is greater than or equal to 0.5% of the Company's revenue or 3% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year but less than 1% of the Company's revenue or 5% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year.                  2. The potentially misstated amount in the balance sheet is greater than or equal to 0.5% of the total assets in the consolidated financial statements of the Company for the most recent fiscal year but less than 1% of the total assets in the consolidated financial statements for the most recent fiscal year.                  General deficiencies:                  1. The potentially misstated amount in the profit statement is less than 0.5% of the Company's revenue or 3% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year;                  2. The potentially misstated amount in the balance sheet is less than 0.5% of the consolidated total assets of the Company for the most recent fiscal year.</p>	<p>Material deficiencies: Direct property loss amount is greater than or equal to 1% of the Company's total assets (latest audited).                  Significant deficiencies: Direct property loss amount is greater than or equal to 0.5% of the Company's total assets (latest audited) but less than 1% of the Company's total assets (latest audited).                  General deficiencies: Direct property loss amount is less than 0.5% of the Company's total assets (latest audited).</p>

Number of material deficiencies related to financial reporting	0
Number of material deficiencies unrelated to financial reporting	0
Number of significant deficiencies related to financial reporting	0
Number of significant deficiencies unrelated to financial reporting	0

## 2. Audit report on internal control

Applicable Not applicable

The Opinion paragraph in the audit report on internal control	
Infore Enviro maintained, in all material respects, effective internal control related to financial reporting as at December 31, 2023, in accordance with the <i>Basic Standard for Enterprise Internal Control</i> and other applicable rules.	
Disclosure status of the audit report on internal control	Disclosed
Disclosure date of the full audit report on internal control	April 29, 2024
Index to the full audit report on internal control	For details, please refer to the <i>Internal Control Audit Report</i> disclosed on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Opinion type of the audit report on internal control	Standard unqualified opinion
Whether any material deficiency unrelated to financial reporting	No

Whether the accounting firm has issued the audit report with modified opinion on the Company's internal control

Yes No

Whether the auditor's report on the Company's internal control is consistent with the self-assessment report issued by the Company's Board of Directors

Yes No

## XV. Rectification of Self-Detected Problems through the Special Campaign to Improve Governance of Listed Companies

According to the system of the CSRC for filling and reporting the special self-examination list for the governance of listed companies, the Company conducted self-examination work during the special campaign based on facts and in strict accordance with the *Company Law*, the *Securities Law*, *Guidelines No. 1 of SZSE for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board* and other relevant laws and regulations as well as its internal rules and regulations, carefully sorted out the issues and filled in the forms. Through this self-examination, the Company believes that its corporate governance complies with the requirements of the *Company Law*, the *Securities Law*, *Guidelines No. 1 of SZSE for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board* and other laws and regulations, and that its corporate governance structure is sound and functions in a standardized way, without no material issues or errors. The Company shall continue to strengthen management in the following areas:

### 1. Further improving the internal control policy of the Company

The Company shall systemically sort out and improve its corporate governance and internal control in accordance with the latest laws and regulations and combined with the requirements of the regulatory authorities and its self-examination result, further perfect its internal control policy and implement the corresponding examination and approval procedure on the revised and improved relevant policies.

### 2. Further facilitating special committees of the Board to play their roles

During the reporting period, the Company maintained special committees in strict accordance with the relevant laws and regulations, and the special committees conducted on-site inspection and supervised and guided the Company's operations management and the execution of resolutions of the Board of Directors. In the future, the Company shall continue to create conditions for members of the special committees to know well the business of the Company, facilitate themselves to play their roles and provide advice and suggestions on the Company's development planning, operations management, risk control, selection and engagement of senior officers and back-up personnel, performance appraisal of senior officers, internal control and internal audit, etc., to further improve the scientific decision-making capacity and risk prevention capacity of the Company.

### 3. Further improving the quality of information disclosure

The Company shall optimize its policy system in strict accordance with the *Administration of Information Disclosure Affairs* and in combination with its own situation. In day-to-day information disclosure management, the Company shall conduct information disclosure in a concise and easy-to-understand manner on the premise that the Company, its shareholders and other information disclosure obligors shall ensure the authenticity, accuracy, completeness, timeliness and fairness of information disclosure. The relevant personnel of information disclosure shall treat the information disclosure in a diligent manner, prevent errors and ensure the quality of information disclosure and elevate the level of information disclosure. During the reporting period, the Company and its relevant personnel disclosed information in strict accordance with the requirements of laws and regulations.

### 4. Further ramping up staff training in laws and regulations

By optimizing internal training programs and increasing training, the Company helped its staff better understand laws, regulations, and normative documents such as the *Securities Law*, the *Rules Governing the Listing of Shares on SZSE*, and the *Guidelines No. 1 of SZSE for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board*. Such training also helped the Company strictly comply with relevant regulations, manage its operations in a prudent manner, and prevent violations.

## Part V Environmental and Social Responsibility

### I. Material Environmental Issues

Whether the listed company and its subsidiaries are major pollutant emitters announced by national environmental authorities

Yes No

#### Environmental policies and industry standards

The Company strictly abides by the laws, regulations, and emission standards, such as the *Environmental Protection Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Integrated Wastewater Discharge Standard*, and *Law of the People's Republic of China on the Prevention and Control of Air Pollution*. It consistently improves its management policies and optimizes pollutant treatment facilities and technologies to minimize the discharge of pollutants.

#### Environmental administrative licensing

The Company has been running all its key pollutant-discharging projects according to laws and regulations for many years. During the construction period, environmental impact assessment was carried out for these projects under relevant laws and regulations such as *the Environmental Protection Law of the People's Republic of China* and *Law of the People's Republic of China on Environmental Impact Assessment*, and environmental impact assessment documents were approved by environmental authorities. Besides, the Company obtained approval from environmental authorities before pilot production, organized environmental acceptance inspection for the completed projects during pilot production, and simultaneously designed, constructed and put into use the supporting environmental facilities and the main works.

Industry discharge standards and discharge of pollutants in production and operating activities

Name of entity or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Way of discharge	Number of discharge outlets	Layout of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total discharge volume	Total approved discharge volume	Excessive discharge
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II)	Wastewater	COD	Continuous discharge	1	Beijiang River trunk stream waterway	10.5mg/L	GB 18918-2002, Class 1A	388.37t	1606t/a	N/A
	Wastewater	Ammonia nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	0.54mg/L	GB 18918-2002, Class 1A	19.97t	200.75t/a	N/A
	Wastewater	Total	Continuous	1	Beijiang River trunk stream waterway	0.25mg/L	GB 18918-2002,	9.25t	20.075t/a	N/A



sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)		phosphorus	discharge				Class 1A			
	Wastewater	Total nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	6.08mg/L	GB 18918-2002, Class 1A	224.88t	602.25t/a	N/A
Funan Grelander Environmental Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	North side of the main plant	4.2mg/Nm <sup>3</sup>	GB18485-2014	2.316t	14.6t/a	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	North side of the main plant	40.059mg/Nm <sup>3</sup>	GB18485-2014	24.543t	89.28t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	North side of the main plant	146.314mg/Nm <sup>3</sup>	GB18485-2014	85.702t	96.72t/a	N/A
	Waste gas	HCl	80m chimney	1	North side of the main plant	35.987mg/Nm <sup>3</sup>	GB18485-2014	21.406t	/	N/A
	Waste gas	CO	80m chimney	1	North side of the main plant	15.09mg/Nm <sup>3</sup>	GB18485-2014	9.365t	/	N/A
	Waste gas	Pb	80m chimney	1	North side of the main plant	0.0146mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m chimney	1	North side of the main plant	0.0000945mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Hg	80m chimney	1	North side of the main plant	0.0048mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	North side of the main plant	0.057ng-TEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Shouxian Grelander New Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	West side of the main plant	2.4mg/Nm <sup>3</sup>	GB18485-2014	1.49t	12t/a	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	43.39mg/Nm <sup>3</sup>	GB18485-2014	20.19t	70t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	202.48mg/Nm <sup>3</sup>	GB18485-2014	123.53t	144t/a	N/A
	Waste gas	HCl	80m chimney	1	West side of the main plant	51.97mg/Nm <sup>3</sup>	GB18485-2014	29.65t	/	N/A
	Waste gas	CO	80m chimney	1	West side of the main plant	2.8mg/Nm <sup>3</sup>	GB18485-2014	3.74t	/	N/A
	Waste gas	Pb	80m chimney	1	West side of the main plant	0.0016mg/m <sup>3</sup>	GB18485-2014	/	/	N/A

	Waste gas	Cd	80m chimney	1	West side of the main plant	0.000694mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Hg	80m chimney	1	West side of the main plant	0.00082mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	West side of the main plant	0.038ngTEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	East side of the main plant	1.1mg/Nm <sup>3</sup>	GB18485-2014	0.85t	6.78t/a	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	East side of the main plant	28.6mg/Nm <sup>3</sup>	GB18485-2014	14.09t	26.06t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	East side of the main plant	151mg/Nm <sup>3</sup>	GB18485-2014	96.45t	104t/a	N/A
	Waste gas	HCl	80m chimney	1	East side of the main plant	41.718mg/Nm <sup>3</sup>	GB18485-2014	24.27t	/	N/A
	Waste gas	CO	80m chimney	1	East side of the main plant	28.9mg/Nm <sup>3</sup>	GB18485-2014	20.36t	/	N/A
	Waste gas	Pb	80m chimney	1	East side of the main plant	/	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m chimney	1	East side of the main plant	/	GB18485-2014	/	/	N/A
	Waste gas	Hg	80m chimney	1	East side of the main plant	0.0023mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	East side of the main plant	0.063ng-TEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Greenlander Environmental Power Generation Co., Ltd. (1# furnace)	Waste gas	Smoke	80m chimney	1	West side of the main plant	0.22mg/m <sup>3</sup>	GB18485-2014	0.109t	/	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	22.76mg/m <sup>3</sup>	GB18485-2014	16.52t	58t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	208.97mg/m <sup>3</sup>	GB18485-2014	118.29t	148.85t/a	N/A
	Waste gas	HCl	80m chimney	1	West side of the main plant	26.69mg/m <sup>3</sup>	GB18485-2014	15.3t	/	N/A
	Waste gas	CO	80m chimney	1	West side of the main plant	2.77mg/m <sup>3</sup>	GB18485-2014	3.47t	/	N/A
	Waste gas	Pb	80m chimney	1	West side of the main plant	0.0029mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m	1	West side of the main plant	0.00013mg/m	GB18485-2014	/	/	N/A

			chimney			<sup>3</sup>				
	Waste gas	Hg	80m chimney	1	West side of the main plant	/	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	West side of the main plant	0.0014ngTEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Greenlander Environmental Power Generation Co., Ltd. (2# furnace)	Waste gas	Smoke	80m chimney	1	West side of the main plant	1.03mg/m <sup>3</sup>	GB18485-2014	0.59t	/	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	23.13mg/m <sup>3</sup>	GB18485-2014	9.96t	58t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	224.04mg/m <sup>3</sup>	GB18485-2014	81.9t	148.85t/a	N/A
	Waste gas	HCl	80m chimney	1	West side of the main plant	29.33mg/m <sup>3</sup>	GB18485-2014	9.78t	/	N/A
	Waste gas	CO	80m chimney	1	West side of the main plant	0.87mg/m <sup>3</sup>	GB18485-2014	1.76t	/	N/A
	Waste gas	Pb	80m chimney	1	West side of the main plant	0.0032mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m chimney	1	West side of the main plant	0.00014mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Hg	80m chimney	1	West side of the main plant	/	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	West side of the main plant	0.002ngTEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	North side of the main plant	0.7655 mg/Nm <sup>3</sup>	GB18485-2014	0.457t	12t/a	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	North side of the main plant	40.0409mg/Nm <sup>3</sup>	GB18485-2014	23.9035t	80t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	North side of the main plant	223.9976mg/Nm <sup>3</sup>	GB18485-2014	133.7214t	250t/a	N/A
	Waste gas	HCl	80m chimney	1	North side of the main plant	38.3231mg/Nm <sup>3</sup>	GB18485-2014	22.878t	/	N/A
	Waste gas	CO	80m chimney	1	North side of the main plant	2.40mg/Nm <sup>3</sup>	GB18485-2014	1.433t	/	N/A
	Waste gas	Pb	80m chimney	1	North side of the main plant	0.01mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m chimney	1	North side of the main plant	0.00015mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A

	Waste gas	Hg	80m chimney	1	North side of the main plant	0.000035mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	North side of the main plant	0.063ng/m <sup>3</sup>	GB18485-2014	/	/	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	Smoke	80m chimney	1	South side of the main plant	1.72mg/m <sup>3</sup>	GB18485-2014	0.524t	10.95t/a	N/A
	Waste gas	SO <sub>2</sub>	80m chimney	1	South side of the main plant	43.02mg/m <sup>3</sup>	GB18485-2014	25.406t	31.68t/a	N/A
	Waste gas	NO <sub>x</sub>	80m chimney	1	South side of the main plant	194.13mg/m <sup>3</sup>	GB18485-2014	119.737t	159.72t/a	N/A
	Waste gas	HCl	80m chimney	1	South side of the main plant	30.46mg/m <sup>3</sup>	GB18485-2014	18.663t	/	N/A
	Waste gas	CO	80m chimney	1	South side of the main plant	5.76mg/m <sup>3</sup>	GB18485-2014	1.817t	/	N/A
	Waste gas	Pb	80m chimney	1	South side of the main plant	0.0642mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Cd	80m chimney	1	South side of the main plant	0.000126mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Hg	80m chimney	1	South side of the main plant	0.003mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
	Waste gas	Dioxins	80m chimney	1	South side of the main plant	0.0078ngTEQ/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Yinghe Environmental Protection Co., Ltd.	Waste gas	Ammonia and hydrogen sulfide	Centralized	2	Discharge outlets for kitchen waste and sludge at the end of the deodorization system, with waste gas discharged through the chimney	Ammonia: 1.5mg/Nm <sup>3</sup> ; Hydrogen sulfide: 0.06mg/Nm <sup>3</sup>	GB14554-93	None	/	N/A
	Waste gas	Smoke, SO <sub>2</sub> and NO <sub>x</sub>	Centralized	1	Discharge outlets of kitchen biogas combustion at the end of the combustion system, with waste gas discharged through the chimney	Smoke: 20mg/Nm <sup>3</sup> ; SO <sub>2</sub> : 50mg/Nm <sup>3</sup> ; NO <sub>x</sub> : 200mg/Nm <sup>3</sup>	GB13271-2014	Smoke: 0.00832t; SO <sub>2</sub> : 0t; NO <sub>x</sub> : 0.0251t	Smoke: 0.241t; SO <sub>2</sub> : 0.467t; NO <sub>x</sub> : 1.809t	N/A
	Wastewater	COD and ammonia nitrogen	Centralized	1	Sewage discharge outlets at the end of the sewage treatment facility, with sewage discharged to the sewage plant in the west of the city after centralized	COD: 500mg/L; Ammonia nitrogen:	GB8978-1996	COD: 1.969t; Ammonia nitrogen:	COD: 4.2627t; Ammonia nitrogen:	N/A

					treatment	45mg/L		0.088t	0.427t	
Changsha Zoomlion Environmental Industry Co., Ltd.	Waste gas	Benzene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99")/Western exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	0.03905 mg/m <sup>3</sup>	<i>Emission Standard of Volatile Organic Compounds and Ni for Surface Coating (Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 1 mg/m<sup>3</sup></i>	0.038624t	/	N/A
	Waste gas	Toluene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99")/Western exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	0.0514175 mg/m <sup>3</sup>	<i>Emission Standard of Volatile Organic Compounds and Ni for Surface Coating (Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 3 mg/m<sup>3</sup></i>	0.057679t	/	N/A
	Waste gas	Xylene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99")/Western exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	0.300981 mg/m <sup>3</sup>	<i>Emission Standard of Volatile Organic Compounds and Ni for Surface Coating (Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 17 mg/m<sup>3</sup></i>	0.27389t	/	N/A

	Waste gas	Non-methane hydrocarbons	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99")/Western exhaust outlet of waste gas from paint drying for whole-machine coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	1.774702 mg/m <sup>3</sup>	<i>Emission Standard of Volatile Organic Compounds and Ni for Surface Coating</i> (Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 40 mg/m <sup>3</sup>	1.770279t	424.83t/a	N/A
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#### Pollutant treatment

The Company values environmental protection and has established a management committee to coordinate its safety and environmental activities. Safety and environmental departments equipped with management personnel have also been set up across key business segments. In recent years, the Company and its subsidiaries have been strengthening environmental policies and strictly regulating the operating procedures and job responsibilities of environmental facilities to ensure their proper functioning. This has effectively controlled pollutant emissions, and no instances of exceeding discharge standards have occurred. Throughout the routine production and operational processes, the environmental facilities integrated into the Company and its subsidiaries guarantee the uninterrupted functioning of all environmental systems.

#### Environmental self-monitoring plan

The Company developed the *2023 Environmental Self-Monitoring Plan* for each of its key pollutant-discharging projects in accordance with environmental impact assessment requirements and relevant laws and regulations, and filed them with local ecological and environmental authorities. It has also engaged a professional third-party inspection agency to carry out regular environmental monitoring of the pollutants discharged by its projects.

#### Contingency plan for environmental emergencies

The Company engaged a professional third-party agency to develop a contingency plan for environmental emergencies for each of its key pollutant-discharging projects, and such plans have been approved and filed for record. In 2023, the Company carried out regular training and drills among its employees in different projects according to the requirements and contents of the contingency plans to enable them to timely and accurately deal with environmental pollution emergencies.

Investment in environmental governance and protection payment of environmental taxes

The Company's commitment to green development and environmental protection underpins its sustained efforts in clean production, energy conservation, consumption reduction, emission reduction, and efficiency improvement. By incorporating its environmental philosophy into day-to-day management, the Company strives to become a resource-conserving and environmental friendly business. In 2023, it invested approximately RMB 26.246 million in environmental protection and paid approximately RMB 22,800 in environmental taxes under the relevant laws and regulations.

Measures adopted during the reporting period to reduce carbon emissions and their effects

Applicable Not applicable

The Company made rational use of waste resources and effectively reduced environmental carbon emissions through environmental protection industrial modes such as domestic waste incineration for power generation, kitchen waste resource utilization and sewage treatment. In terms of the project of domestic waste incineration for power generation, the greenhouse gas emission reduction is about 0.78-1.32kg per kilowatt-hour, and 0.36tCO<sub>2</sub>e per ton of waste, with sound emission reduction effect.

Administrative penalties for environmental issues during the reporting period

Name of entity or subsidiary	Reason	Violation	Penalty	Impact on the production and operation of the listed company	Rectification measures
Susong Yinghe Environmental Sanitation Management Co., Ltd.	Non-compliant operation	Violation of Article 69 of the <i>Highway Safety Protection Regulations</i>	A fine of RMB 200	It had no material impact on the production and operation of the listed company.	1. Provided training for drivers in relevant legal provisions; 2. Strengthened the vehicle management policy to guarantee adherence to loading protocols; 3. Carried out routine inspections to guarantee the projects were operated under established rules.
Loudi Zoomlion Huabao Environmental Protection Technology Co., Ltd.	Non-compliant operation	Violation of Article 33 of the <i>Regulations on the Administration of Pollutant Discharge Permit</i> , Table 3-2, Table 2-2, Table 12-3 and Table 13 of <i>Administrative Penalty Discretion Standards of Hunan Province for Ecological Environment Protection</i> , Article 23 of the <i>Regulations on the Administration of Environmental Protection of Construction Projects</i> , and Article 38 of the <i>Measures for the Administration of Environmental Emergency Response</i>	1. A fine of RMB 865,300 on the Company; 2. A fine of RMB 87,500 on directly accountable persons.	It had no material impact on the production and operation of the listed company.	1. Conducted training sessions for employees in relevant legal provisions; 2. Formulated and refined relevant rules and policies; 3. Implemented routine inspections to ensure that projects were operated in compliance with rules.
Xiangtan Yinglian Environmental Industry Co., Ltd.	Non-compliant operation	Violation of Article 10 and Article 39 of the <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> .	RMB 670,000	It had no material impact on the production and operation of the listed company.	1. Conducted training sessions for project personnel in relevant legal provisions; 2. Formulated and refined relevant rules and policies; 3. Implemented routine inspections to ensure that projects were operated in compliance with rules.
Zhangjiagang Zhongying Environmental	Non-compliant operation	Violation of Articles 43 and 65 of the <i>Regulations of Jiangsu Province on the Administration of City Appearance and Environmental Sanitation</i> .	A fine of 5,000 RMB	It had no material impact on the production and	1. Conducted training sessions for employees in relevant legal provisions; 2. Formulated and refined relevant rules and policies; 3.

Development Co., Ltd.				operation of the listed company.	Implemented routine inspections to ensure that projects were operated in compliance with rules.
Zhangjiagang Zhongying Environmental Development Co., Ltd.	Non-compliant operation	Violation of Articles 43 and 65 of the <i>Regulations of Jiangsu Province on the Administration of City Appearance and Environmental Sanitation</i> .	A fine of 5,000 RMB	It had no material impact on the production and operation of the listed company.	1. Conducted training sessions for employees in relevant legal provisions; 2. Formulated and refined relevant rules and policies; 3. Implemented routine inspections to ensure that projects were operated in compliance with rules.

Other disclosable environmental information

The Company disclosed the environmental information of each of its key pollutant-discharging projects on the government's environmental information disclosure platform on a regular basis according to the requirements of local environmental authorities.

Other environmental related information

NA

## II. Corporate Social Responsibility

For details, please refer to the *2023 Sustainability Report* disclosed at Cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

## III. Performance in Consolidating Achievements in Poverty Alleviation and Promoting Rural Revitalization

During the reporting period, the Company donated RMB 1,216,100 in money and materials to support poverty alleviation and rural revitalization efforts.



## Part VI Significant Events

### I. Performance of undertakings

#### 1. Undertakings of the Company's de facto controller, shareholders, related parties, and acquirer, as well as the Company and other commitment makers fulfilled during the reporting period or ongoing at the period-end

Applicable Not applicable

Undertaking	Party	Type	Content	Date	Term of undertakings	Fulfillment of undertakings
Undertaking made at the time of asset restructuring	De facto controller He Jianfeng	Undertaking on not to relinquish control over the listed company	I have no plan to relinquish control over the listed company in the next 60 months from the date of completion of this transaction.	January 3, 2019	60 months	It is being properly fulfilled without breach.
Undertaking made at the time of asset restructuring	De facto controllers He Jianfeng, Ningbo Infore, and Infore Group	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and maintain independence of the listed company	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and maintain independence of the listed company	August 15, 2018	Indefinitely	It is being properly fulfilled without breach.
Undertaking made at the time of asset restructuring	Ningbo Infore, Hongchuang Investment, Zoomlion, Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking to avoid horizontal competition, and regulate and reduce related party transactions	Undertaking to avoid horizontal competition, and regulate and reduce related party transactions	August 15, 2018	Indefinitely	It is being properly fulfilled without breach.
Undertaking made at the time of asset restructuring	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Undertaking related to performance	The accumulative total net profit recorded by Lianjiang Greenlander New Energy Co., Ltd, Xiantao Greenlander Environmental Power Generation Co., Ltd., Funan Greenlander Environmental Energy Co., Ltd. and Shouxian Greenlander New Energy Co., Ltd. from 2016 to 2019 shall not be less than RMB 120 million (net profit is subject to the lower after deducting non-recurring gains and losses).	October 14, 2015	48 months	Not fulfilled properly. The audited net profit (net profit is the lower of before or after deducting non-recurring gains and losses) for the period from 2016 to 2019 is RMB 2,156,500, RMB -24,424,500, RMB -19,192,800, and RMB -625,700 respectively; and the

						accumulated net profit is RMB - 42,086,600 which is RMB 162,086,600 less than the performance commitment, indicating a failure to achieve the commitment in respect of the net profit for 2016 - 2019.
Undertaking made at the time of asset restructuring	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Project undertakings	1. From 2016 to 2019, the newly signed waste incineration power generation BOT agreements (subject to the signing of franchise agreement) signed by Greenlander Environmental shall specify a total daily disposal capacity of not less than 6,500 tons (a single project shall have a daily disposal capacity of not less than 500 tons, of which at least one shall be more than 2,000 tons). 2. Jiujiang Company shall start construction and obtain approval before 31 December 2020. If it fails to start construction or the construction is recovered by the government, it shall compensate the listed company at a consideration of no less than RMB 5 million.	October 14, 2015	48 months	Not fulfilled properly. The newly signed projects by Greenlander Environmental from 2016 to 2019 totaled 1,400 tons, 5,100 tons less than the project undertaking. The project in Jiujiang has not commenced construction.
Whether the undertakings were fulfilled on time	No					
If the undertaking is not fulfilled on time, the specific reasons for non-fulfillment and the next steps plan shall be elaborated	On July 18, 2022, the High People's Court of Guangdong Province ruled that Greenlander Investment Holding Co., Ltd. and Zheng Weixian shall pay the Company RMB 113,406,600 for non-fulfillment of performance commitment. As at the date of this report, the Company received RMB 106,222,592.96 in proceeds from enforcement of the ruling, or RMB 99,229,334.96 excluding enforcement fees appraisal fees, service fees, applicable taxes, and costs.					

**2. Where any earnings forecast was made for any of the Company's assets or projects and the reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and why**

Applicable Not Applicable

## II. Occupation of the Company's Capital by the Controlling Shareholder or Other Related Parties for Non-Operating Purposes

Applicable Not Applicable

No such cases during the reporting period.

## III. Illegal Provision of Guarantees for External Parties

Applicable Not Applicable

No such cases during the reporting period.

## IV. Explanations Given by the Board of Directors Regarding the "Modified Audit Opinion" for the Latest Period

Applicable Not Applicable

## V. Explanation of the Board of Directors, the Board of Supervisors, and Independent Directors (If Any) Regarding the "Modified Audit Opinion" for the Reporting Period

Applicable Not Applicable

## VI. Reason for Changes in Accounting Policies, Accounting Estimates or Corrections of Material Accounting Errors as Compared to the Financial Statements for the Prior Year

Applicable Not applicable

1. Starting from January 1, 2023, the Company has adopted the regulations on accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction in the *Interpretation of China Accounting Standards for Business Enterprises No. 16* issued by the MOF. This change in accounting policy has no effect on the Company's financial statements.

## VII. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Statements for the Prior Year

Applicable Not applicable

For details of the changes in the scope of the consolidated financial statements during the reporting period, please refer to Note 8 "Changes in the Scope of Consolidation" in Part X Financial Statements.

## VIII. Engagement and Disengagement of Accounting Firm

Current accounting firm

Name of the domestic accounting firm	Pan-China Certified Public Accountants LLP (Special General Partnership)
The Company's payment to the domestic accounting firm (in RMB 10,000)	315
Consecutive years of the domestic audit service provided by the	22

accounting firm	
Names of the domestic certified public accountants from the accounting firm	Bian Shanshan, Wei Xiaohui
Consecutive years of audit service provided by domestic certified public accountants from the accounting firm	5 years and 2 years, respectively

Whether the accounting firm was changed during the current period

Yes No

Engagement of any accounting firm for internal control audit, financial advisor, or sponsor

Applicable Not applicable

During the year, Pan-China Certified Public Accountants LLP (Special General Partnership) was appointed as the Company's internal control auditor, and Huaxing Securities Co., Ltd. was appointed as the Company's sponsor.

## IX. Possibility of Delisting after the Disclosure of This Report

Applicable Not Applicable

## X. Bankruptcy and Reorganization

Applicable Not Applicable

No such cases during the reporting period.

## XI. Material Litigation and Arbitration

Applicable Not Applicable

During the reporting period, other lawsuits that did not meet the disclosure criteria for material litigation primarily included purchase and sales contract disputes, with a total amount of approximately RMB 466 million, which are not expected to incur any provision of large amount.

## XII. Punishments and Rectifications

Applicable Not Applicable

No such cases during the reporting period.

## XIII. Credit Standing of the Company as well as Its Controlling Shareholder and De Facto Controller

Applicable Not applicable

During the reporting period, the Company as well as its controlling shareholder and de facto controller had good credit standing, with no such cases as non-fulfillment of effective court judgments or outstanding debts of large amounts due and unpaid.

## XIV. Material Related Party Transactions

### 1. Related party transactions in relation to day-to-day operations

Applicable Not applicable

Related party	Related party relationship	Type of related party transaction	Contents of related party transaction	Pricing principle of related party transaction	Transaction price	Transaction amount (in RMB10,000)	As a percentage of transactions of same type	Approved transaction limit (in RMB10,000)	Over approved limit	Method of settlement	Available market price for transactions of same type	Disclosure date	Index to disclosure
Zoomlion Heavy Industry	Shareholder holding more than 5% of the Company's shares	Goods or financial services	Goods or financial services	Market price	--	8,116.42		17,000	No	As per contractual terms	--	April 25, 2023	www.cninfo.com.cn
<b>Total</b>				--	--	8,116.42	--	17,000	--	--	--	--	--
Details of any large-amount sales return				N/A									
Give the actual fulfillment situation during the reporting period (if any) where an estimate by type had been made for the total amounts of routine related party transactions to occur during the period				Before the Company's routine related party transactions in 2023, subsidiaries comprehensively assessed and estimated their related party transactions. However, due to changes in the market and customer demand, there were differences between the Company's related party transactions and the actual situation. This was regular business activity and had minimal impact on day-to-day operations and performance.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

## 2. Related party transactions regarding purchase or sales of assets or equity interests

Applicable Not Applicable

No such cases during the reporting period.

## 3. Related party transactions regarding joint investments in external parties

Applicable Not Applicable

No such cases during the reporting period.

## 4. Current associated rights of credit and liabilities

Applicable Not Applicable

No such cases during the reporting period.

## 5. Transactions with finance companies with related party relationships

Applicable Not applicable

Deposit business

Related parties	Related party relationship	Maximum daily deposit limit (in RMB10,000)	Range of deposit rate	Opening balance (in RMB10,000)	Amount of the current period		Ending balance (in RMB10,000)
					Total deposited amount (in RMB10,000)	Total withdrawn amount (in RMB10,000)	
Zoomlion Finance Co., Ltd.	Related company of shareholder holding more than 5% of the Company's	0	No interest accrued	31			31

	shares						
--	--------	--	--	--	--	--	--

Loan business

Applicable Not Applicable

Credit or other financial business

Applicable Not Applicable

## 6. Transactions between the finance company controlled by the Company and related parties

Applicable Not Applicable

There is no deposit, loan, credit, or other financial business between the finance company controlled by the Company and related parties.

## 7. Other material related party transactions

Applicable Not Applicable

No such cases during the reporting period.

## XV. Material Contracts and Execution Thereof

### 1. Trusts, subcontracts, and leases

#### (1) Trusts

Applicable Not Applicable

No such cases during the reporting period.

#### (2) Subcontracts

Applicable Not Applicable

No such cases during the reporting period.

#### (3) Leases

Applicable Not applicable

Description of leases

In accordance with the *Property Lease Contract* signed between the Company and the related party Foshan Shunde Yinghai Investment Co., Ltd., the Company leased the 23rd floor of Yingfeng Business Building at 8 Yixing Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, as the business premises with a gross floor area of 1,578.68 sqm. The rent payable for 2023 was RMB 1,348,100, and the actual payment was RMB 1,348,100. As at December 31, 2023, the above amounts have been settled.

Items that brought profits or losses to the Company accounting for more than 10% of the gross profit of the Company during the reporting period

Applicable Not Applicable

No leasing items brought profits or losses to the Company accounting for more than 10% of the gross profit of the Company during the reporting period.

## 2. Material guarantees

Applicable Not applicable

Unit: RMB 10,000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)										
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Buyer's credit business	April 25, 2023	1,687.47	August 31, 2021	1,687.47	Joint and several liability guarantee	N/A	--	4 years	No	No
Buyer's credit business	April 25, 2023	687.85	June 27, 2022	687.85	Joint and several liability guarantee	N/A	--	3 years	No	No
Buyer's credit business	April 25, 2023	6,122.01	September 18, 2022	6,122.01	Joint and several liability guarantee	N/A	--	1 year	No	No
Buyer's credit business	April 25, 2023	353.7	September 9, 2022	353.7	Joint and several liability guarantee	N/A	--	1 year	No	No
Buyer's credit business	April 25, 2023	4,306.24	June 30, 2021	4,306.24	Joint and several liability guarantee	N/A	--	3 years	No	No
Buyer's credit business	April 25, 2023	6,787.84	September 5, 2022	6,787.84	Joint and several liability guarantee	N/A	--	2 years	No	No
Buyer's credit business	April 25, 2023	85,054.89				--	--	--		
Total approved limit for external guarantee during the reporting period (A1)		105,000		Total actual amount of external guarantee during the reporting period (A2)		19,945.11				
Total approved limit for external guarantee at the end of the reporting period (A3)		105,000		Total actual balance of external guarantee at the end of the reporting period (A4)		19,945.11				
Guarantees provided by the Company for its subsidiaries										
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2023	28,600	February 3, 2023	9,754.12	Joint and several liability guarantee	N/A	--	3 years	No	Yes
Zhejiang Shangfeng	April 25, 2023	22,350	May 22, 2023	13,687.35	Joint and several	N/A	--	1 year	No	Yes

Special Blower Industrial Co., Ltd.					liability guarantee					
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2023	30,000	October 31, 2023	2,596.74	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2023	12,000	March 31, 2022	8,700	Joint and several liability guarantee	N/A	--	3 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2023	15,000	July 24, 2023	8,105.96	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	April 25, 2023	4,000	March 1, 2021	12.72	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	April 25, 2023	5,000	August 16, 2023	1,079.03	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Smart Sanitation Technology Co., Ltd.	April 25, 2023	2,000	December 1, 2021		Joint and several liability guarantee	N/A	--	4 years	No	Yes
Changsha Zhongbiao Environmental Industry Co., Ltd.	April 25, 2023	5,000	September 11, 2021		Joint and several liability guarantee	N/A	--	2 years	No	Yes
Shenzhen Green Oriental Environmental Protection Co., Ltd.	February 2, 2016	13,000	August 25, 2016	2,795	Joint and several liability guarantee	N/A	--	8 years	No	Yes
Shouxian Greenlander New Energy Co., Ltd.	April 30, 2022	9,221	November 10, 2022	7,170.3	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Xiantao Greenlander Environmental Power Generation Co., Ltd.	April 30, 2022	27,870	June 7, 2022	25,210	Joint and several liability guarantee	N/A	--	13 years	No	Yes
Poyang	August 25,	25,000	April 26,	25,000	Joint and	N/A	--	10 years	No	Yes



Greenlander Renewable Energy Co., Ltd.	2022		2023		several liability guarantee					
Maoming Infore Environment Water Treatment Technology Co., Ltd.	December 26, 2017	15,000	March 20, 2018	9,435.05	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Lianjiang Greenlander New Energy Co., Ltd.	April 30, 2022	9,963	November 30, 2020	7,641.49	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Lianjiang Greenlander New Energy Co., Ltd.	April 30, 2022	17,600	May 25, 2022	8,648.2	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Lu'an Zhongfeng Urban Environmental Service Co., Ltd.	April 23, 2021	8,000	June 8, 2021	7,400	Joint and several liability guarantee	N/A	--	13 years	No	Yes
Tongshan Tongda Water Treatment Technology Co., Ltd.	April 25, 2020	6,000	February 1, 2021	925	Joint and several liability guarantee	N/A	--	18 years	No	Yes
Changde Zelian Environmental Service Co., Ltd.	April 23, 2021	12,000	May 26, 2021	11,700	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Xiantao Yinghe Environmental Protection Co., Ltd.	August 21, 2020	30,100	January 20, 2021	12,200	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Biyang Fenghe New Energy Power Co., Ltd.	April 25, 2023	22,000	May 23, 2022	21,426	Joint and several liability guarantee	N/A	--	14 years	No	Yes
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	October 24, 2019	10,000	March 25, 2020	3,000	Joint and several liability guarantee	N/A	--	5 years	No	Yes
Xiangtan Yinglian Environmental Industry Co., Ltd.	April 30, 2022	15,000	July 5, 2022	4,000	Joint and several liability guarantee	N/A	--	10 years	No	Yes
Tongren	April 30,	14,300	August 19,	9,750	Joint and	N/A	--	15 years	No	Yes

Bijiang District Zhongfeng Environmental Industry Co., Ltd.	2022		2022		several liability guarantee					
Huai'an Yinghe Environment Technology Co., Ltd.	August 25, 2022	15,000	December 26, 2022	5,595	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Infore Zoomlion Urban Environmental Service Co., Ltd.	April 25, 2023	3,000	November 19, 2023		Joint and several liability guarantee	N/A	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2023	17,000				--	--	--		
Guangdong Infore Technology Co., Ltd.	April 25, 2023	1,000				--	--	--		
Guangdong Infore Smart Sanitation Technology Co., Ltd.	April 25, 2023	1,000				--	--	--		
Lianjiang Greenlander New Energy Co., Ltd.	April 25, 2023	1,200				--	--	--		
Liling Zhaoyang Environmental Protection Co., Ltd.	April 25, 2023	50,000				--	--	--		
Huai'an Chenjie Environmental Engineering Co., Ltd.	April 25, 2023	5,000				--	--	--		
Other wholly-owned subsidiaries	April 25, 2023	7,000				--	--	--		
Total approved guarantee limit for subsidiaries during the reporting period (B1)			231,150		Total actual guarantee amount for subsidiaries during the reporting period (B2)					68,935.92
Total approved guarantee limit for subsidiaries at the end of the reporting period			518,204		Total actual guarantee balance for subsidiaries at the end of the reporting					205,831.96

(B3)				period (B4)							
Guarantees between subsidiaries											
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not	
Total approved guarantee limit for subsidiaries during the reporting period (C1)				0	Total actual guarantee amount for subsidiaries during the reporting period (C2)						0
Total approved guarantee limit for subsidiaries at the end of the reporting period (C3)				0	Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)						0
Total guarantee amount (total of the three kinds above)											
Total approved guarantee limit during the reporting period (A1+B1+C1)				336,150	Total actual guarantee amount during the reporting period (A2+B2+C2)						88,881.03
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)				623,204	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)						225,777.07
Total actual guarantees (A4+B4+C4) as a percentage of the Company's net assets										12.95%	
Of which:											
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)										0	
Balance of debt guarantees provided directly or indirectly for the guaranteed party with a liability-to-asset ratio over 70% (E)										156,651.97	
Total of the three types of guarantees above (D+E+F)										156,651.97	
Description of any cases during the reporting period where unexpired guarantee contracts led to guarantee liability or had indications that the Company may assume joint and several liabilities for compensation (if applicable).						N/A					

Description of composite guarantees

### 3. Entrusted cash management

#### (1) Entrusted wealth management

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB 10,000

Type	Funding source	Entrusted amount	Undue amount	Unrecovered overdue amount	Accrued impairment amount for unrecovered overdue wealth

					management
Bank's wealth management product	Own funds	85,630	0	0	0
Total		85,630	0	0	0

High-risk entrusted wealth management with a material single amount or low security and low liquidity

Applicable Not Applicable

Entrusted wealth management with expected irrecoverable principal or other circumstances that may lead to impairment

Applicable Not Applicable

## (2) Entrusted loans

Applicable Not Applicable

No such cases during the reporting period.

## 4. Other material contracts

Applicable Not Applicable

No such cases during the reporting period.

## XVI. Other Material Events

Applicable Not Applicable

No such cases during the reporting period.

## XVII. Material Events of Subsidiaries

Applicable Not applicable

On April 29, 2022, the Proposal on the Revised Plan of Infore Environment Technology Group Co., Ltd. for the Spin-off of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. to be Listed on the ChiNext Board was deliberated and approved at the 18th meeting of the Ninth Board of Directors.

On May 24, 2022, the proposal on the spin-off of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. ("Shangfeng") for listing on the ChiNext market of SZSE were deliberated and approved at the Company's 2021 Annual General Meeting of Shareholders. For details, please refer to the announcement published on April 30, 2022 on the media for information disclosure designated by the Company and Cninfo (www.cninfo.com.cn).

On June 30, 2022, SZSE accepted the application for IPO and listing on the ChiNext submitted by Shangfeng. On July 25, 2022, SZSE issued the Letter on Review and Inquiry of the Application Documents of Zhejiang Shangfeng High-tech Special Wind Industrial Co., Ltd. for IPO and Listing on the ChiNext (S.H.H. [2022] No. 010721). Shangfeng submitted its reply to the letter on December 7, 2022.

On December 15, 2022, SZSE issued the Letter on the Second Round of Review and Inquiry of the Application Documents of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for IPO and Listing on the ChiNext (S.H.H. [2022] No. 011129). Shangfeng submitted its reply to the letter on March 17, 2023.

On July 21, 2023, SZSE rendered its decision (S.Z.S.S. [2023] No. 586) to terminate the review process for the intended IPO and listing of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. on the ChiNext.

## Part VII Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share changes

Unit: Share

	Before change		Increase/decrease (+/-)					After change	
	Quantity	Ratio	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Others	Sub-total	Quantity	Ratio
I. Restricted Shares	1,838,140	0.06%	0	0	0	-365,671	-365,671	1,472,469	0.05%
1. Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	1,838,140	0.06%	0	0	0	-365,671	-365,671	1,472,469	0.05%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	1,838,140	0.06%	0	0	0	-365,671	-365,671	1,472,469	0.05%
4. Shares held by overseas investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted Shares	3,177,667,419	99.94%	1,111	0	0	365,671	366,782	3,178,034,201	99.95%
1. RMB-	3,177,667,419	99.94%	1,111	0	0	365,671	366,782	3,178,034,201	99.95%

denominated common shares									
2. Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total Number of Shares	3,179,505,559	100.00%	1,111	0	0	0	1,111	3,179,506,670	100.00%

## Reasons for share changes

Applicable Not applicable

1. Upon the expiry of the lock-up period due to a change in the Company's senior officer positions, the lock-up on senior officer-held shares was lifted, resulting in a decrease of 365,671 restricted shares and a commensurate rise of 365,671 unrestricted shares.

2. As at December 31, 2023, 16,944 shares in total were converted from the Infore Convertible Bonds issued by the Company. In particular, 1,111 shares were converted in 2023, resulting in an increase in the Company's non-restricted shares by 1,111.

## Approval of changes in share capital

Applicable Not applicable

With the approval granted by the CSRC under Document Z.J.X.K. [2020] No. 2219, the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, with a par value of RMB 100 and a total amount of RMB 1,476,189,600. Per approval of SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on SZSE, starting on December 2, 2020. The Infore Convertible Bonds in this offering are convertible into the Company's shares from May 10, 2021.

## Transfer of shares

Applicable Not applicable

During the reporting period, China Securities Depository and Clearing (Shenzhen) Corporation Limited handled the share registration procedures for 1,111 shares converted from convertible corporate bonds.

Effects of share changes on basic earnings per share, diluted earnings per share, net asset value per share attributable to the Company's common shareholders and other financial indicators of the prior year and the prior accounting period, respectively

Applicable Not Applicable

Other information that the Company deems disclosable or disclosable as required by the securities regulatory authorities

Applicable Not Applicable

## 2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholder	Number of shares held at the beginning of the period	Increase of restricted shares during the period	Decrease of restricted shares during the period	Number of shares held at the end of the period	Reasons for trading restriction	Date of lifting trading restriction
Others	1,838,140	0	365,671	1,472,469	Locked-up shares of senior officers	Annual restriction lifting under regulations

Total	1,838,140	0	365,671	1,472,469	--	--
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## II. Issuance and Listing of Securities

### 1. Issuance of securities (exclusive of preference shares) during the reporting period

Applicable Not Applicable

### 2. Changes in total number of shares, shareholder structure and asset and liability structures

Applicable Not applicable

1. Upon the expiry of the lock-up period due to a change in the Company's senior officer positions, the lock-up on senior officer-held shares was lifted, resulting in a decrease of 365,671 restricted shares and a commensurate rise of 365,671 unrestricted shares.

2. With the approval granted by the CSRC under Document Z.J.X.K [2020] No. 2219, the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, each with a par value of RMB 100 and the total issued amount is RMB 1,476,189,600. Per approval of SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on SZSE, starting on December 2, 2020. The Infore Convertible Bonds in this offering are convertible into the Company's shares from May 10, 2021. On January 3, 2024, the Company disclosed *the Announcement on Results of Conversion of Convertible Bonds and Changes in Share Capital in the Fourth Quarter of 2023*. As at December 31, 2023, 16,944 shares in total were converted from the "Infore Convertible Bonds" issued by the Company. In particular, 1,111 shares were converted in 2023, resulting in an increase in non-restricted shares by 1,111.

### 3. Existing internal employee shares

Applicable Not Applicable

## III. Controlling Shareholders and De Facto Controller

### 1. Number of shareholders and their shareholdings

Unit: Share

Number of shareholders of common shares at the end of the reporting period	35,253	Number of shareholders at the end of the month prior to the disclosure date of this report	34,412	Number of preference shareholders with resumed voting power at the end of the reporting period (if any) (see Note 8)	0	Number of preference shareholders with resumed voting power at the end of the previous month prior to the disclosure date of this report (if any) (see Note 8)	0	
Shareholders holding over 5% of total shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Shareholdings at the end of the reporting period	Increase/decrease during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Shares pledged, tagged or frozen	
							Share status	Quantity
Ningbo	Domestic	32.02%	1,017,997,38	0	0	1,017,997,38	Pledged	610,798,429

Infore Asset Management Co., Ltd.	non-state-owned corporation		2			2		
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Domestic non-state-owned corporation	12.56%	399,214,659	0	0	399,214,659	Not applicable	0
Infore Group Co., Ltd.	Domestic non-state-owned corporation	11.31%	359,609,756	0	0	359,609,756	Pledged	100,000,000
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	Domestic non-state-owned corporation	9.76%	310,423,813	0	0	310,423,813	Not applicable	0
Infore Environment Technology Group Co., Ltd.—The Second Employee Stock Ownership Plan	Others	2.04%	64,789,616	0	0	64,789,616	Not applicable	0
He Jianfeng	Domestic natural person	2.00%	63,514,690	0	0	63,514,690	Not applicable	0
Zara Green Hong Kong Limited	Foreign corporation	1.72%	54,778,335	0	0	54,778,335	Not applicable	0
Chen Liyuan	Domestic natural person	0.98%	31,018,000	0	0	31,018,000	Not applicable	0
Guangdong Hengjian Capital Management Holding Co., Ltd.	State-owned corporation	0.88%	28,059,147	0	0	28,059,147	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Foreign corporation	0.86%	27,190,851	10,888,577	0	27,190,851	Not applicable	0
Strategic investor/general corporation becoming a top 10 shareholder in a rights issue (if any) (see Note 3)	Not applicable.							
Related party or acting-in-concert relationship among the aforementioned shareholders	Ningbo Infore Asset Management Co., Ltd. and Infore Group Co., Ltd. share the same de facto controller He Jianfeng, and they are persons acting in concert mutually. Apart from that, the Company is not aware of any related party or acting-in-concert relationship (as defined in <i>the Measures for the Administration of the Takeover of Listed Companies</i> ) among other shareholders aforementioned.							



Shareholders above entrusting/entrusted with or waiving voting rights	Not applicable.		
Top 10 shareholders with repurchase account (if any) (see Note 10)	NA		
Shareholding of top 10 unrestricted shareholders			
Name of shareholder	Number of unrestricted shares at the end of the reporting period	Type of share	
		Type of share	Quantity
Ningbo Infore Asset Management Co., Ltd.	1,017,997,382	RMB-dominated common shares	1,017,997,382
Zoomlion Heavy Industry Science and Technology Co., Ltd.	399,214,659	RMB-dominated common shares	399,214,659
Infore Group Co., Ltd.	359,609,756	RMB-dominated common shares	359,609,756
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	310,423,813	RMB-dominated common shares	310,423,813
Infore Environment Technology Group Co., Ltd. — The Second Employee Stock Ownership Plan	64,789,616	RMB-dominated common shares	64,789,616
He Jianfeng	63,514,690	RMB-dominated common shares	63,514,690
Zara Green Hong Kong Limited	54,778,335	RMB-dominated common shares	54,778,335
Chen Liyuan	31,018,000	RMB-dominated common shares	31,018,000
Guangdong Hengjian Capital Management Holding Co., Ltd.	28,059,147	RMB-dominated common shares	28,059,147
Hong Kong Securities Clearing Company Ltd.	27,190,851	RMB-dominated common shares	27,190,851
Related party or acting-in-concert relationship among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Ningbo Infore Asset Management Co., Ltd. and Infore Group Co., Ltd. share the same de facto controller He Jianfeng, and they are persons acting in concert mutually. Apart from that, the Company is not aware of any related party or acting-in-concert relationship (as defined in <i>the Measures for the Administration of the Takeover of Listed Companies</i> ) among other shareholders aforementioned.		
Top 10 common shareholders involved in securities margin trading (if any) (see Note 4)	Infore Environment Technology Group Co., Ltd. - Second Employee Stock Ownership Plan holds 64,789,616 shares in the Company through credit accounts.		

Top ten common shareholders involved in securities lending through securities financing transactions

Applicable Not Applicable

Changes in the top ten common shareholders compared to the previous period

Applicable Not applicable

Unit: Share

Changes in the top ten common shareholders compared to the end of the previous period					
Name of shareholder	Addition/withdrawal during the reporting period	Outstanding balance of securities lent through securities financing transactions at the end of the period		Number of shares held in shareholders' general and credit accounts, and securities lent through securities financing transactions that have not been returned by the end of the period	
		Total number	As a percentage of	Total number	As a percentage of

			total share capital		total share capital
Hong Kong Securities Clearing Company Ltd.	Addition	0	0.00%	27,190,851	0.86%
Ningbo Yingtai Investment Partnership (Limited Partnership)	Withdrawal	0	0.00%	10,228,414	0.32%

Whether any top 10 common shareholders or top 10 unrestricted common shareholders of the Company conducted any agreed repurchase transactions during the reporting period

Yes No

No such cases during the reporting period.

## 2. Controlling shareholder

Nature of controlling shareholder: Natural person

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/Person-in-charge	Date of incorporation	Organization code	Principal business activities
Ningbo Infore Asset Management Co., Ltd.	Wei Ting	May 2, 2017	91330206MA290L5J3L	Asset management, industrial investment, investment management.
Other domestically and overseas listed companies as controlling shareholders and equity participants during the reporting period	Not applicable.			

Changes in controlling shareholders during the reporting period

Applicable Not Applicable

During the reporting period, there was no change in controlling shareholders of the Company.

## 3. De facto controller and persons acting in concert

Nature of de facto controller: Domestic natural person

Type of de facto controller: Natural person

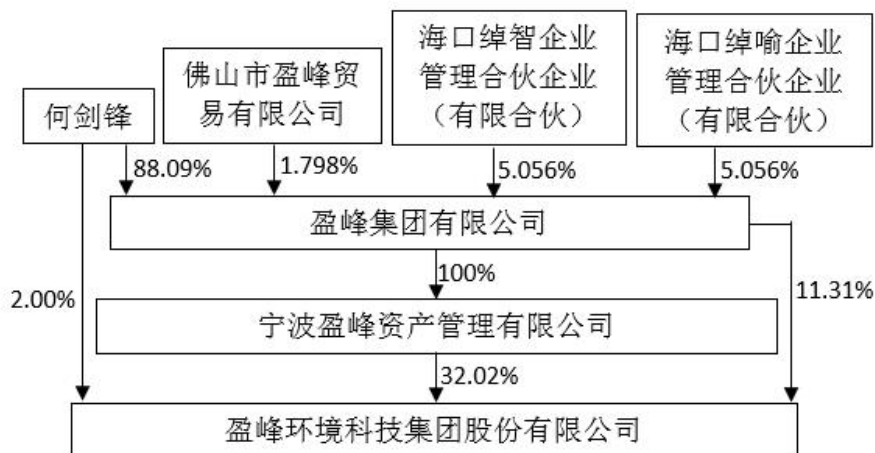
Name of de facto controller:	Relationship with de facto controller	Nationality	Residency in other country/region or not
He Jianfeng	Himself	China	Yes
Main occupation and position	Chairman of the Board and President of Infore Group Co., Ltd.		
Controlling interests in other domestically and overseas listed companies in the past 10 years	Beijing Baination Pictures Co., Ltd. (Stock code: 300291) Jason Furniture(Hangzhou)Co., Ltd. (Stock code: 603816)		

Change in de facto controller during the reporting period

Applicable Not Applicable

During the reporting period, there was no change in the de facto controller of the Company.

Ownership and control relationship between the de facto controller and the Company



The de facto controller controls the Company via trust or other asset management arrangement

Applicable Not Applicable

#### 4. The pledged shares in the Company's controlling shareholder or largest shareholder and its persons acting in concert account for 80% of their total shareholdings

Applicable Not Applicable

#### 5. Other corporate shareholders with a shareholding of more than 10%

Applicable Not applicable

Name of corporate shareholder	Legal representative /Person-in-charge	Date of incorporation	Registered capital	Principal business or management activities
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Zhan Chunxin	August 31, 1999	RMB 8,677,992,236	Development, production, and sales of engineering machinery, agricultural machinery, sanitation machinery, crane trucks and exclusive chassis, fire engines and exclusive chassis, aerial work machines, emergency and rescue equipment, mining machinery, machinery in coal mines, material transportation facilities, other machinery, metal and non-metal materials, and new high-tech products of optical-electro-mechanical integration and provision of leasing and after-sale technical services; Sales of building and decorative materials, vehicles for engineering and metal materials, chemical materials, and chemical products (excluding hazardous chemicals and monitoring products); Sales of lubricant oil, lubricating grease and hydraulic oil (excluding hazardous chemicals); Retail of refined oil products (operated by licensed subsidiaries only); Operation of commodity and technology import and export businesses; Investment in real estate with self-owned assets (without permit to carry out national financially regulated and financial credit businesses such as absorbing deposits, fund-raising and collection, entrusted loans, and issuing notes and lending). Sales of used vehicles; Disassembly and recovery of disused

				machinery equipment. (Business activities subject to approval under laws shall not be carried out unless approval from competent authorities has been obtained.)
Infore Group Co., Ltd.	He Jianfeng	April 19, 2002	RMB 4,450,000,000	Investment in various industries, investment management, investment consultation, and asset management; Enterprise management and enterprise consulting; Computer information services and software services; Film production and planning (based on validated licenses); Advertising planning and production; Appraisal and consultancy services of artwork (excluding ivory and ivory products) and collectibles; Planning of culture and art exhibitions; Sales of maternal and baby products and clothing; Supply and marketing of domestic business and goods except for the above items; Business information consulting services; Import and export of commodities or technologies (excluding the import and export of commodities and technologies that are prohibited by the state or involve administrative review and approval); R&D, manufacturing, sales and leasing of sanitation equipment, robots, new energy vehicles, and environmental monitoring equipment; Cleaning, collection, recycling, transportation, and treatment services of urban domestic waste; Undertaking environmental engineering and water pollution control projects; R&D, manufacturing and sales of ventilators, and air-cooling, water-cooling and air conditioning equipment; R&D, manufacturing, and sales of new materials, equipment, and products. (Production and manufacturing projects are operated by subsidiaries) (Business activities subject to approval under laws shall not be carried out without the approval of relevant authorities.)

#### 6. Limitations on shareholding reduction by the Company's controlling shareholder, de facto controller, reorganizer and other commitment makers

Applicable Not Applicable

#### IV. Repurchase of Shares during the Reporting Period

Progress of share repurchase

Applicable Not Applicable

Progress of reducing the repurchased shares by way of centralized bidding:

Applicable Not Applicable

## Part VIII Information on Preference Shares

Applicable Not Applicable

During the reporting period, the Company had no preference shares.

## Part IX Information on Bonds

Applicable Not applicable

### I. Enterprise Bond

Applicable Not Applicable

During the reporting period, the Company had no enterprise bonds.

### II. Corporate Bond

Applicable Not Applicable

During the reporting period, the Company had no corporate bonds.

### III. Debt Financing Instruments of Non-financial Enterprises

Applicable Not Applicable

During the reporting period, the Company had no debt financing instruments of non-financial enterprises.

### IV. Convertible Corporate Bonds

Applicable Not applicable

#### 1. Previous adjustments to conversion price

With the approval granted by the CSRC under Document Z.J.X.K. [2020] No. 2219, the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, with a par value of RMB 100 and a total amount of RMB 1,476,189,600. The initial conversion price of this tranche of convertible bonds is RMB 8.31 per share. In case of distribution of bonus shares, increase of share capital through conversion, issuance of new shares (excluding the increased share capital due to the conversion of convertible corporate bonds issued this time), allotment of shares and distribution of cash dividends, the conversion price will be adjusted accordingly pursuant to relevant laws and regulations.

On July 8, 2021, the Company's equity distribution for 2020 was completed. In accordance with the issuance terms of the *Prospectus for Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd.* and the relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Infore Convertible Bonds was adjusted from the original RMB 8.31 per share to RMB 8.19 per share since July 8, 2021. The adjusted conversion price took effect on July 8, 2021.

On July 20, 2022, the Company's equity distribution for 2021 was completed. In accordance with the relevant requirements of the *Prospectus for Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd.*, the conversion price of Infore Convertible Bonds was adjusted from the original RMB 8.19 per share to RMB 8.09 per share, effective on July 20, 2022. The adjusted conversion price took effect as from July 20, 2022.

On July 18, 2023, the Company's equity distribution for 2022 was completed. In accordance with the relevant requirements of the *Prospectus for Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd.*, the conversion price of Infore Convertible Bonds was adjusted from the original RMB 8.09 per share to RMB 7.98 per share, effective on July 18, 2023. The adjusted conversion price took effect on July 18, 2023.

## 2. Information on cumulative conversion of bonds into shares

Applicable Not applicable

Abbreviated name of convertible bond	Start and end date of conversion	Total issued number (sheet)	Total issued amount (RMB)	Accumulated conversion amount (RMB)	Accumulated conversion number (share)	The number of shares converted as a percentage of the total issued shares in the Company before start of conversion	Amount unconverted (RMB)	Unconverted amount as a percentage of the total issued amount
Infore Convertible Bonds	2021-05-10	14,761,896	1,476,189,600.00	138,900.00	16,944	0.00%	1,476,050,700.00	99.99%

## 3. Information on top 10 convertible bond holders

No.	Name of convertible bond holder	Nature of convertible bond holder	Number of convertible bonds held at the end of the reporting period (sheet)	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Renmin Stable, Double-Benefit Fixed-income Pension Product - Industrial and Commercial Bank of China Limited	Others	510,449	51,044,900.00	3.46%
2	CNPC Enterprise Annuity Program - Industrial and Commercial Bank of China Limited	Others	469,484	46,948,400.00	3.18%
3	CITIC Securities - Sany Heavy Industry Co., Ltd. - CITIC Securities Sany Zunxiang Customized No. 1 Single Asset Management Program	Others	460,310	46,031,000.00	3.12%
4	Industrial and Commercial Bank of China Limited - Aegon-industrial Hengyi Bond Securities Investment Fund	Others	360,000	36,000,000.00	2.44%
5	China AMC Yannianyishou Fixed-income Pension Product - Agricultural Bank of China Limited	Others	343,276	34,327,600.00	2.33%
6	Fullgoal Fuyi Aggressive Fixed-income Pension Product - Industrial and Commercial Bank of China Limited	Others	336,594	33,659,400.00	2.28%
7	China AMC - Hexie Health Insurance Co., Ltd. - Universal Life Insurance - China AMC - Huajing Fixed Income No.1 Single Asset Management Program	Others	300,791	30,079,100.00	2.04%
8	CITIC Bank Corporation Limited - XinAo Credit Bond Securities Investment Fund	Others	300,000	30,000,000.00	2.03%
9	National Social Security Fund 210 Portfolio	Others	294,176	29,417,600.00	1.99%
10	CCB Corporation Enterprise Annuity Program - Industrial and Commercial Bank of China Limited	Others	292,404	29,240,400.00	1.98%

## 4. Information on material changes in the profitability, asset status and credit standing of guarantor

Applicable Not Applicable

## 5. Change in the Company's liabilities and credit standing, and cash arrangements for debt repayment in coming years at the end of the reporting period

On June 19, 2023, China Chengxin International Credit Rating Co., Ltd. issued the *Follow-up Rating Report on the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. (2023)* (X.P.W.H.Z. [2023] Track No.0566), assigning the Company a corporate credit rating of AA +, with stable rating outlook for the coming 12 to 18 months. For details, please refer to the *Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by the Company disclosed by the Company (2023)* on June 21, 2023 on Cninfo (www.cninfo.com.cn).

The primary sources of funding for the Company to pay the principal and interest of the convertible bonds in the future are as follows: (1) The Company seeks organic growth by strengthening financial management and increasing net cash inflows and net profits from operating activities; (2) The Company has a good credit standing and a reasonable asset mix and can obtain financing from banks and other avenues to reasonably arrange for redemption funds.

## V. During the Reporting Period, the Loss in the Scope of Consolidated Statements Outstripped 10% of the Net Assets at the End of the Previous Year

Applicable Not Applicable

## VI. Overdue Interest-Bearing Debts Other Than Bonds at the End of the Reporting Period

Applicable Not Applicable

## VII. Violation of Rules and Regulations During the Reporting Period

Yes No

## VIII. Main Accounting Data and Financial Indicators of the Company in Last Two Years as at the End of the Reporting Period

Unit: RMB 10,000

Item	At the end of the reporting period	At the end of last year	YoY change
Current ratio	1.75	1.67	4.79%
Liability-to-asset ratio	38.39%	39.40%	-1.01%
Quick ratio	1.62	1.56	3.85%
	The reporting period	The prior year	YoY change
Net profit after deducting non-recurring gains and losses	44,475.34	32,475.34	36.95%
EBITDA/total liabilities	14.29%	12.30%	1.99%
Interest coverage ratio	4.63	3.79	22.16%
Cash/interest coverage ratio	13.68	14.07	-2.77%
EBITDA/interest coverage ratio	9.39	7.39	27.06%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage ratio	100.00%	100.00%	0.00%



## Part X Financial Report

### Audit Report

Type of audit opinions	Standard unqualified opinion
Signing date of the auditor's report	April 26, 2024
Name of the auditor	Pan-China Certified Public Accountants LLP (Special General Partnership)
No. of the auditor's report	PCCPAAR [2024] No. 4373
Names of certified public accountants	Bian Shanshan, and Wei Xiaohui

Main body of the auditor's report

To the Shareholders of Infore Environment Technology Group Co., Ltd.:

#### I. Audit Opinion

We have audited the financial statements of Infore Environment Technology Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2023, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

#### II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

## (I) Revenue recognition

### 1. Key audit matters

Please refer to section III (XXVII) and section V (II) 1 of notes to the financial statements for details.

The Company is mainly engaged in sales of environmental and sanitation machinery and ventilation equipment as well as sanitation operation service. In 2023, the operating revenue amounted to 12,631.05 million yuan, with year-over-year growth of 3.06%.

As operating revenue is one of the key performance indicators of the Company, the authenticity, accuracy and completeness of revenue recognition have a significant impact on the Company's financial statements, we have identified revenue recognition as a key audit matter.

### 2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sales contracts with clients, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method conformed to China Accounting Standards for Business Enterprises;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, customer, project, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason;
- (4) For revenue from sales of environmental and sanitation machinery, ventilation equipment, etc., we checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, outbound delivery order, delivery note, delivery receipt, etc. For revenue from sanitation operation service, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, service assessment statements, supervision schedule, etc.;
- (5) We performed confirmation procedures on significant clients of product sales and major clients of sanitation operation service to confirm the sales amounts in the current period, and the balances of current accounts;
- (6) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period; and

(7) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

## (II) Impairment of accounts receivable and long-term receivables

### 1. Key audit matters

Please refer to section III (XII) and section V (I) 3, 9 and 11 of notes to the financial statements for details.

As of December 31, 2023, the book balance of accounts receivable amounted to 6,647.08 million yuan, with provision for bad debts of 779.41 million yuan, and the carrying amount amounted to 5,867.67 million yuan; the book balance of long-term receivables (including those due within one year) amounted to 1,067.49 million yuan, with provision for bad debts of 92.31 million yuan, and the carrying amount amounted to 975.18 million yuan. The carrying amount of accounts receivable and long-term receivables (collectively referred to as “receivables”) totaled 6,842.85 million yuan.

Based on credit risk features of receivables, the Company’s management (the “Management”) measures the loss allowance at the amount of lifetime expected credit losses, either on an individual basis or on a collective basis. For receivables with expected credit losses measured on an individual basis, the Management estimates the expected cash flows, so as to identify the provision for bad debts to be accrued, based on a comprehensive consideration of information with reasonableness and evidence, which is related to the past events, the current situation and the forecast of future economic conditions. For receivables with expected credit losses measured on a collective basis, the Management classifies portfolios on the basis of ages, adjusts them based on historical credit risk loss experience and forward-looking estimations, prepares the comparison table of ages and expected credit loss rate of receivables, so as to calculate the provision for bad debts to be accrued.

As the amount of receivables is significant and the impairment testing involves significant judgment of the Management, we have identified impairment of receivables as a key audit matter.

### 2. Responsive audit procedures

Our main audit procedures for impairment of receivables are as follows:

- (1) We obtained understandings of key internal controls related to receivables, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We reviewed receivables with provision for bad debts made in previous periods for their subsequent write-off or reversal, and assessed the accuracy of historical estimations made by the

Management;

(3) We reviewed the consideration of the Management on credit risk assessment of receivables and objective evidence, and assessed whether the credit risk features of receivables had been appropriately identified by the Management;

(4) For receivables with expected credit losses measured on an individual basis, we obtained and checked the Management's estimations on the expected future cash flows, assessed the reasonableness of key assumptions and the accuracy of data adopted in the estimations and checked them with acquired external evidence;

(5) For receivables with expected credit losses measured on a collective basis, we assessed the reasonableness of portfolio classification on the basis of credit risk features; we assessed the reasonableness of the comparison table of ages and expected credit loss rate of receivables prepared by the Management based on the historical credit loss experience of portfolios with similar credit risk features and forward-looking estimations; we tested the accuracy and completeness of data used by the Management (including ages, etc.) and whether the calculation of provision for bad debts was accurate;

(6) We checked the subsequent collection of receivables and assessed the reasonableness of provision for bad debts made by the Management; and

(7) We checked whether information related to impairment of receivables had been presented appropriately in the financial statements.

(III) Impairment of goodwill

1. Key audit matters

Please refer to section III (XXI) and section V (I) 20 of notes to the financial statements for details.

As of December 31, 2023, the cost of goodwill amounted to 6,268.85 million yuan, with provision for impairment of 623.48 million yuan, and the carrying amount amounted to 5,645.37 million yuan, accounting for 19.43% of total assets.

The Management will perform impairment test on goodwill together with related asset groups or asset group portfolios when there is evidence indicating impairment loss in asset group or asset group portfolio related to goodwill, or at the end of each period, and the recoverable amount of related asset groups or asset group portfolios is determined based on the estimated present value of future cash flows. Key assumptions adopted in the impairment test include: revenue growth rate in detailed forecast period, growth rate for stable income, profit margin, pre-tax discount rate, etc.

As the amount of goodwill is significant and impairment test involves significant judgment of the Management, we have identified impairment of goodwill as a key audit matter.

## 2. Responsive audit procedures

Our main audit procedures for impairment of goodwill are as follows:

- (1) We obtained understandings of key internal controls related to impairment of goodwill, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We reviewed the present value of future cash flows estimated by the Management in previous years and the actual operating results, and assessed the accuracy of the Management's historical estimations;
- (3) We obtained understandings of and assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;
- (4) We assessed the competency, professional quality and objectivity of external appraisers engaged by us and the appropriateness of their works;
- (5) We assessed the reasonableness and consistency of impairment test method adopted by the Management;
- (6) We assessed the reasonableness of key assumptions used in impairment test and reviewed whether relevant assumptions were consistent with overall economy environment, industry condition, management situation, historical experience, operation plan, approved budget, meeting summary and other assumptions related to the financial statements used by the Management;
- (7) We reviewed the sensitivity analysis on key assumptions performed by the Management, assessed the effect of changes in key assumptions on impairment test result, and identified signs of possible management bias in choosing key assumptions;
- (8) We tested the accuracy, completeness and relativity of data used in the impairment test by the Management and reviewed the internal consistency of related information in the impairment test;
- (9) We tested whether the calculation of estimated present value of future cash flows by the Management was accurate; and
- (10) We checked whether information related to impairment of goodwill had been presented appropriately in the financial statements.

#### **IV. Other Information**

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

#### **V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountant:  
(Engagement Partner)

Hangzhou · China

Chinese Certified Public Accountant:

Date of Report: April 26, 2024

*The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*



Infore Environment Technology Group Co., Ltd.  
 Consolidated balance sheet as at December 31, 2023  
 (Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2022
Current assets:			
Cash and bank balances	1	4,411,376,583.78	4,728,203,530.46
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	4,947,131.83	13,565,706.22
Accounts receivable	3	5,867,669,476.86	5,625,792,472.37
Receivables financing	4	146,814,501.64	107,316,593.41
Advances paid	5	140,241,046.66	192,360,542.24
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	316,661,073.26	385,622,271.00
Financial assets under reverse repo			
Inventories	7	971,229,637.15	881,038,036.95
Contract assets	8	74,803,489.48	101,023,854.33
Assets held for sale			
Non-current assets due within one year	9	552,082,464.00	476,505,825.28
Other current assets	10	523,880,405.80	497,450,797.42
Total current assets		13,009,705,810.46	13,008,879,629.68
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	11	423,098,527.59	932,130,871.82
Long-term equity investments	12	681,629,084.69	676,829,959.84
Other equity instrument investments	13	15,352,971.01	15,352,971.01
Other non-current financial assets			
Investment property	14	1,138,868.60	27,105,435.03
Fixed assets	15	2,338,316,124.14	2,268,287,202.01
Construction in progress	16	288,057,018.89	41,073,267.68
Productive biological assets			
Oil & gas assets			
Right-of-use assets	17	25,125,671.95	31,859,454.24
Intangible assets	18	5,984,348,824.39	6,048,114,364.49
Development expenditures	19		30,338,218.08
Goodwill	20	5,645,365,375.67	5,739,602,679.79
Long-term prepayments	21	31,130,797.49	30,210,935.91
Deferred tax assets	22	116,448,305.64	114,577,132.19
Other non-current assets	23	488,484,179.84	306,929,738.21
Total non-current assets		16,038,495,749.90	16,262,412,230.30
Total assets		29,048,201,560.36	29,271,291,859.98

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
Consolidated balance sheet as at December 31, 2023 (continued)  
*(Expressed in Renminbi Yuan)*

Liabilities & Equity	Note No.	Closing balance	December 31, 2022
Current liabilities:			
Short-term borrowings	25	126,939,855.26	440,103,105.44
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	26	2,294,276,551.46	2,515,229,293.17
Accounts payable	27	2,918,543,704.46	2,771,961,271.66
Advances received			
Contract liabilities	28	306,777,173.57	274,289,978.25
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	29	490,900,839.98	409,574,018.72
Taxes and rates payable	30	124,031,931.13	114,968,226.88
Other payables	31	709,941,824.77	657,122,287.53
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	32	405,027,444.29	561,019,099.59
Other current liabilities	33	36,931,126.97	31,616,947.24
Total current liabilities		7,413,370,451.89	7,775,884,228.48
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	34	1,884,356,851.73	1,922,306,226.32
Bonds payable	35	1,360,603,802.12	1,308,690,556.32
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	36	16,170,790.76	23,255,624.30
Long-term payables	37	302,949,472.95	315,735,814.91
Long-term employee benefits payable			
Provisions	38	1,994,511.41	4,575,049.22
Deferred income	39	115,340,494.42	120,890,710.04
Deferred tax liabilities	22	47,219,579.85	54,207,628.08
Other non-current liabilities	40	8,148,148.14	8,333,333.33
Total non-current liabilities		3,736,783,651.38	3,757,994,942.52
Total liabilities		11,150,154,103.27	11,533,879,171.00
Equity:			
Share capital	41	3,179,506,670.00	3,179,505,559.00
Other equity instruments	42	266,914,714.33	266,916,341.80
Including: Preferred shares			
Perpetual bonds			
Capital reserve	43	9,661,398,721.27	9,662,511,254.48
Less: Treasury shares	44	94,132,795.17	94,132,795.17
Other comprehensive income	45	-4,630,000.00	-4,630,000.00
Special reserve	46		
Surplus reserve	47	379,017,020.19	315,124,767.92
General risk reserve			
Undistributed profit	48	4,049,434,826.11	3,963,306,890.06
Total equity attributable to the parent company		17,437,509,156.73	17,288,602,018.09
Non-controlling interest		460,538,300.36	448,810,670.89
Total equity		17,898,047,457.09	17,737,412,688.98
Total liabilities & equity		29,048,201,560.36	29,271,291,859.98

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
 Parent company balance sheet as at December 31, 2023  
 (Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2022
Current assets:			
Cash and bank balances		564,746,779.67	632,554,163.45
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing		43,226,079.68	118,400,000.00
Advances paid		450,233.21	638,924.48
Other receivables	1	4,470,847,162.66	4,492,807,441.80
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		5,079,270,255.22	5,244,400,529.73
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2	16,970,439,351.38	17,076,616,871.15
Other equity instrument investments		15,352,971.01	15,352,971.01
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		1,830,027.06	593,318.35
Intangible assets		744,535.28	1,749,936.60
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets			
Total non-current assets		16,988,366,884.73	17,094,313,097.11
Total assets		22,067,637,139.95	22,338,713,626.84

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
 Parent company balance sheet as at December 31, 2023 (continued)  
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2022
Current liabilities:			
Short-term borrowings		8,006,821.92	20,022,000.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		34,562,159.28	42,395,262.51
Accounts payable		1,137,507.93	1,137,507.93
Advances received			
Contract liabilities			
Employee benefits payable		3,603,061.04	4,221,817.88
Taxes and rates payable		6,535,689.77	6,259,662.49
Other payables		783,282,804.29	1,064,116,084.37
Liabilities held for sale			
Non-current liabilities due within one year		12,180,055.74	311,902,807.73
Other current liabilities			
Total current liabilities		849,308,099.97	1,450,055,142.91
Non-current liabilities:			
Long-term borrowings		48,985,720.00	59,871,432.00
Bonds payable		1,360,603,802.12	1,308,690,556.32
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		626,060.41	
Long-term payables		3,000,000.00	3,000,000.00
Long-term employee benefits payable			
Provisions		1,563,887.81	4,114,064.16
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,414,779,470.34	1,375,676,052.48
Total liabilities		2,264,087,570.31	2,825,731,195.39
Equity:			
Share capital		3,179,506,670.00	3,179,505,559.00
Other equity instruments		266,914,714.33	266,916,341.80
Including: Preferred shares			
Perpetual bonds			
Capital reserve		15,324,662,735.39	15,324,654,061.79
Less: Treasury shares		94,132,795.17	94,132,795.17
Other comprehensive income		-4,630,000.00	-4,630,000.00
Special reserve			
Surplus reserve		344,796,630.77	280,904,378.50
Undistributed profit		786,431,614.32	559,764,885.53
Total equity		19,803,549,569.64	19,512,982,431.45
Total liabilities & equity		22,067,637,139.95	22,338,713,626.84

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
Consolidated income statement for the year ended December 31, 2023  
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	12,631,050,967.34	12,255,992,938.42
Including: Operating revenue	1	12,631,050,967.34	12,255,992,938.42
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		11,755,419,190.66	11,359,383,512.75
Including: Operating cost	1	9,745,482,087.92	9,469,510,831.27
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	70,091,589.07	74,685,022.05
Selling expenses	3	794,334,952.02	762,970,847.95
Administrative expenses	4	726,159,237.45	609,601,680.23
R&D expenses	5	344,030,239.33	340,775,707.34
Financial expenses	6	75,321,084.87	101,839,423.91
Including: Interest expenses		156,635,777.38	170,568,834.86
Interest income		99,626,077.56	86,389,951.68
Add: Other income	7	119,986,816.29	119,564,678.48
Investment income (or less: losses)	8	-51,597,205.92	-41,466,125.62
Including: Investment income from associates and joint ventures		4,960,692.79	8,548,481.77
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss	9	-216,352,591.11	-104,837,162.42
Assets impairment loss	10	-123,390,769.02	-312,998,494.66
Gains on asset disposal (or less: losses)	11	-1,191,825.82	532,796.72
III. Operating profit (or less: losses)		603,086,201.10	557,405,118.17
Add: Non-operating revenue	12	19,846,705.60	12,798,235.90
Less: Non-operating expenditures	13	13,031,066.19	13,947,988.82
IV. Profit before tax (or less: total loss)		609,901,840.51	556,255,365.25
Less: Income tax expenses	14	97,357,651.45	96,963,243.68
V. Net profit (or less: net loss)		512,544,189.06	459,292,121.57
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		512,544,189.06	459,292,121.57
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		498,383,730.00	418,794,179.13
2. Net profit attributable to non-controlling shareholders (or less: net loss)		14,160,459.06	40,497,942.44
VI. Other comprehensive income after tax			-350,000.00
Items attributable to the owners of the parent company			-350,000.00
(I) Not to be reclassified subsequently to profit or loss			-350,000.00
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			-350,000.00
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		512,544,189.06	458,942,121.57
Items attributable to the owners of the parent company		498,383,730.00	418,444,179.13
Items attributable to non-controlling shareholders		14,160,459.06	40,497,942.44
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.16	0.13
(II) Diluted EPS (yuan per share)		0.16	0.13

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
Parent company income statement for the year ended December 31, 2023  
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	156,799.03	818,861.05
Less: Operating cost	1	45,108.06	818,861.05
Taxes and surcharges		8,724.82	24,479.22
Selling expenses			188,548.41
Administrative expenses		32,795,434.31	37,210,341.13
R&D expenses			
Financial expenses		-46,439,991.45	-26,702,758.90
Including: Interest expenses		6,683,662.60	17,704,428.72
Interest income		114,151,812.97	105,355,828.68
Add: Other income		90,205.68	134,351.98
Investment income (or less: losses)	2	627,767,256.36	192,483,839.36
Including: Investment income from associates and joint ventures		32,220,248.17	25,737,537.83
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		-4,535,721.98	304,725.02
Assets impairment loss			
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		637,069,263.35	182,202,306.50
Add: Non-operating revenue		1,853,259.39	1,496,537.14
Less: Non-operating expenditures			
III. Profit before tax (or less: total loss)		638,922,522.74	183,698,843.64
Less: Income tax expenses			
IV. Net profit (or less: net loss)		638,922,522.74	183,698,843.64
(I) Net profit from continuing operations (or less: net loss)		638,922,522.74	183,698,843.64
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			-350,000.00
(I) Not to be reclassified subsequently to profit or loss			-350,000.00
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			-350,000.00
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		638,922,522.74	183,348,843.64
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
 Consolidated cash flow statement for the year ended December 31, 2023  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods or rendering of services		12,453,986,179.20	11,979,875,703.49
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		30,441,488.60	178,294,936.92
Other cash receipts related to operating activities	1.(1)	1,780,673,734.46	2,097,066,618.34
Subtotal of cash inflows from operating activities		14,265,101,402.26	14,255,237,258.75
Cash payments for goods purchased and services received		7,623,799,094.31	7,399,369,111.76
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		2,522,411,850.58	2,062,334,468.26
Cash payments for taxes and rates		534,381,305.14	734,988,426.49
Other cash payments related to operating activities	1.(2)	2,198,952,642.74	2,396,062,964.53
Subtotal of cash outflows from operating activities		12,879,544,892.77	12,592,754,971.04
Net cash flows from operating activities		1,385,556,509.49	1,662,482,287.71
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments			
Cash receipts from investment income		17,581,018.93	24,671,510.32
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		22,804,215.79	16,999,998.22
Net cash receipts from the disposal of subsidiaries & other business units			115,100,000.00
Other cash receipts related to investing activities	1.(3)	1,650,769,977.00	5,401,861,000.00
Subtotal of cash inflows from investing activities		1,691,155,211.72	5,558,632,508.54
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,119,006,242.88	1,083,515,734.97
Cash payments for investments		4,900,000.00	130,189,561.55
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		43,472.96	83,807,513.74
Other cash payments related to investing activities	1.(4)	1,642,935,617.97	5,398,900,000.00
Subtotal of cash outflows from investing activities		2,766,885,333.81	6,696,412,810.26
Net cash flows from investing activities		-1,075,730,122.09	-1,137,780,301.72
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments		7,119,980.00	57,744,844.02
Including: Cash received by subsidiaries from non-controlling shareholders as investments		7,119,980.00	34,345,285.00
Cash receipts from borrowings		1,430,455,757.80	2,033,074,142.02
Other cash receipts related to financing activities	1.(5)	48,692,000.00	290,555,211.59
Subtotal of cash inflows from financing activities		1,486,267,737.80	2,381,374,197.63
Cash payments for the repayment of borrowings		1,946,364,301.72	1,732,314,139.87
Cash payments for distribution of dividends or profits and for interest expenses		471,087,036.44	451,503,767.45
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		7,622,681.40	11,792,867.41
Other cash payments related to financing activities	1.(6)	44,749,906.87	263,396,824.36
Subtotal of cash outflows from financing activities		2,462,201,245.03	2,447,214,731.68
Net cash flows from financing activities		-975,933,507.23	-65,840,534.05
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,587,128.38	3,056,908.33
V. Net increase in cash and cash equivalents		-664,519,991.45	461,918,360.27
Add: Opening balance of cash and cash equivalents		4,580,665,245.99	4,118,746,885.72
VI. Closing balance of cash and cash equivalents		3,916,145,254.54	4,580,665,245.99

Legal representative:

Officer in charge of accounting:

Head of accounting department:

## Infore Environment Technology Group Co., Ltd.

## Parent company cash flow statement for the year ended December 31, 2023

*(Expressed in Renminbi Yuan)*

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	118,392.43	
Receipts of tax refund	1,008,139.39	
Other cash receipts related to operating activities	448,771,549.67	622,328,508.84
Subtotal of cash inflows from operating activities	449,898,081.49	622,328,508.84
Cash payments for goods purchased and services received		
Cash paid to and on behalf of employees	12,214,656.58	20,656,924.48
Cash payments for taxes and rates	19,920.85	24,479.22
Other cash payments related to operating activities	448,609,614.55	727,589,122.93
Subtotal of cash outflows from operating activities	460,844,191.98	748,270,526.63
Net cash flows from operating activities	-10,946,110.49	-125,942,017.79
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		115,100,000.00
Cash receipts from investment income	355,469,611.94	221,911,743.60
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	1,133,866,191.35	1,416,859,323.47
Subtotal of cash inflows from investing activities	1,489,335,803.29	1,753,871,067.07
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		
Cash payments for investments		96,546,250.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	1,020,256,248.67	1,441,321,272.72
Subtotal of cash outflows from investing activities	1,020,256,248.67	1,537,867,522.72
Net cash flows from investing activities	469,079,554.62	216,003,544.35
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		23,399,559.02
Cash receipts from borrowings	108,000,000.00	96,200,000.00
Other cash receipts related to financing activities		228,995,320.75
Subtotal of cash inflows from financing activities	108,000,000.00	348,594,879.77
Cash payments for the repayment of borrowings	430,885,712.00	155,585,856.00
Cash payments for distribution of dividends or profits and for interest expenses	367,220,162.26	340,633,373.24
Other cash payments related to financing activities	1,258,782.48	181,368,993.06
Subtotal of cash outflows from financing activities	799,364,656.74	677,588,222.30
Net cash flows from financing activities	-691,364,656.74	-328,993,342.53
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-233,231,212.61	-238,931,815.97
Add: Opening balance of cash and cash equivalents	631,351,957.34	870,283,773.31
VI. Closing balance of cash and cash equivalents	398,120,744.73	631,351,957.34

Legal representative:

Officer in charge of accounting:

Head of accounting department:



Infore Environment Technology Group Co., Ltd.  
 Consolidated statement of changes in equity for the year ended December 31, 2023  
 (Expressed in Renminbi Yuan)

Items	Current period cumulative												Non-controlling interest	Total equity
	Equity attributable to parent company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			
	Preferred shares	Perpetual bonds	Others											
I. Balance at the end of prior year	3,179,505,559.00			266,916,341.80	9,662,511,254.48	94,132,795.17	-4,630,000.00		315,124,767.92		3,963,306,890.06	448,810,670.89	17,737,412,688.98	
Add: Cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	3,179,505,559.00			266,916,341.80	9,662,511,254.48	94,132,795.17	-4,630,000.00		315,124,767.92		3,963,306,890.06	448,810,670.89	17,737,412,688.98	
III. Current period increase (or less: decrease)	1,111.00			-1,627.47	-1,112,533.21				63,892,252.27		86,127,936.05	11,727,629.47	160,634,768.11	
(I) Total comprehensive income											498,383,730.00	14,160,459.06	512,544,189.06	
(II) Capital contributed or withdrawn by owners	1,111.00			-1,627.47	-1,112,533.21							5,189,851.81	4,076,802.13	
1. Ordinary shares contributed by owners												8,619,980.00	8,619,980.00	
2. Capital contributed by holders of other equity instruments	1,111.00			-1,627.47	8,673.60								8,157.13	
3. Amount of share-based payment included in equity														
4. Others					-1,121,206.81							-3,430,128.19	-4,551,335.00	
(III) Profit distribution									63,892,252.27		-412,255,793.95	-7,622,681.40	-355,986,223.08	
1. Appropriation of surplus reserve									63,892,252.27		-63,892,252.27			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners											-348,363,541.68	-7,622,681.40	-355,986,223.08	
4. Others														
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital														
2. Transfer of surplus reserve to capital														
3. Surplus reserve to cover losses														
4. Changes in defined benefit plan carried over to retained earnings														
5. Other comprehensive income carried over to retained earnings														
6. Others														
(V) Special reserve														
1. Current period appropriation									8,608,843.62				8,608,843.62	
2. Current period use									-8,608,843.62				-8,608,843.62	
(VI) Others														
IV. Balance at the end of current period	3,179,506,670.00			266,914,714.33	9,661,398,721.27	94,132,795.17	-4,630,000.00		379,017,020.19		4,049,434,826.11	460,538,300.36	17,898,047,457.09	

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
 Consolidated statement of changes in equity for the year ended December 31, 2023 (continued)  
 (Expressed in Renminbi Yuan)

Items	Preceding period comparative											Non-controlling interest	Total equity
	Equity attributable to parent company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	3,175,734,760.00			266,929,289.24	9,772,795,863.75	455,303,777.91	-4,280,000.00		296,754,883.56		3,874,934,971.69	357,221,037.38	17,284,787,027.71
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	3,175,734,760.00			266,929,289.24	9,772,795,863.75	455,303,777.91	-4,280,000.00		296,754,883.56		3,874,934,971.69	357,221,037.38	17,284,787,027.71
III. Current period increase (or less: decrease)	3,770,799.00			-12,947.44	-110,284,609.27	-361,170,982.74	-350,000.00		18,369,884.36		88,371,918.37	91,589,633.51	452,625,661.27
(I) Total comprehensive income							-350,000.00				418,794,179.13	40,497,942.44	458,942,121.57
(II) Capital contributed or withdrawn by owners	3,770,799.00			-12,947.44	-110,284,609.27	-361,170,982.74						60,341,209.93	314,985,434.96
1. Ordinary shares contributed by owners	3,761,991.00				-112,538,093.97	-361,170,982.74						46,970,675.00	299,365,554.77
2. Capital contributed by holders of other equity instruments	8,808.00			-12,947.44	66,691.53								62,552.09
3. Amount of share-based payment included in equity					3,868,552.56							170,516.82	4,039,069.38
4. Others					-1,681,759.39							13,200,018.11	11,518,258.72
(III) Profit distribution									18,369,884.36		-330,422,260.76	-9,249,518.86	-321,301,895.26
1. Appropriation of surplus reserve									18,369,884.36		-18,369,884.36		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-312,052,376.40	-9,249,518.86	-321,301,895.26
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Current period appropriation									8,693,981.54				8,693,981.54
2. Current period use									-8,693,981.54				-8,693,981.54
(VI) Others													
IV. Balance at the end of current period	3,179,505,559.00			266,916,341.80	9,662,511,254.48	94,132,795.17	-4,630,000.00		315,124,767.92		3,963,306,890.06	448,810,670.89	17,737,412,688.98

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Infore Environment Technology Group Co., Ltd.  
 Parent company statement of changes in equity for the year ended December 31, 2023  
 (Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	3,179,505,559.00			266,916,341.80	15,324,654,061.79	94,132,795.17	-4,630,000.00		280,904,378.50	559,764,885.53	19,512,982,431.45
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,179,505,559.00			266,916,341.80	15,324,654,061.79	94,132,795.17	-4,630,000.00		280,904,378.50	559,764,885.53	19,512,982,431.45
III. Current period increase (or less: decrease)	1,111.00			-1,627.47	8,673.60				63,892,252.27	226,666,728.79	290,567,138.19
(I) Total comprehensive income										638,922,522.74	638,922,522.74
(II) Capital contributed or withdrawn by owners	1,111.00			-1,627.47	8,673.60						8,157.13
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments	1,111.00			-1,627.47	8,673.60						8,157.13
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									63,892,252.27	-412,255,793.95	-348,363,541.68
1. Appropriation of surplus reserve									63,892,252.27	-63,892,252.27	
2. Appropriation of profit to owners										-348,363,541.68	-348,363,541.68
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	3,179,506,670.00			266,914,714.33	15,324,662,735.39	94,132,795.17	-4,630,000.00		344,796,630.77	786,431,614.32	19,803,549,569.64

Legal representative:

Officer in charge of accounting:

Head of accounting department:

## Infore Environment Technology Group Co., Ltd.

## Parent company statement of changes in equity for the year ended December 31, 2023 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	3,175,734,760.00			266,929,289.24	15,433,256,911.67	455,303,777.91	-4,280,000.00		262,534,494.14	706,488,302.65	19,385,359,979.79
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,175,734,760.00			266,929,289.24	15,433,256,911.67	455,303,777.91	-4,280,000.00		262,534,494.14	706,488,302.65	19,385,359,979.79
III. Current period increase (or less: decrease)	3,770,799.00			-12,947.44	-108,602,849.88	-361,170,982.74	-350,000.00		18,369,884.36	-146,723,417.12	127,622,451.66
(I) Total comprehensive income							-350,000.00			183,698,843.64	183,348,843.64
(II) Capital contributed or withdrawn by owners	3,770,799.00			-12,947.44	-108,602,849.88	-361,170,982.74					256,325,984.42
1. Ordinary shares contributed by owners	3,761,991.00				-112,538,093.97	-361,170,982.74					252,394,879.77
2. Capital contributed by holders of other equity instruments	8,808.00			-12,947.44	66,691.53						62,552.09
3. Amount of share-based payment included in equity					3,868,552.56						3,868,552.56
4. Others											
(III) Profit distribution									18,369,884.36	-330,422,260.76	-312,052,376.40
1. Appropriation of surplus reserve									18,369,884.36	-18,369,884.36	
2. Appropriation of profit to owners										-312,052,376.40	-312,052,376.40
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	3,179,505,559.00			266,916,341.80	15,324,654,061.79	94,132,795.17	-4,630,000.00		280,904,378.50	559,764,885.53	19,512,982,431.45

Legal representative:

Officer in charge of accounting:

Head of accounting department:

**Infore Environment Technology Group Co., Ltd.****Notes to Financial Statements**

For the year ended December 31, 2023

Monetary unit: RMB Yuan

**I. Company profile**

Infore Environment Technology Group Co., Ltd. (the “Company”), formerly known as Zhejiang Shangfeng Industrial Co., Ltd., was registered at Zhejiang Administration for Industry and Commerce on November 18, 1993. Under the approval of Zhejiang Share System Pilot Work Coordination Group with document of approval numbered Zhe Gu [1993] 51, the Company was established by Zhejiang Fan Air Cooling Equipment Co., Ltd., the main initiator, and Shangyu Fan Factory and Shaoxing Fluid Engineering Research Institute, the joint initiators, through targeted fundraising. Headquartered in Shaoxing City, Zhejiang Province, the Company currently holds a business license with unified social credit code of 913300006096799222. As of December 31, 2023, it has registered capital of 3,179,505,559.00 yuan, and total share capital of 3,179,506,670.00 yuan. The difference between the registered capital and share capital is because the change related to new share capital has not been registered at the administration for market regulation. According to the records in China Securities Depository and Clearing Corporation Limited, as of December 31, 2023, the Company has restricted outstanding shares of 1,472,469 shares, and unrestricted outstanding shares of 3,178,034,201 shares, totaling 3,179,506,670.00 shares. The Company’s shares were listed on the Shenzhen Stock Exchange on March 30, 2000.

The Company belongs to the ecological protection and environmental management industry. The main business activities include R&D, maintenance and operation services of environmental monitoring instruments and environmental protection equipment, environmental treatment technology development, consulting and services, operation services of environmental treatment facilities, environmental engineering, environmental protection engineering, urban engineering, sale of ventilators, air-cooling, water-cooling and air-conditioning equipment, etc. Its revenue is mainly from sales of environmental and sanitation machinery, ventilation equipment, and sanitation operation service.

The financial statements were approved and authorized for issue by the sixth meeting of the tenth session of the Board of Directors dated April 26, 2024.

The Company has brought 278 subsidiaries including Changsha Zoomlion Environmental Industry Co., Ltd. (the “Zoomlion Environmental Company”), Zhejiang Shangfeng Special Blower Industrial Co., Ltd. (the “Shangfeng Industrial Company”), Guangdong Infore Technology Co., Ltd. (the “Infore Technology Company”) and Shenzhen Green Oriental Environmental Protection Co., Ltd. (the “Green Oriental Company”) into the consolidation scope. Please refer to section VII of notes to the financial statements for details.

## **II. Preparation basis of the financial statements**

### **(I) Preparation basis**

The financial statements have been prepared on the basis of going concern.

### **(II) Assessment of the ability to continue as a going concern**

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

## **III. Significant accounting policies and estimates**

Important note: The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, revenue recognition, etc., based on the Company's actual production and operation features.

### **(I) Statement of compliance**

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

### **(II) Accounting period**

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

### **(III) Operating cycle**

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

### **(IV) Functional currency**

The Company's functional currency is Renminbi (RMB) Yuan.

### **(V) Determination method and basis for selection of materiality**

The Company prepares and discloses financial statements in compliance with the principle of materiality. The items disclosed in notes to the financial statements involving materiality judgements, determination method and basis for selection of materiality are as follows:

Disclosed items involving materiality judgements	Note No.	Determination method and basis for selection of materiality
Significant accounts receivable with provision for bad debts made on an individual basis	V (I) 3 (2) 2)	Accounts receivable with single amount in excess of 0.3% of total assets are identified as significant accounts receivable.
Significant accounts receivable written off	V (I) 3 (4) 2)	Accounts receivable written off with single amount in excess of 0.3% of total assets are identified as significant accounts receivable written off.
Significant advances paid with age over one year	V (I) 5 (1) 2)	Advances paid with single amount in excess of 0.3% of total assets are identified as significant advances paid.
Significant other receivables with provision for bad debts made on an individual basis	V (I) 6 (3) 2)	Other receivables with single amount in excess of 0.3% of total assets are identified as significant other receivables.
Significant other receivables written off	V (I) 6 (5) 2)	Other receivables written off with single amount in excess of 0.3% of total assets are identified as significant other receivables written off.
Significant construction in progress	V (I) 16 (2)	Construction in progress with single amount in excess of 0.3% of total assets are identified as significant construction in progress.
Significant accounts payable with age over one year	V (I) 27 (1) 2)	Accounts payable with single amount in excess of 0.3% of total assets are identified as significant accounts payable.
Significant contract liabilities with age over one year	V (I) 28 (2)	Contract liabilities with single amount in excess of 0.3% of total assets are identified as significant contract liabilities.
Significant other payables with age over one year	V (I) 31 (2)	Other payables with single amount in excess of 0.3% of total assets are identified as significant other payables.
Significant cash flows from investing activities	V (III) 1	Cash flows from investing activities with single amount in excess of 10% of total assets are identified as significant cash flows from investing activities.
Significant capitalized R&D projects and outsourced R&D projects	VI (II) 2	Capitalized R&D projects and outsourced R&D projects with single amount in excess of 0.3% of total assets are identified as significant capitalized R&D projects and outsourced R&D projects.
Significant subsidiaries, not wholly-owned subsidiaries	VII (I) 2	Subsidiaries with total assets in excess of 15% of the group's total assets are identified as significant subsidiaries or significant not wholly-owned subsidiaries.
Significant joint ventures, associates and joint operations	VII (V)	Joint ventures and associates with the amount of single long-term equity investment in excess of 0.5% of the total assets are identified as significant joint ventures, associates or joint operations.

#### (VI) Accounting treatments of business combination under and not under common control

##### 1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

## 2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

### (VII) Judgement criteria for control and compilation method of consolidated financial statements

#### 1. Judgement of control

An investor controls an investee if and only if the investor has all the following: (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

#### 2. Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

### (VIII) Classification of joint arrangements and accounting treatment of joint operations

#### 1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sale of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

### (IX) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

### (X) Foreign currency translation

#### 1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts



unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

## 2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot exchange rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

## (XI) Financial instruments

### 1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

### 2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities

#### (1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with “CASBE 14 – Revenues”.

#### (2) Subsequent measurement of financial assets

##### 1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

##### 2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and

gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

### 3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

### 4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

## (3) Subsequent measurement of financial liabilities

### 1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

### 2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets".

### 3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".

### 4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included

into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

#### (4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

#### 3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions for derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

#### 4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

#### 5. Impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in "CASBE 14 – Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial

instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

#### 6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

#### (XII) Recognition criteria and accrual method for expected credit losses of receivables and contract assets

##### 1. Receivables and contract assets with expected credit losses measured on a collective basis using similar credit risk features

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with balances due from related parties within the consolidation scope	Balances due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable – Portfolio	Nature of receivables	Based on historical credit loss experience, the

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
grouped with government subsidies for new energy vehicles		current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Other receivables – Portfolio grouped with balances due from related parties within the consolidation scope	Balances due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with performance compensations	Nature of receivables	
Other receivables – Portfolio grouped with buyer's credit	Nature of receivables	
Other receivables – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and expected credit loss rate of other receivables, so as to calculate expected credit loss.
Long-term receivables – Portfolio grouped with finance lease payment/ Long-term receivables – Portfolio grouped with receivables financing factoring payment /Accounts receivable – Portfolio grouped with commercial factoring payment	Nature of receivables	Expected credit loss rates are calculated based on five-level classification of credit assets of non-bank financial institutions: 1.5% for pass category, 3% for special-mention category, 30% for substandard category, 60% for doubtful category, and 100% for loss category
Long-term receivables – Portfolio grouped with ages	Nature of receivables	For long-term receivables within the credit period that has not reached the contractual payment deadline, provision for bad debts is accrued at 5% of the balance. For long-term receivables that have exceeded the contractual payment deadline and have not yet been paid, provision for bad debts is accrued based on the age of the balance.
Contract assets – Portfolio grouped with warranty reserve	Nature of the balance	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.

## 2. Comparison table of ages and expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate of accounts receivable of parent company (%)	Expected credit loss rate of accounts receivable of ventilation equipment manufacturing industry and environmental integrated industry (%)	Expected credit loss rate of other receivables of parent company (%)	Expected credit loss rate of other receivables of ventilation equipment manufacturing industry and environmental integrated industry (%)
1-180 days (inclusive, the same hereinafter)	0	5	0	5
180 days - 1 year	2	5	2	5
1-2 years	10	10	10	10
2-3 years	30	30	30	30
3-5 years	50	50	50	50
Over 5 years	80	100	80	100

Ages of accounts receivable, other receivables and long-term receivables are calculated from the month when such receivables are accrued.

## 3. Recognition criteria for receivables and contract assets with expected credit losses measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

## (XIII) Inventories

## 1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials, supplies, etc. to be consumed in the production process or in the rendering of services.

## 2. Accounting method for dispatched inventories

Inventories dispatched from storage are accounted for with weighted average method.

## 3. Inventory system

Perpetual inventory method is adopted.

## 4. Amortization method of low-value consumables and packages

## (1) Low-value consumables

Low-value consumables are amortized with one-off method.

## (2) Packages

Packages are amortized with one-off method.

## 5. Provision for inventory write-down

Recognition criteria and accrual method of provision for inventory write-down

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

#### (XIV) Non-current assets or disposal groups held for sale, discontinued operations

##### 1. Classification of non-current assets or disposal groups held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met:

(1) the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; (2) its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: (1) a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

##### 2. Accounting treatments of non-current assets or disposal groups held for sale

###### (1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business



combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets held for sale or non-current assets in disposal groups held for sale, while interest and other expenses attributable to the liabilities of a disposal group held for sale shall continue to be recognized.

#### (2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

#### (3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group held for sale shall be measured at the lower of: 1) its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and 2) its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

### 3. Recognition criteria of discontinued operations

A component of the Company that has been disposed of, or is classified as held for sale and can be clearly distinguished is recognized as a discontinued operation when it fulfills any of the following conditions:

- (1) it represents a separate major line of business or a separate geographical area of operations;
- (2) it is part of a related plan to dispose of a separate major line of business or a separate geographical area of

operations; or

(3) it is a subsidiary acquired exclusively with a review to resale.

#### 4. Presentation method of discontinued operations

The Company presents gains or losses from continuing operations and gains or losses from discontinued operations separately in the income statement. Operating gains or losses including impairment loss of discontinued operations and its reversal amount, and gains or losses on disposal are presented as gains or losses from discontinued operations. For discontinued operations presented in the current period, the information previously presented as gains or losses from continuing operations is reclassified as gains or losses from discontinued operations for the comparative period in the current financial statements. For discontinued operations that no longer meet criteria for held for sale, the information previously presented as gains or losses from discontinued operations is reclassified as gains or losses from continuing operations for the comparative period in the current financial statements.

#### (XV) Long-term equity investments

##### 1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

##### 2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

### 3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

### 4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

#### (1) Judgement principles of “bundled transaction”

For disposal of a subsidiary in stages resulting in the Company’s loss of control, the Company determines whether it is a “bundled transaction” based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a “bundled transaction”:

- 1) these transactions are entered into at the same time or in contemplation of each other;
- 2) these transactions form a single transaction designed to achieve an overall commercial effect;
- 3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; and
- 4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

#### (2) Accounting treatments of non-bundled transactions

### 1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

### 2) Consolidated financial statements

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

## (3) Accounting treatment of bundled transaction

### 1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

### 2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

## (XVI) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

## (XVII) Fixed assets

## 1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

## 2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	3-50	3.00-5.00	2.71-32.33
General equipment	Straight-line method	3-5	3.00-5.00	19.00-32.33
Special equipment	Straight-line method	2-15	0.00-5.00	6.33-50.00
Transport facilities	Straight-line method	3-15	3.00-5.00	6.33-32.33
Other equipment	Straight-line method	3-10	5.00	9.50-31.67

## (XVIII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress is not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Machinery	When the design requirements or acceptance criteria for use as specified in the contract are met after installation and commissioning
Engineering construction	When the completion acceptance is finished and reaching the designed usable conditions

## (XIX) Borrowing costs

## 1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

## 2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and

construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

### 3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the excess of the accumulative capital disbursements over the special borrowings by the capitalization rate of the general borrowing used.

### (XX) Intangible assets

1. Intangible assets include land use right, patent right, non-patented technology, etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and determination basis	Amortization method
Franchise	Contractual term	Straight-line method
Land use right	35-50 years; useful life registered on the land use certificate	Straight-line method
Patented technology	5-10 years; economic life cycle	Straight-line method
Software	3-10 years; estimated economic life	Straight-line method
Others	5 years; economic life cycle	Straight-line method

### 3. Permitted scope of R&D costs

#### (1) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their

working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

If personnel directly engaged in R&D activities and external R&D personnel are engaged in non-R&D activities at the same time, the Company, based on their working hour records at different positions, allocates personnel costs actually incurred between R&D expenses and production and operating expenses using reasonable methods such as the ratio of actual working hours.

#### (2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities, which include: 1) materials, fuel and power costs directly consumed by R&D activities; 2) development and manufacturing costs of molds and craft equipment used for intermediate tests and trial production, acquisition costs of samples, prototypes and general testing methods that do not constitute fixed assets, and inspection costs of trial production; and 3) operation and maintenance, adjustment, inspection, testing and repairing costs of instruments and equipment used for R&D activities.

#### (3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

For instruments, equipment and in-use buildings both used for R&D activities and non-R&D activities, necessary records shall be kept on their usage, and depreciation actually incurred is allocated between R&D expenses and production and operating expenses in a reasonable manner based on the actual working hours, the usable area, etc.

Long-term prepayments refer to those incurred during renovation, modification, decoration and repairing of R&D facilities, which are collected based on actual amount and amortized evenly over a specified period.

#### (4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

#### (5) Design expenses

Design expenses refer to expenses incurred for the conception, development and manufacturing of new products and techniques, design of processes, technical specifications, process specification formulation, operational characteristics, etc., including expenses incurred for creative design activities to obtain innovative, creative and breakthrough products.

#### (6) Equipment commissioning and testing expenses

Equipment commissioning expenses refer to expenses incurred for R&D activities during tooling preparation, including expenses incurred for activities such as development of special and specialized production machines, changes in production and quality control procedures, development of new methods and standards, etc.

Expenses incurred for routine tooling preparation and industrial engineering for the purpose of large-scale/mass and commercial production are not included in the permitted scope.

Testing expenses include clinical trial fees for new drug development, on-site testing fees for exploration and production technologies, field testing fees, etc.

(7) R&D outsourcing expenses

R&D outsourcing expenses refer to expenses incurred for R&D activities outsourced to other domestic or foreign organizations or individuals (outcomes of R&D activities are owned by the Company and closely related to the Company's main business operations).

(8) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities, including technical books and materials fees, data translation fees, expert consultation fees, high-tech R&D insurance premiums, R&D outcomes search, demonstration, evaluation, appraisal and acceptance fees, intellectual property application, registration and agency fees, conference fees, business travelling fees, communication fees, etc.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

5. Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset:

The planned investigation phase for acquiring new technology and knowledge should be defined as the research phase, which has the characteristics of planning and exploratory nature; before commercial production or use, when the research results or other knowledge are applied to a certain plan or design with the intention to produce new or substantially improved materials, devices, products, etc., such stage should be determined as the development phase, which has the characteristics of pertinence and greater possibility of forming results. The Company divides the research and development phases by forming the prototype drawing and starting the prototype trial production. Expenditures in the research phase of internal research and development projects are included in profit or loss when they incur. When the Company enters the development phase, project expenditures are first calculated by projects under "development expenditure", and if the capitalization conditions are met, they are presented as development expenditures in the financial statements. The project will be transferred to intangible assets when the project has the conditions for sale or mass production.

(XXI) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets,



construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

#### (XXII) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

#### (XXIII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

##### 2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

##### 3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

#### 4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

#### 5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

#### (XXIV) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

#### (XXV) Share-based payment

##### 1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

##### 2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

###### (1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service or fulfills certain performance conditions, at the balance

sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

#### (2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service or fulfills certain performance conditions, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

#### (3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

#### (XXVI) Other financial instruments such as preferred shares and perpetual bonds

Pursuant to CASBEs on financial instruments and “Regulations on Accounting Treatments of Perpetual Bonds” (Cai Kuai [2019] No. 2) issued by the Ministry of Finance, for financial instruments such as convertible bonds etc.,

the Company classifies a financial instrument or its components at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

At the balance sheet date, for a financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as profit distribution, and share repurchase and cancelation are treated as changes in equity; for a financial instrument classified as a financial liability, its interest expenditure or dividend distribution is treated as borrowing expense, and gain or loss on repurchase or redemption is included in profit or loss.

## (XXVII) Revenue

### 1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

### 2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best

estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

### 3. Revenue recognition method

The Company mainly sells environmental and sanitation machinery, ventilation equipment, etc., and engages in sanitation operation service.

(1) Sale of ventilation equipment is a performance obligation satisfied at a point in time. Revenue from domestic sales of products that do not require installation is recognized when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been verified for acceptance by customers, and the Company has obtained delivery receipts, and has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. For products that need to be installed, revenue is recognized when the products are delivered and qualified for installation, commissioning and acceptance. Revenue from overseas sales is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(2) Sales of environmental and sanitation machinery products is a performance obligation satisfied at a point in time, and revenue is recognized when customers receive and consume the products, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(3) Comprehensive environmental and sanitation management engineering is a performance obligation satisfied over time. Revenue is recognized based on the performance progress according to the project progress confirmed by the supervisor.

(4) Sanitation operation service is a performance obligation satisfied over time. Revenue is recognized based on the service assessment statement confirmed by the labor receiving party, etc.

(5) For revenue recognition method of PPP business with BOT model, etc., please refer to section III (XXXV) 1 of notes to the financial statements for details.

(XXVIII) Costs of obtaining a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XXIX) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXX) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

#### 2. Government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

#### 3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

#### (XXXI) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence indicating that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity; or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (XXXII) Leases

##### 1. The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

##### (1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

##### (2) Lease liabilities



At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

## 2. The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

### (1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

### (2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

## 3. Sale and leaseback

### (1) The Company as the lessee

In accordance with the "CASBE 14 – Revenues", the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to

the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

#### (2) The Company as the lessor

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21 – Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement”.

#### (XXXIII) Work safety fund

The Company appropriates work safety fund in accordance with the “Circular on Management Measures on the Appropriation and Use of Work Safety Fund” (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management. Standard work safety fund is included in the cost or profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

#### (XXXIV) Segment reporting

Operating segments are determined based on the structure of the Company’s internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

#### (XXXV) Other significant accounting policies and estimates

##### 1. PPP business

The Company adopts the build-operate-transfer approach (PPP projects, mainly using BOT, TOT, etc.) to participate in the public infrastructure business. The project company obtains the franchise of public infrastructure

projects from government departments and participates in the construction and operation of the project. After the franchise expires, the project company needs to hand over relevant infrastructure to the government or the department designated by the government.

For the PPP project contract under which the Company provides multiple services (such as the rendering of construction services of PPP projects as well as post-completion operation services and maintenance services), the Company identifies each performance obligation in the contracts in accordance with the provisions of “CASBE 14 – Revenues”, and allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices. If the stand-alone selling price cannot be directly observed, or if there is a lack of similar market prices, the Company will take into account market conditions, specific factors of the Company and information related to customers and other relevant information, and make a reasonable estimate of the stand-alone selling price using methods such as market adjustment method, cost-plus method, residual value method, etc. Construction services are performance obligations satisfied over time. Revenue from construction services is recognized by the percentage of completion of the performance obligations, which is determined based on the proportion of the incurred costs to the estimated total costs. In the circumstance that the percentage of completion cannot be measured reasonably, but the incurred costs are expected to be recovered, the Company recognizes revenue only to the extent of the incurred costs until it can reasonably measure the percentage of completion.

The Company has the right to charge users of public goods and services during the operation of the project in accordance with the PPP project contracts. However, if the amount of the fees is uncertain, such right does not constitute an unconditional right to receive cash, and the consideration or construction revenue of the relevant PPP project assets is recognized as intangible assets when the PPP project assets reach the designed useful conditions, which shall be accounted for in accordance with “CASBE 6 – Intangible Assets”.

If the Company is qualified to have the right to receive a determinable amount of cash (or other financial assets) during the operation of the project in accordance with the PPP project contracts, such amount is recognized as accounts receivable when the Company has the right to such consideration (the right depends only on the factor of the passage of time) and is accounted for in accordance with “CASBE 22 – Financial Instruments: Recognition and Measurement”. The Company recognizes the difference between the consideration or construction revenue of the relevant PPP project assets and the determinable amount of cash (or other financial assets) as intangible assets when the PPP project assets reach the designed useful conditions.

For the portion of the consideration or construction revenue recognized as intangible assets, the contract assets recognized during the relevant construction period are presented under “intangible assets” in the balance sheet; for other contract assets recognized during the construction period, they are presented under “contract assets”, or “other non-current assets” in the balance sheet if they are expected to be realized within twelve months of the balance sheet date.

After the PPP project assets reach the designed useful conditions, the Company recognizes revenue related to operating services in accordance with “CASBE 14 – Revenues”.

## 2. Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

#### (XXXV) Significant changes in accounting policies

##### Changes in accounting policies arising from changes in CASBEs

The Company has adopted the regulations about accounting for deferred tax related to assets and liabilities arising from a single transaction to which the initial recognition exemption does not apply in the “Interpretation of China Accounting Standards for Business Enterprises No. 16” issued by the Ministry of Finance since January 1, 2023, and makes adjustments on such single transactions occurring between the beginning of the earliest comparative period and the first adoption date accordingly. For taxable and deductible temporary differences associated with lease liabilities and right-of-use assets, provisions associated with decommissioning obligations and corresponding assets arising from such single transactions and presented at the beginning of the earliest comparative period, the cumulative effect of initially applying such regulations and “CASBE 18 – Enterprise Income Tax” shall be adjusted into retained earnings or other related items at the beginning of the earliest comparative period presented. Such change in accounting policies has no impact on the Company’s financial statements.

## IV. Taxes

### (I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	3%, 6%, 9%, 13%. Exported goods are subject to “exemption, credit, refund” policies, with refund rate of 13%.
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income.	1.2%, 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%, 1%
Enterprise income tax	Taxable income	15%, 20%, 25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Infore Technology Company	15%
Guangdong Infore Intelligent Sanitation Technology Co., Ltd.	15%
Shangfeng Industrial Company	15%
Zoomlion Environmental Company	15%
Fengyun IoT Technology Co., Ltd.	15%
Huaian Chenjie Environmental Engineering Co., Ltd.	15%
Zhejiang Yolsh Electric Drive Technology Co., Ltd. (the “Yolsh Company”)	15%
Xiantao Green Oriental Environmental Power Generation Co., Ltd. (the “Xiantao Company”)	15%
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd. (the “Huaqingyuan Company”)	15%
Foshan Shunde District Huaying Environmental Water Co., Ltd.	15%
Lianjiang Green Oriental New Energy Co., Ltd. (the “Lianjiang Company”)	15%
Taxpayers other than the above-mentioned	25%, 20% for small enterprises with meager profit

## (II) Tax preferential policies

## 1. Enterprise income tax

No.	Entities	Preferential policies
1	Zoomlion Environmental Company, Fengyun IoT Technology Co., Ltd., Huaian Chenjie Environmental Engineering Co., Ltd., Yolsh Company, Xiantao Company, Foshan Shunde District Huaying Environmental Water Co., Ltd.	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2023 to 2025.
2	Shangfeng Industrial Company, Infore Technology Company, Huaqingyuan Company, Guangdong Infore Intelligent Sanitation Technology Co., Ltd., Lianjiang Company	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2022 to 2024.
3	Huaqingyuan Company, Foshan Shunde District Huaying Environmental Water Co., Ltd., Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd., Foshan Shunde Huabo Environmental Water Co., Ltd.	Revenue from the production of non-restricted and non-prohibited products that meet the relevant national and industry standards using resources specified in the “Resources Comprehensive Utilization of Enterprise Income Tax Preferential Catalog (2008 Edition)” as the main raw material will be reduced to 90% as taxable income for enterprise income tax in the current period.
4	Subsidiaries and sub-subsidiaries including Shenzhen Infore City Service Intelligent Technology Co., Ltd., Foshan Shunde Huabo Environmental Water Co., Ltd., Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd., Dingnan Zoomlion Environmental Industry Co., Ltd., etc.	Pursuant to the “Announcement of Ministry of Finance (MOF) and State Taxation Administration (STA) on the Further Implementation of the Enterprise Income Tax Preferential Policies for Small Enterprises with Meager Profit and Individually-owned Businesses” (Announcement of MOF and STA [2022] No. 13), “Announcement of MOF and STA on the Enterprises Income Tax Preferential Policies for Small Enterprises with Meager Profit and Individually-owned Businesses” (Announcement of MOF and STA [2023] No. 6), and the “Announcement of MOF and STA on Further Implementation of the Enterprises Income Tax Preferential Policies for Small Enterprises with Meager Profit and Individually-Owned Businesses” (Announcement [2023] No. 12), from January 1, 2023 to December 31, 2027, the enterprise income tax for the portion of the taxable income within 3 million yuan is levied at 20% based on 25% of that portion of income.
5	Subsidiaries and sub-subsidiaries including Pingdingshan Yinghe Environmental Sanitation Management Co., Ltd., Heyang Yinghe Urban Environmental Service Co.,	Pursuant to the “Law of the People’s Republic of China on Enterprise Income Tax” and its implementation regulations, the “Notice of MOF, STA and National Development and Reform Commission (NDRC) on Publishing the Catalog of Enterprise Income Tax Preferences for

No.	Entities	Preferential policies
	Ltd., Zhangjiajie Yinglian Environmental Management Co., Ltd., Liling Zhaoyang Environmental Protection Co., Ltd., etc.	Environmental Protection, Energy Saving, and Water Saving Projects (Trial)" (Cai Shui [2009] No. 166) (the "2009 Catalog"), the project companies are entitled to enjoy the preferential policy of three-year exemption from the first profit-making year, followed by three years of 50% reduction of enterprise income tax. Pursuant to the "Announcement No. 36, 2021 of MOF, STA, NDRC, and Ministry of Ecology and Environment" issued by four departments including the MOF dated December 16, 2021, the entities' business comply with the "2021 Catalog", and relevant projects can still enjoy the above preferential policy.
6	Ruili Yinglian Environmental Industry Co., Ltd.	Pursuant to the document numbered Guo Ban Han [2012] 103 by the State Council, newly established enterprises that settle in the Ruili Pilot Zone are entitled to enjoy the five-year-exemption and five-year-half-reduction policy for the enterprise income tax shared by the local authority of the region (40% of total enterprise income tax), i.e., they enjoy enterprise income tax exemption from 2021 to 2025, and enjoy a 50% reduction in income from 2026 to 2030, while for the enterprise income tax shared by central government (60%), they enjoy the preferential policy as small enterprises with meager profit.

## 2. VAT

(1) Pursuant to the "Notice of MOF and STA on VAT Policies for Software Products" (Cai Shui [2011] No. 100), general VAT taxpayers who sell software products developed and produced by themselves are subject to VAT refund upon collection for the amount exceeding 3% of their actual VAT burdens. In 2023, the subsidiaries Zoomlion Environmental Company and Infore Technology Company are entitled to enjoy the VAT refund upon collection policy for sale of their self-developed and self-produced software products.

(2) Pursuant to the "Announcement of MOF and STA on Clarifying Policies on VAT Reduction and Exemption, etc. for Small-scale Taxpayers" (Announcement of MOF and STA [2023] No. 1), eligible taxpayers engaged in the life services as met the provisions of the "Announcement of MOF and STA on Clarifying Extra VAT Deduction and Exemption Policy for Life Service Industry" (Announcement of MOF and STA [2019] No. 87) are entitled to enjoy an extra 10% VAT credit. In 2023, the subsidiaries Zoomlion Environmental Company and its certain subsidiaries, Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd. and Infore Zoomlion City Environmental Service Co., Ltd. are entitled to enjoy such preferential policy.

(3) Pursuant to the "Notice of MOF and STA on Extra VAT Deduction Policy for Advanced Manufacturing Enterprises" (Announcement of MOF and STA [2023] No. 43), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are eligible to enjoy an extra 5% VAT credit. In 2023, the subsidiaries Zoomlion Environmental Company, Infore Technology Company, Shangfeng Industrial Company and Yolsh Company are entitled to enjoy such preferential policy.

(4) Pursuant to Article 5 of the "Announcement of MOF and STA on Improving VAT Policy for Improving Comprehensive Utilization of Resources" (Announcement of MOF and STA [2021] No. 40), since March 1, 2022, enterprises rendering sewage treatment services are entitled to enjoy 70% VAT refund upon collection. In 2023, the subsidiaries Huaqingyuan Company, Foshan Shunde District Huaying Environmental Water Co., Ltd., Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd. are entitled to enjoy such preferential policy.

Pursuant to Article 4 of the "Notice of MOF and STA on Printing and Distributing the Announcement on VAT

Policy for Improving Comprehensive Utilization of Resources” (Announcement of MOF and STA [2021] No. 40), since March 1, 2022, enterprises rendering sewage treatment services are entitled to enjoy VAT refund upon collection policy or VAT exemption policy. In 2023, the subsidiaries Huaqingyuan Company, Foshan Shunde District Huaying Environmental Water Co., Ltd., Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd. and Foshan Shunde Huabo Environmental Water Co., Ltd. have adopted VAT exemption policy.

(5) Pursuant to Article 2 of the “Announcement of MOF and STA on Improving VAT Policy for Improving Comprehensive Utilization of Resources” (Announcement of MOF and STA [2021] No. 40), enterprises producing electricity and heat products with fuel from garbage and biogas resources produced by garbage fermentation are entitled to enjoy 100% VAT refund upon collection. Pursuant to Article 5, enterprises rendering garbage treatment and sewage treatment services are entitled to enjoy 70% VAT refund upon collection. The subsidiaries Lianjiang Company, Shouxian Green Oriental New Energy Co., Ltd. (the “Shouxian Company”) and Funan Green Oriental Environmental Energy Co., Ltd. (the “Funan Company”) are entitled to enjoy such preferential policy.

(6) Pursuant to the “Measures for the Implementation of the Pilot Implementation of VAT Reform for the Transportation Industry and Certain Modern Service Industries” (Cai Shui [2011] No. 111), revenue from technology transfer, technology development, and related technical consulting, and technical service businesses is exempt from VAT. In 2023, the subsidiary Shenzhen Dingzhu Environmental Technology Co., Ltd. meets the condition and is exempt from VAT.

(7) Pursuant to the “Announcement of MOF, STA and Ministry of Veterans Affairs (MVA) on Tax Policies for Further Supporting the Business Startup by and the Employment of Veterans Seeking Independent Employment” (Announcement of MOF, STA and MVA [2023] No. 14), from January 1, 2023 to December 31, 2027, if an enterprise enters into an employment contract with veteran seeking independent employment for a term of one year or more and pays social insurance premiums in accordance with the law, it may enjoy a credit within the standard quota against, in sequential order, VAT, urban maintenance and construction tax, educational surcharge, local education surcharges and enterprise income tax according to the number of persons actually employed for three years from the month when the employment contract is signed and the social premiums are paid. In 2023, the subsidiary Zoomlion Environmental Company and its certain subsidiaries were entitled to enjoy such tax reduction and exemption policy.

(8) Pursuant to the “Announcement of the MOF, SAT, Ministry of Human Resources and Social Security (MHR), Ministry of Agriculture and Rural Affairs (MAR) on Tax Policies for Further Supporting the Business Startup by and the Employment of Key Populations” (Announcement [2023] No. 15), from January 1, 2023 to December 31, 2027, if an enterprise enters into an employment contract with people who have been lifted out of poverty, as well as people who have been registered as unemployed for more than six months at the public employment service agency of MHR with an “Entrepreneurship Certificate” or “Unemployment Registration Certificate” (Indicated “Enterprise Tax Absorption Policy”), for a term of one year or more and pays social insurance premiums in accordance with the law, it may enjoy a credit within the standard quota against, in sequential order, VAT, urban maintenance and construction tax, educational surcharge, local education surcharges and enterprise income tax according to the number of persons actually employed for three years from the month when the employment

contract is signed and the social premiums are paid. In 2023, the subsidiary Zoomlion Environmental Company and its certain subsidiaries were entitled to enjoy such tax reduction and exemption policy.

### 3. Reduction and exemption policy on six local taxes and two rates

Pursuant to the “Announcement of the MOF and SAT on Tax Policies for Further Supporting the Development of Small Enterprises with Meager Profit and Individually-Owned Businesses” (Announcement of MOF and STA [2023] No. 12), from January 1, 2023 to December 31, 2027, for VAT small-scale taxpayers, small enterprises with meager profit and individually-owned businesses, resource tax (excluding water resources tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty) cultivated land occupation tax and education surcharge, local education surcharge will be halved. In 2023, some subsidiaries of Zoomlion Environmental Company, Foshan Shunhe Environmental Protection Co., Ltd., Foshan Shunde Huabo Environmental Water Co., Ltd. and Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd. were eligible to enjoy such tax preferential policy.

## V. Notes to items of consolidated financial statements

### (I) Notes to items of the consolidated balance sheet

#### 1. Cash and bank balances

##### (1) Details

Items	Closing balance	Opening balance
Cash on hand	310,688.91	84,414.54
Cash in bank	4,150,666,527.57	4,590,418,271.45
Other cash and bank balances	260,399,367.30	137,700,844.47
Total	4,411,376,583.78	4,728,203,530.46
Including: Deposited overseas	1,519,215.68	3,949,867.33

##### (2) Other remarks

1) Closing balance of cash in bank included funds frozen due to lawsuits of 5,100,869.89 yuan, engineering escrow accounts not available for separate use of 154,141.05 yuan, frozen security deposits of 290,200.17 yuan and certificates of deposit of 230,340,333.33 yuan, which was with use restrictions.

2) Closing balance of other cash and bank balances included deposits for notes of 179,001,533.41 yuan, deposits for letters of guarantee of 77,546,493.49 yuan, engineering deposits of 929,734.93 yuan, ETC deposits of 3,000.00 yuan, deposits for buyer’s credit of 861,924.65 yuan and deposits for land reclamation of 1,003,098.32 yuan, which was with use restrictions.

#### 2. Notes receivable

##### (1) Details

Items	Closing balance	Opening balance
Bank acceptance	4,597,270.24	6,474,284.28
Trade acceptance	349,861.59	7,091,421.94



Items	Closing balance	Opening balance
Total	4,947,131.83	13,565,706.22

## (2) Provision for bad debts

## 1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	5,005,019.28	100.00	57,887.45	1.16	4,947,131.83
Including: Bank acceptance	4,597,270.24	91.85			4,597,270.24
Trade acceptance	407,749.04	8.15	57,887.45	14.20	349,861.59
Total	5,005,019.28	100.00	57,887.45	1.16	4,947,131.83

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	15,111,625.30	100.00	1,545,919.08	10.23	13,565,706.22
Including: Bank acceptance	6,474,284.28	42.84			6,474,284.28
Trade acceptance	8,637,341.02	57.16	1,545,919.08	17.90	7,091,421.94
Total	15,111,625.30	100.00	1,545,919.08	10.23	13,565,706.22

## 2) Notes receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	4,597,270.24		
Trade acceptance portfolio	407,749.04	57,887.45	14.20
Subtotal	5,005,019.28	57,887.45	1.16

## (3) Changes in provision for bad debts

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Recovery or Reversal	Write-off	Others	
Receivables with provision for bad debts made on a collective basis	1,545,919.08	-1,488,031.63				57,887.45
Total	1,545,919.08	-1,488,031.63				57,887.45

(4) No pledged notes at the balance sheet date.

(5) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance		4,472,210.78
Trade acceptance		407,749.04
Subtotal		4,879,959.82

(6) Notes receivable transferred to accounts receivable due to non-performance of issuer

Items	Amount transferred
Trade acceptance	9,618,317.80
Subtotal	9,618,317.80

### 3. Accounts receivable

(1) Age analysis

Ages	Closing book balance	Opening book balance
Within 1 year	4,798,113,288.74	4,708,241,417.53
1-2 years	930,689,479.95	892,266,330.70
2-3 years	552,003,141.94	336,117,089.17
3-5 years	277,106,854.66	199,203,953.15
Over 5 years	89,167,772.76	74,219,972.77
Total	6,647,080,538.05	6,210,048,763.32

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	261,607,248.18	3.94	108,069,720.23	41.31	153,537,527.95
Receivables with provision made on a collective basis	6,385,473,289.87	96.06	671,341,340.96	10.51	5,714,131,948.91
Total	6,647,080,538.05	100.00	779,411,061.19	11.73	5,867,669,476.86

(Continued)

Categories	Opening balance		
	Book balance	Provision for bad debts	Carrying amount

	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	26,702,254.77	0.43	16,482,074.94	61.73	10,220,179.83
Receivables with provision made on a collective basis	6,183,346,508.55	99.57	567,774,216.01	9.18	5,615,572,292.54
Total	6,210,048,763.32	100.00	584,256,290.95	9.41	5,625,792,472.37

## 2) Significant accounts receivable with provision made on an individual basis

Debtors	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	Basis for provision made
Guangdong Tianshu New Energy Technology Co., Ltd.			189,921,071.39	56,976,321.42	30.00	Expected credit losses
Subtotal			189,921,071.39	56,976,321.42	30.00	

## 3) Accounts receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	6,050,614,468.43	659,820,086.32	10.91
Portfolio grouped with commercial factoring receivable	294,408,028.59	11,521,254.64	3.91
Portfolio grouped with government grants receivable for new energy vehicles	40,450,792.85		
Subtotal	6,385,473,289.87	671,341,340.96	10.51

## 4) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	4,404,011,770.14	220,200,588.57	5.00
1-2 years	824,904,402.24	82,490,440.22	10.00
2-3 years	476,520,031.86	142,956,009.56	30.00
3-5 years	262,010,432.44	131,005,216.22	50.00
Over 5 years	83,167,831.75	83,167,831.75	100.00
Subtotal	6,050,614,468.43	659,820,086.32	10.91

## 5) Commercial factoring portfolio grouped by five-level classification

Five-level classification	Closing balance			
	Book balance	Unrealized financing income	Provision for bad debts	Provision proportion (%)
Pass	249,939,526.65		3,749,092.90	1.50

Five-level classification	Closing balance			
	Book balance	Unrealized financing income	Provision for bad debts	Provision proportion (%)
Special-mention	20,623,662.36		618,709.87	3.00
Substandard	23,844,839.58		7,153,451.87	30.00
Subtotal	294,408,028.59		11,521,254.64	3.91

## (3) Changes in provision for bad debts

## 1) Details

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or Reversal	Write-off	Others	
Receivables with provision made on an individual basis	16,482,074.94	100,712,885.29	484,240.00	8,641,000.00		108,069,720.23
Receivables with provision made on a collective basis	567,774,216.01	151,514,611.64	835,452.64	47,112,034.05		671,341,340.96
Total	584,256,290.95	252,227,496.93	1,319,692.64	55,753,034.05		779,411,061.19

## 2) No significant provisions collected or reversed in the current period.

## (4) Accounts receivable actually written off in the current period

## 1) Accounts receivable written off

Items	Amount written off
Accounts receivable actually written off	55,753,034.05

## 2) No significant accounts receivable written off in the current period.

## (5) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance			Proportion to the total balance of accounts receivable and contract assets (including contracts assets presented under other non-current assets) (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets (including contracts assets presented under other non-current assets)	Subtotal		
No. 1	189,921,071.39		189,921,071.39	2.75	56,976,321.42
No. 2	100,039,699.41		100,039,699.41	1.45	17,825,857.13
No. 3	74,592,738.95		74,592,738.95	1.08	5,958,563.47
No. 4	70,454,956.26	5,935,440.93	76,390,397.19	1.11	7,895,525.34
No. 5	64,715,567.52		64,715,567.52	0.94	3,235,778.38
Subtotal	499,724,033.53	5,935,440.93	505,659,474.46	7.33	91,892,045.74

## 4. Receivables financing

## (1) Details

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Bank acceptance	146,814,501.64	107,316,593.41
Total	146,814,501.64	107,316,593.41

## (2) Pledged receivables financing at the balance sheet date

Items	Closing balance of pledged notes
Bank acceptance	55,280,364.20
Subtotal	55,280,364.20

## (3) Endorsed or discounted but undue receivables financing at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	126,601,525.47
Subtotal	126,601,525.47

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

## 5. Advances paid

## (1) Age analysis

## 1) Details

Ages	Closing balance			
	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	131,172,209.02	93.53		131,172,209.02
1-2 years	8,100,756.68	5.78		8,100,756.68
2-3 years	327,684.83	0.23		327,684.83
Over 3 years	640,396.13	0.46		640,396.13
Total	140,241,046.66	100.00		140,241,046.66

(Continued)

Ages	Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	186,619,989.22	97.02		186,619,989.22
1-2 years	4,515,793.00	2.35		4,515,793.00
2-3 years	1,175,026.94	0.61		1,175,026.94
Over 3 years	49,733.08	0.02		49,733.08
Total	192,360,542.24	100.00		192,360,542.24

## 2) No material balance with age over one year.

## (2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
No. 1	7,896,200.00	5.63
No. 2	3,636,283.20	2.59
No. 3	2,387,925.65	1.70
No. 4	1,988,886.43	1.42
No. 5	1,980,000.00	1.41
Subtotal	17,889,295.28	12.75

## 6. Other receivables

## (1) Other receivables categorized by nature

Nature of receivables	Closing book balance	Opening book balance
Temporary advance payment receivable and petty cash	163,429,454.84	189,730,555.74
Security deposits	82,240,734.41	115,535,012.45
Performance compensation	113,460,620.00	113,460,620.00
Others	4,598,968.70	6,649,505.96
Total	363,729,777.95	425,375,694.15

## (2) Age analysis

Ages	Closing book balance	Opening book balance
Within 1 year	117,612,450.57	195,949,031.83
1-2 years	65,555,129.46	171,544,892.21
2-3 years	149,623,905.77	27,310,051.83
3-4 years	10,558,177.00	22,981,433.06
4-5 years	14,053,059.51	3,490,125.62
Over 5 years	6,327,055.64	4,100,159.60
Total	363,729,777.95	425,375,694.15

## (3) Provision for bad debts

## 1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	363,729,777.95	100.00	47,068,704.69	12.94	316,661,073.26

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Total	363,729,777.95	100.00	47,068,704.69	12.94	316,661,073.26

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	425,375,694.15	100.00	39,753,423.15	9.35	385,622,271.00
Total	425,375,694.15	100.00	39,753,423.15	9.35	385,622,271.00

## 2) Other receivables with provision made on a collective basis

## a. Other receivables with provision made on a collective basis – parent company

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with performance compensation	113,460,620.00	2,179,342.69	1.92
Portfolio grouped with buyer's credit	24,127,705.88	4,857,450.12	20.13
Portfolio grouped with ages	4,995,936.39	1,713,840.08	34.30
Including: 1-180 days	258,669.54		
180 days-1 year	1,019,113.00	20,382.26	2.00
1-2 years	315,690.79	31,569.08	10.00
2-3 years	329,381.49	98,814.45	30.00
3-5 years	2,984,636.57	1,492,318.29	50.00
Over 5 years	88,445.00	70,756.00	80.00
Subtotal	142,584,262.27	8,750,632.89	6.14

Notes: For the portfolio grouped with performance compensation, expected credit losses are measured based on the remaining balance after the mandatory enforcement after the balance sheet date. Please refer to section XIV (III) 1 of notes to the financial statements for details.

## b. Ventilation equipment manufacturing industry and environmental integrated industry

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	221,145,515.68	38,318,071.80	17.33
Including: Within 1 year	104,576,885.16	5,229,038.34	5.00
1-2 years	52,869,515.66	5,286,951.57	10.00
2-3 years	35,833,904.28	10,750,171.28	30.00
3-5 years	21,626,599.94	10,813,299.97	50.00
Over 5 years	6,238,610.64	6,238,610.64	100.00
Subtotal	221,145,515.68	38,318,071.80	17.33

## (4) Changes in provision for bad debts

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	8,420,041.44	5,808,427.22	25,524,954.49	39,753,423.15
Opening balance in the current period				
--Transferred to stage 2	-2,649,887.72	2,649,887.72		
--Transferred to stage 3		-3,616,328.58	3,616,328.58	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	-479,707.78	1,972,005.47	7,298,991.30	8,791,288.99
Provision recovered or reversed in the current period	18,583.43	305,040.36	1,129,941.75	1,453,565.54
Provision written off in the current period				
Other changes [Note]	-22,441.91			-22,441.91
Closing balance	5,249,420.60	6,508,951.47	35,310,332.62	47,068,704.69
Provision proportion (%)	4.96	9.93	19.56	12.94

Note: Other changes refer to balances transferred out due to the disposal of subsidiaries in the current period.

Division basis for each stages: ages of other receivables.

## (5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Performance compensation and temporary advance payment receivable	113,792,911.19	[Note]	31.29	2,362,244.28
No. 2	Temporary advance payment receivable	9,707,040.68	1-2 years	2.67	2,912,112.20
No. 3	Temporary advance payment receivable	8,550,000.00	180 days-1 year	2.35	855,000.00



Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 4	Security deposits	6,068,877.68	2-3 years	1.67	1,820,663.30
No. 5	Security deposits	5,325,411.20	4-5 years	1.46	2,662,705.60
Subtotal		143,444,240.75		39.44	10,612,725.38

Note: It includes 113,460,620.00 yuan as performance compensation with age of 2 to 3 years, 298,779.19 yuan as temporary advance payment receivable with age of 3 to 5 years, and 33,512.00 yuan as temporary advance payment receivable with age over 5 years.

## 7. Inventories

### (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	124,680,011.55	17,707,425.98	106,972,585.57	179,291,553.12	10,856,535.28	168,435,017.84
Work in process	185,705,546.49	5,117,048.20	180,588,498.29	177,447,500.50	2,633,928.18	174,813,572.32
Goods on hand	671,255,477.27	10,858,073.14	660,397,404.13	543,123,849.45	16,365,369.64	526,758,479.81
Materials on consignment for further processing	135,587.95		135,587.95	710,664.71		710,664.71
Costs to fulfill a contract	23,135,561.21		23,135,561.21	10,320,302.27		10,320,302.27
Total	1,004,912,184.47	33,682,547.32	971,229,637.15	910,893,870.05	29,855,833.10	881,038,036.95

### (2) Provision for inventory write-down

#### 1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	10,856,535.28	9,203,927.63		2,353,036.93		17,707,425.98
Work in process	2,633,928.18	2,675,381.31		192,261.29		5,117,048.20
Goods on hand	16,365,369.64	3,963,683.30		9,470,979.80		10,858,073.14
Total	29,855,833.10	15,842,992.24		12,016,278.02		33,682,547.32

#### 2) Determination basis of net realizable value and reasons for the reversal or write-off of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down
Raw materials, work in process	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made at the beginning of the period were used or sold in the current period.
Goods on hand	Estimated selling price of relevant finished goods less estimated selling	Inventories with provision for inventory write-down made at the

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down
	expenses, and relevant taxes and surcharges	beginning of the period were sold in the current period.

## (3) Costs to fulfill a contract

Items	Opening balance	Increase	Carried forward	Closing balance
Township sewage delivery project phase II of Hanshou County	908,488.95	7,208,417.24	908,488.95	7,208,417.24
Kitchen project of Shangrao Guangfeng District		4,533,540.92		4,533,540.92
Well-point equipment sales of Leiyang City	1,815,112.42			1,815,112.42
Pretreatment equipment procurement project of Duyun project		1,681,363.40		1,681,363.40
Leachate delivery project of Xi'an Chanba Transfer Station	1,117,852.48			1,117,852.48
Equipment sales of Yongshun County, Xiangxi Tujia and Miao Autonomous Prefecture - township sewage (Wanping)	1,450,156.90		1,450,156.90	
Leachate delivery project of Fuzhou Qingliangshan Transfer Station	2,059,176.45	500,917.40	2,560,093.85	
Others	2,969,515.07	9,001,530.72	5,191,771.04	6,779,274.75
Subtotal	10,320,302.27	22,925,769.68	10,110,510.74	23,135,561.21

## 8. Contract assets

## (1) Details

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposits receivable	84,519,179.04	9,715,689.56	74,803,489.48
Total	84,519,179.04	9,715,689.56	74,803,489.48

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposits receivable	116,355,489.32	15,331,634.99	101,023,854.33
Total	116,355,489.32	15,331,634.99	101,023,854.33

## (2) Details on provision for impairment

## 1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for impairment		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	84,519,179.04	100.00	9,715,689.56	11.50	74,803,489.48
Total	84,519,179.04	100.00	9,715,689.56	11.50	74,803,489.48

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for impairment		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	116,355,489.32	100.00	15,331,634.99	13.18	101,023,854.33
Total	116,355,489.32	100.00	15,331,634.99	13.18	101,023,854.33

## 2) Contract assets with provision for impairment made on a collective basis

Items	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Portfolio grouped with quality guarantee deposits	84,519,179.04	9,715,689.56	11.50
Subtotal	84,519,179.04	9,715,689.56	11.50

## (3) Changes in provision for impairment

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision for impairment made on a collective basis	15,331,634.99	-5,615,945.43				9,715,689.56
Total	15,331,634.99	-5,615,945.43				9,715,689.56

## 9. Non-current assets due within one year

Items	Closing balance				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	328,993,341.47	6,469,240.60	15,965,200.41	306,558,900.46	4.20-4.30
Payments for finance lease	46,826,104.16	2,749,700.41	1,354,452.95	42,721,950.80	4.20-4.30
Factoring of receivables financing	215,722,449.48	9,685,000.00	3,235,836.74	202,801,612.74	4.20-4.30
Total	591,541,895.11	18,903,941.01	20,555,490.10	552,082,464.00	

(Continued)

Items	Opening balance				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	433,440,778.60	8,785,866.67	21,166,538.93	403,488,373.00	4.30-4.65
Payments for finance lease	58,791,768.45	2,263,633.33	895,847.05	55,632,288.07	4.30-4.65
Factoring of receivables financing	17,823,638.14	171,119.36	267,354.57	17,385,164.21	4.30-4.65
Total	510,056,185.19	11,220,619.36	22,329,740.55	476,505,825.28	

## 10. Other current assets

## (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Input VAT to be credited, excess input VAT credits and prepaid taxes	513,175,804.36		513,175,804.36	482,764,023.99		482,764,023.99
Costs to obtain a contract	10,704,601.44		10,704,601.44	9,306,113.04		9,306,113.04
Listing expenses of subsidiary spun off				5,380,660.39		5,380,660.39
Total	523,880,405.80		523,880,405.80	497,450,797.42		497,450,797.42

## (2) Costs to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Costs to obtain a contract	9,306,113.04	35,876,372.11	34,477,883.71		10,704,601.44
Subtotal	9,306,113.04	35,876,372.11	34,477,883.71		10,704,601.44

## 11. Long-term receivables

## (1) Details

Items	Closing balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	474,463,111.30	28,883,881.35	69,637,094.56	375,942,135.39	4.20-4.30
Guaranteed collection amount for BOT projects	32,146,788.99	3,759,737.26	1,607,339.45	26,779,712.28	4.30-4.65
Payments for finance lease	21,422,534.54	1,929,467.83	486,521.79	19,006,544.92	4.20-4.30
Factoring of receivables financing	1,391,000.00		20,865.00	1,370,135.00	4.20-4.30
Total	529,423,434.83	34,573,086.44	71,751,820.80	423,098,527.59	

(Continued)

Items	Opening balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	607,626,695.18	28,919,805.27	101,644,682.13	477,062,207.78	4.30-4.65
Guaranteed collection amount for BOT projects	32,146,788.99	3,759,737.26	1,607,339.45	26,779,712.28	4.30-4.65
Payments for finance lease	40,885,220.88	2,877,273.01	682,107.05	37,325,840.82	4.30-4.65
Factoring of receivables financing	421,616,855.59	24,329,491.82	6,324,252.83	390,963,110.94	4.30-4.65
Total	1,102,275,560.64	59,886,307.36	110,258,381.46	932,130,871.82	

## (2) Changes in provision for bad debts

## 1) Details on categories

Categories	Closing balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for impairment made on an individual basis	1,711,994.50	0.35	1,711,994.50	100.00	
Receivables with provision for impairment made on an individual basis	493,138,353.89	99.65	70,039,826.30	14.20	423,098,527.59
Total	494,850,348.39	100.00	71,751,820.80	14.50	423,098,527.59

(Continued)

Categories	Opening balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	1,042,389,253.28	100.00	110,258,381.46	10.58	932,130,871.82
Total	1,042,389,253.28	100.00	110,258,381.46	10.58	932,130,871.82

## 2) No significant long-term receivables with provision for bad debts made on an individual basis.

## 3) Long-term receivables with provision for bad debts made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Payments undue	106,097,455.52	5,304,872.78	5.00
Payments due	398,800,450.27	64,227,566.73	16.11
Subtotal	504,897,905.79	69,532,439.51	13.77

## 4) Long-term receivables with provision for bad debts using the five-level classification

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with finance lease payment	21,422,534.54	486,521.79	2.27
Portfolio grouped with receivables financing factoring payment	1,391,000.00	20,865.00	1.50
Subtotal	22,813,534.54	507,386.79	2.22

## (3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision for impairment made on an individual basis		1,711,994.50				1,711,994.50
Receivables with provision for impairment made on a collective basis	110,258,381.46	-40,218,555.16				70,039,826.30
Total	110,258,381.46	-38,506,560.66				71,751,820.80

## 12. Long-term equity investments

## (1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	681,629,084.69		681,629,084.69	676,829,959.84		676,829,959.84
Total	681,629,084.69		681,629,084.69	676,829,959.84		676,829,959.84

## (2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	29,631,523.07			-1,821,854.32	
Guangdong Shunkong Environmental Investment Co., Ltd.	218,036,312.90			30,240,907.09	
Guangdong Tianshu New Energy Technology Co., Ltd. [Note 1]					
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	21,960,846.16			2,546,071.11	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	31,419,699.92			647,839.13	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	4,893,582.51			-222,073.44	
Guangdong Liangke Environmental Engineering Co., Ltd.	32,695,599.98			203,520.80	

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	2,361,751.84			260,465.40	
Shenzhen Yingmei City Housekeeper Co., Ltd.	28,165.29			41.05	
Foshan Yingtong Electrical Materials Co., Ltd.	228,933,254.09			-26,979,326.27	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.	97,387,146.22			3,801,154.35	
Beijing Xingyun Zhixing Technology Co., Ltd.	9,482,077.86			-816,487.88	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]					
Taizhou Jinzhong Environmental Industry Co., Ltd.		4,900,000.00		-2,899,564.23	
Total	676,829,959.84	4,900,000.00		4,960,692.79	

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					27,809,668.75	
Guangdong Shunkong Environmental Investment Co., Ltd.		5,061,567.94			243,215,652.05	
Guangdong Tianshu New Energy Technology Co., Ltd. [Note 1]						
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					24,506,917.27	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					32,067,539.05	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.					4,671,509.07	
Guangdong Liangke Environmental Engineering Co., Ltd.					32,899,120.78	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.					2,622,217.24	
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,206.34	
Foshan Yingtong Electrical Materials Co., Ltd.					201,953,927.82	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.					101,188,300.57	
Beijing Xingyun Zhixing Technology Co., Ltd.					8,665,589.98	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]						
Taizhou Jinzhong Environmental Industry Co., Ltd.					2,000,435.77	
Total		5,061,567.94			681,629,084.69	

Note 1: Long-term equity investments of 0.00 yuan in Guangdong Tianshu New Energy Technology Co., Ltd. was due to its long-term loss. The carrying amount of such long-term equity investment was adjusted to 0.00 yuan by the Company under the equity method.

Note 2: Long-term equity investments of 0.00 yuan in Guangdong Yingling Testing Technology Service Co., Ltd. was due to its long-term loss. The carrying amount of such long-term equity investment was adjusted to 0.00 yuan by the Company under the equity method.

### 13. Other equity instrument investments

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00				
Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.	270,000.00				
Shenzhen Infore Environmental Protection Industry M&A Fund [Note]	14,282,971.01				
Total	15,352,971.01				

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00	408,044.00	
Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.	270,000.00		
Shenzhen Infore Environmental Protection Industry M&A Fund [Note]	14,282,971.01		
Total	15,352,971.01	408,044.00	

Note: As of December 31, 2023, Shenzhen Infore Environmental Protection Industry M&A Fund is still in liquidation.

### 14. Investment property

#### (1) Details

Items	Buildings and structures	Total
Cost		
Opening balance	29,071,100.66	29,071,100.66



Items	Buildings and structures	Total
Increase		
Decrease	27,266,145.23	27,266,145.23
1) Disposal	360,965.00	360,965.00
2) Transferred out into fixed assets	26,905,180.23	26,905,180.23
Closing balance	1,804,955.43	1,804,955.43
Accumulated depreciation and amortization		
Opening balance	1,965,665.63	1,965,665.63
Increase	88,593.04	88,593.04
1) Accrual or amortization	88,593.04	88,593.04
Decrease	1,388,171.84	1,388,171.84
1) Disposal	117,929.48	117,929.48
2) Transferred out into fixed assets	1,270,242.36	1,270,242.36
Closing balance	666,086.83	666,086.83
Closing carrying amount	1,138,868.60	1,138,868.60
Opening carrying amount	27,105,435.03	27,105,435.03

## (2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Shangyu Wanda real estate	1,138,868.60	In processing
Subtotal	1,138,868.60	

## 15. Fixed assets

## (1) Details

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Cost						
Opening balance	1,549,398,837.99	164,152,084.63	1,174,010,394.82	66,315,220.43	37,872,401.73	2,991,748,939.60
Increase	52,284,572.68	15,914,123.88	298,543,607.90	1,856,706.52	1,470,994.40	370,070,005.38
1) Acquisition	3,474,388.92	10,351,560.25	251,273,170.38	1,856,706.52	1,470,994.40	268,426,820.47
2) Transferred in from construction in progress	21,905,003.53	5,411,810.98	37,441,177.36			64,757,991.87
3) Business combination		150,752.65	127,198.00			277,950.65
4) Transferred in from inventories			9,702,062.16			9,702,062.16
5) Transferred in from investment property	26,905,180.23					26,905,180.23
Decrease	14,500.00	4,184,733.91	36,311,332.14	8,206,633.02	1,883,665.88	50,600,864.95
1) Disposal/ Scrapping		4,131,399.40	35,268,132.12	8,206,633.02	1,776,065.88	49,382,230.42
2) Disposal of subsidiaries	14,500.00	53,334.51	1,043,200.02		107,600.00	1,218,634.53
Closing balance	1,601,668,910.67	175,881,474.60	1,436,242,670.58	59,965,293.93	37,459,730.25	3,311,218,080.03
Accumulated depreciation						

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Opening balance	211,955,077.34	65,300,299.82	409,748,290.58	18,602,556.14	17,855,513.71	723,461,737.59
Increase	64,097,222.86	21,457,613.17	186,749,488.79	5,965,787.96	1,360,261.65	279,630,374.43
1) Accrual	62,826,980.50	21,314,398.19	186,697,080.47	5,965,787.96	1,360,261.65	278,164,508.77
2) Business combination		143,214.98	52,408.32			195,623.30
3) Transferred in from investment property	1,270,242.36					1,270,242.36
Decrease	14,065.00	3,673,714.78	19,965,831.24	4,791,734.14	1,744,810.97	30,190,156.13
1) Disposal/ Scrapping		3,643,672.74	19,142,825.69	4,791,734.14	1,653,857.30	29,232,089.87
2) Disposal of subsidiaries	14,065.00	30,042.04	823,005.55		90,953.67	958,066.26
Closing balance	276,038,235.20	83,084,198.21	576,531,948.13	19,776,609.96	17,470,964.39	972,901,955.89
Carrying amount						
Closing balance	1,325,630,675.47	92,797,276.39	859,710,722.45	40,188,683.97	19,988,765.86	2,338,316,124.14
Opening balance	1,337,443,760.65	98,851,784.81	764,262,104.24	47,712,664.29	20,016,888.02	2,268,287,202.01

(2) No fixed assets temporarily idle at the balance sheet date.

(3) Fixed assets leased out under operating leases

Items	Carrying amount
Buildings and structures	22,736,364.29
Subtotal	22,736,364.29

(4) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Integration project plant	302,783,876.40	In processing
Employee dormitory in Lueryuan	135,358,752.00	In processing
Bottom renovation workshop in Lueryuan	21,125,640.93	In processing
Lueryuan Exhibition Center	15,696,091.03	In processing
Staff canteen in Lueryuan	22,984,574.86	In processing
Subtotal	497,948,935.22	

## 16. Construction in progress

(1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	256,519,519.36		256,519,519.36			
Equipment to be installed	19,134,556.95		19,134,556.95	16,211,018.08		16,211,018.08
Piecemeal projects	12,402,942.58		12,402,942.58	24,862,249.60		24,862,249.60
Total	288,057,018.89		288,057,018.89	41,073,267.68		41,073,267.68

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Other decreases	Closing balance
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	483,333,200.00		256,519,519.36				256,519,519.36
Equipment to be installed		16,211,018.08	21,439,852.20	7,036,652.70	11,479,660.63		19,134,556.95
Piecemeal projects		24,862,249.60	45,469,636.25	57,721,339.17	207,604.10		12,402,942.58
Total		41,073,267.68	323,429,007.81	64,757,991.87	11,687,264.73		288,057,018.89

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Fund source
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	54.95	54.95	2,716,000.00	2,716,000.00	0.73	Self-raised, long-term borrowings
Equipment to be installed						Self-raised
Piecemeal projects						Self-raised
Total			2,716,000.00	2,716,000.00		

## 17. Right-of-use assets

Items	Buildings and structures	Total
<b>Cost</b>		
Opening balance	46,849,639.86	46,849,639.86
Increase	2,440,036.08	2,440,036.08
1) Leased in	2,440,036.08	2,440,036.08
Decrease	9,387,245.15	9,387,245.15
1) Disposal	9,387,245.15	9,387,245.15
Closing balance	39,902,430.79	39,902,430.79
<b>Accumulated depreciation</b>		
Opening balance	14,990,185.62	14,990,185.62
Increase	8,706,270.90	8,706,270.90
1) Accrual	8,706,270.90	8,706,270.90
Decrease	8,919,697.68	8,919,697.68
1) Disposal	8,919,697.68	8,919,697.68
Closing balance	14,776,758.84	14,776,758.84
<b>Carrying amount</b>		
Closing balance	25,125,671.95	25,125,671.95
Opening balance	31,859,454.24	31,859,454.24

## 18. Intangible assets

## (1) Details

Items	Land use right	Software	Franchise	Patented technology	Total
Cost					
Opening balance	657,565,927.37	70,369,281.83	6,775,246,738.14	459,379,594.21	7,962,561,541.55
Increase	7,152,320.00	14,940,796.49	659,915,003.74	32,917,511.29	714,925,631.52
1) Acquisition	7,152,320.00	3,253,531.76	659,915,003.74		670,320,855.50
2) Transferred in from construction in process		11,687,264.73			11,687,264.73
3) Independent R&D				32,917,511.29	32,917,511.29
Decrease			362,058,343.47	3,536,938.02	365,595,281.49
1) Disposal			24,255,438.09	3,536,938.02	27,792,376.11
2) Transferred out into other non-current assets			337,802,905.38		337,802,905.38
Closing balance	664,718,247.37	85,310,078.32	7,073,103,398.41	488,760,167.48	8,311,891,891.58
Accumulated amortization					
Opening balance	85,065,544.63	23,500,971.70	1,486,964,648.90	271,140,604.91	1,866,671,770.14
Increase	13,707,737.35	8,023,452.35	488,433,164.54	37,144,253.06	547,308,607.30
1) Accrual	13,707,737.35	8,023,452.35	488,433,164.54	37,144,253.06	547,308,607.30
Decrease			130,675,779.15	634,634.14	131,310,413.29
1) Disposal			20,113,600.89	634,634.14	20,748,235.03
2) Transferred out into other non-current assets			110,562,178.26		110,562,178.26
Closing balance	98,773,281.98	31,524,424.05	1,844,722,034.29	307,650,223.83	2,282,669,964.15
Provision for impairment					
Opening balance			24,687,522.85	23,087,884.07	47,775,406.92
Increase					
Decrease				2,902,303.88	2,902,303.88
1) Disposal				2,902,303.88	2,902,303.88
Closing balance			24,687,522.85	20,185,580.19	44,873,103.04
Carrying amount					
Closing balance	565,944,965.39	53,785,654.27	5,203,693,841.27	160,924,363.46	5,984,348,824.39
Opening balance	572,500,382.74	46,868,310.13	5,263,594,566.39	165,151,105.23	6,048,114,364.49

(2) No land use right with certificate of titles being unsettled at the balance sheet date.

## 19. Development expenditures

## (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Development expenditures	9,063,080.60	9,063,080.60		33,160,925.44	2,822,707.36	30,338,218.08
Total	9,063,080.60	9,063,080.60		33,160,925.44	2,822,707.36	30,338,218.08

## (2) Other remarks

Please refer to section VI of notes to the financial statements for details on development expenditures.

## 20. Goodwill

## (1) Details

Investees or events resulting in goodwill	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Zoomlion Environmental Company	5,714,428,315.99	618,097,980.83	5,096,330,335.16	5,714,428,315.99	528,229,356.55	5,186,198,959.44
Green Oriental Company	65,456,185.12		65,456,185.12	78,074,688.12		78,074,688.12
Foshan Shunhe Environmental Protection Co., Ltd. [Note]	329,083,984.91	3,152,463.61	325,931,521.30	316,465,481.91		316,465,481.91
Shangfeng Industrial Company	100,455,813.40		100,455,813.40	100,455,813.40		100,455,813.40
Yolsh Company	13,389,232.61		13,389,232.61	13,389,232.61		13,389,232.61
Lianjiang Company	46,032,017.84	2,229,729.76	43,802,288.08	46,032,017.84	1,013,513.53	45,018,504.31
Total	6,268,845,549.87	623,480,174.20	5,645,365,375.67	6,268,845,549.87	529,242,870.08	5,739,602,679.79

Note: On December 25, 2023, the Company's subsidiary Foshan Infore Environmental Water Treatment Co., Ltd. changed its name to Foshan Shunhe Environmental Protection Co., Ltd.

## (2) Cost

Investees or events resulting in goodwill	Opening balance	Increase [Note]	Decrease [Note]	Closing balance
Zoomlion Environmental Company	5,714,428,315.99			5,714,428,315.99
Green Oriental Company	78,074,688.12		12,618,503.00	65,456,185.12
Foshan Shunhe Environmental Protection Co., Ltd.	316,465,481.91	12,618,503.00		329,083,984.91
Shangfeng Industrial Company	100,455,813.40			100,455,813.40
Yolsh Company	13,389,232.61			13,389,232.61
Lianjiang Company	46,032,017.84			46,032,017.84
Total	6,268,845,549.87	12,618,503.00	12,618,503.00	6,268,845,549.87

Note: Pursuant to the "Equity Transfer Agreement" entered into in December 2023, Green Oriental Company transferred 100% of equity of Funan Company to Foshan Shunhe Environmental Protection Co., Ltd., with goodwill of 12,618,503.00 yuan transferred out accordingly, which is a portion of the goodwill of 78,074,688.12

yuan formerly formed in the Company's acquisition of Green Oriental Company.

### (3) Provision for impairment

Investees or events resulting in goodwill	Opening balance	Increase	Decrease	Closing balance
Zoomlion Environmental Company [Note 1]	528,229,356.55	89,868,624.28		618,097,980.83
Lianjiang Company [Note 2]	1,013,513.53	1,216,216.23		2,229,729.76
Foshan Shunhe Environmental Protection Co., Ltd. [Note 3]		3,152,463.61		3,152,463.61
Total	529,242,870.08	94,237,304.12		623,480,174.20

Note 1: For impairment loss of goodwill of Zoomlion Environmental Company, as the goodwill of 92,031,026.04 yuan was recognized at the time of the acquisition of Zoomlion Environmental Company through deferred tax liabilities due to appraisal appreciation at the date of business combination not under common control, provision for impairment of 3,857,982.20 yuan was made along with changes in deferred tax liabilities in the current period. The accumulated provision for impairment of goodwill arising from this factor totaled 56,757,490.15 yuan. Impairment loss of 86,010,642.08 yuan was recognized at the difference between the recoverable amount and the carrying amount of equipment asset group portfolio of Zoomlion Environmental Company, and the accumulated provision for impairment of goodwill arising from this factor totaled 561,340,490.68 yuan.

Note 2: For impairment loss of goodwill of Lianjiang Company, as the goodwill of 30,000,000.00 yuan was recognized at the time of the acquisition of Lianjiang Company through deferred tax liabilities due to appraisal appreciation at the date of business combination not under common control, provision for impairment of 1,216,216.23 yuan was made along with changes in deferred tax liabilities in the current period. The accumulated provision for impairment of goodwill arising from this factor totaled 2,229,729.76 yuan.

Note 3: Impairment loss of 2,161,796.44 yuan was recognized at the difference between the recoverable amount and the carrying amount of water governance operation asset group, and the accumulated provision for impairment of goodwill arising from this factor totaled 2,161,796.44 yuan. Impairment loss of 990,667.17 yuan was recognized based on the difference between recoverable amount and carrying amount of Funan Company in the urban-rural sanitation integrated operation asset group portfolio. The accumulated provision for impairment of goodwill arising from this factor totaled 990,667.17 yuan.

### (4) Related information of asset groups or asset group portfolios which include goodwill

#### 1) Related information of asset groups or asset group portfolios

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
Sanitation vehicles and equipment manufacturing and sales asset group	Operating long-term assets of Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment), and Changsha Zhongbiao Environmental Industry Co.,	Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment) and Changsha Zhongbiao Environmental Industry Co., Ltd.	Yes

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
	Ltd.		
Urban-rural sanitation integrated operation asset group portfolio	Operating long-term assets of Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Funan Company, Huaian Chenjie Environmental Engineering Co., Ltd., Biyang County Fenghe New Energy Power Co., Ltd., and Lianjiang Company	Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Funan Company, Huaian Chenjie Environmental Engineering Co., Ltd., Biyang County Fenghe New Energy Power Co., Ltd., Lianjiang Company	Yes [Note]
Water governance operation asset group	Operating long-term assets of Foshan Shunhe Environmental Protection Co., Ltd. (water treatment business)	Foshan Shunhe Environmental Protection Co., Ltd. (water treatment business)	Yes
Ventilation equipment manufacturing and sales asset group	Operating long-term assets of Shangfeng Industrial Company	Shangfeng Industrial Company	Yes
Electrical equipment manufacturing and sales asset group	Operating long-term assets of Yolsh Company	Yolsh Company	Yes

Note: In December 2018, Zoomlion Environmental Company, which was acquired under business combination under common control by the Company, had two asset groups, i.e., sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group (including waste transfer, landfill and treatment). Data of original goodwill at the formation of Zoomlion Environmental Company was based on the fair value of the identifiable net assets as at the end of June 2017 under asset-based method in the appraisal report numbered Zhong Rui Ping Bao Zi [2017] 110731042, without considering the synergy between the urban-rural sanitation integrated operation asset group of Zoomlion Environmental Company and the waste incineration power generation operation asset group of former Green Oriental Company. After the business combination of Zoomlion Environmental Company, as its urban-rural sanitation integrated operation asset group and the waste incineration power generation operation asset group of Green Oriental Company were similar in terms of business acquisition, production and operation activities, and cash return realization methods, and the Management had started to carry out integrated management, these two asset groups were identified as the urban-rural sanitation integrated operation asset group portfolio.

The Company acquired Lianjiang Company through business combination not under common control in February 2022. After the business combination of Lianjiang Company, as its asset group and urban-rural sanitation integrated operation asset group and the waste incineration power generation operation asset group of the Company were similar in terms of business acquisition, production and operation activities, and cash return realization methods, and the Management had carried out integrated management, the asset group of Lianjiang Company was identified as the urban-rural sanitation integrated operation asset group portfolio.

#### (5) Specific method for determining recoverable amount

## 1) Recoverable amount determined based on the fair value less costs of disposal

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
Urban-rural sanitation integrated operation asset group portfolio	198,587,216.61	197,596,549.44	990,667.17
Water governance operation asset group	433,349,512.21	431,187,715.77	2,161,796.44
Subtotal	631,936,728.82	628,784,265.21	3,152,463.61

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters and determination basis
Urban-rural sanitation integrated operation asset group portfolio	Determined based on the subsequent disposal price of the asset group	Equity disposal price, disposal expenses incurred after the balance sheet date, non-operating assets, liabilities, working capital, etc. as stipulated in the “Equity Transfer Agreement” signed by the Company
Water governance operation asset group		

## 2) Recoverable amount determined based on the present value of estimated future cash flows

Items	Carrying amount of asset groups or asset group portfolios which include goodwill [Note 1]	Recoverable amount [Note 2]	Provision for impairment
Sanitation vehicles and equipment manufacturing and sales asset group	11,619,748,317.81	11,451,100,000.00	86,010,642.08
Urban-rural sanitation integrated operation asset group portfolio [Note 3]	4,600,796,416.27	4,969,530,000.00	
Ventilation equipment manufacturing and sales asset group	302,264,770.42	447,883,111.44	
Electrical equipment manufacturing and sales asset group	44,643,222.78	53,492,386.65	
Subtotal	16,567,452,727.28	16,922,005,498.09	86,010,642.08

Note 1: The goodwill of the asset group portfolio has included the portion attributable to non-controlling shareholders. Cost of original goodwill of Zoomlion Environmental Company of 5.714 billion yuan was reallocated to the sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group portfolio based on the percentages of gross profit contributed by the two businesses, with 5.636 billion yuan and 78 million yuan reallocated, respectively.

Note 2: The present value of estimated future cash flows (recoverable amount) of sanitation vehicles and equipment manufacturing and sales asset group was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2024] 300596 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd.

The present value of estimated future cash flows (recoverable amount) of urban-rural sanitation integrated operation asset group portfolio was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2024] 300557 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd. and the appraisal report numbered Jun Rui Ping



Bao Zi [2024] 065 issued by Shenzhen Junrui Assets Appraisals LLP.

Note 3: It does not include the portion of urban-rural sanitation integrated operation asset group, which has been transferred out under equity transfer agreement after the balance sheet date.

(Continued)

Items	Forecast period (years)	Parameters including revenue growth rate and gross margin for forecast period and their determination basis	Parameters including revenue growth rate and gross margin for stable period and their determination basis	Discount rate and its determination basis [Note 4]
Sanitation vehicles and equipment manufacturing and sales asset group	5	[Note 1]	The revenue growth rate is 0	10.71%
Urban-rural sanitation integrated operation asset group portfolio	[Note 1]	[Note 1]	[Note 1]	8.95%-8.97%
Ventilation equipment manufacturing and sales asset group	5	[Note 2]	The revenue growth rate is 0	11.01%
Electrical equipment manufacturing and sales asset group	5	[Note 3]	The revenue growth rate is 0	12.93%

Note 1: The recoverable amount of asset groups and asset group portfolios is estimated based on the business characteristics of different asset groups or asset group portfolios according to the budget approved by the Management. The revenue growth rate of the product production and sales asset group in 2024 is based on the existing orders, historical data and operating budget, while the expense rate is based on the average expense rate of the previous three years, in combination with the reasonable income growth, capital depreciation and labor cost growth in the future; for operation asset groups or asset group portfolios, due to the large difference in income and gross profit margin between the investment period and period of maturity of PPP operating projects, the expected growth rate, stable period growth rate and profit rate of the asset groups and asset group portfolios show an irregular distribution when multiple projects are run in parallel, and the income, costs and expenses are estimated based on the time to mature operation and design capacity of each specific project.

Note 2: The revenue growth rate of ventilation equipment manufacturing and sales asset group during the forecast period from 2024 to 2028 is 13.40%, 4.00%, 3.00%, 2.00% and 1.00%, respectively, which are determined based on the Company's historical annual operating performance, growth rates, existing orders, and the Management's expectations for market development.

Note 3: The revenue growth rate of electrical equipment manufacturing and sales asset group during the forecast period from 2024 to 2028 is 105.08%, 25.00%, 30.00%, 35.00% and 40.00%, respectively, which are determined based on the Company's historical annual operating performance, growth rates, existing orders, and the Management's expectations for market development.

Note 4: Discount rate: determined based on weighted average cost of capital (WACC), cost of equity capital and cost of liabilities.

## 21. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Expenditures on improvement of leased-in fixed assets	25,781,580.05	6,548,947.45	8,722,846.35		23,607,681.15
Others	4,429,355.86	7,108,859.69	4,015,099.21		7,523,116.34
Total	30,210,935.91	13,657,807.14	12,737,945.56		31,130,797.49

## 22. Deferred tax assets and deferred tax liabilities

## (1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	697,808,362.88	107,271,372.72	668,318,234.13	102,350,161.93
Unrealized profit from internal transactions	20,475,833.05	3,071,374.96	22,214,585.93	3,332,187.89
Deductible losses	47,114,527.25	8,894,435.03	47,115,916.60	8,894,782.37
Lease liabilities	26,136,462.82	4,103,472.14		
Total	791,535,186.00	123,340,654.85	737,648,736.66	114,577,132.19

## (2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Accelerated depreciation of fixed assets	26,637,066.56	4,698,936.18	24,481,935.20	3,672,290.28
Assets appraisal appreciation due to business combination not under common control	267,111,526.85	45,461,139.37	448,250,679.76	50,535,337.80
Right-of-use assets	25,125,671.95	3,951,853.51		
Total	318,874,265.36	54,111,929.06	472,732,614.96	54,207,628.08

## (3) Deferred tax assets or liabilities after offset

Items	Closing balance		Opening balance	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	6,892,349.21	116,448,305.64		114,577,132.19
Deferred tax liabilities	6,892,349.21	47,219,579.85		54,207,628.08

## (4) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	825,763,726.98	510,065,399.73
Deductible losses	749,514,337.17	596,581,457.35
Unrealized profit from internal transactions	364,794,037.67	343,937,402.32
Total	1,940,072,101.82	1,450,584,259.40

## (5) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2023		24,742,029.97	
Year 2024	86,322,391.77	82,954,604.70	
Year 2025	187,721,684.90	206,033,354.21	
Year 2026	94,150,648.91	97,279,157.08	
Year 2027	175,149,966.49	185,572,311.39	
Year 2028	206,169,645.10		
Total	749,514,337.17	596,581,457.35	

## 23. Other non-current assets

## (1) Details

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Assets to be disposal of	227,240,727.12		227,240,727.12
Contract assets – Quality guarantee deposit receivable	164,081,168.47	21,618,229.88	142,462,938.59
Advances for long-term assets	55,114,043.37		55,114,043.37
Costs to obtain a contract	63,666,470.76		63,666,470.76
Receivables for agent construction	8,518,174.25	8,518,174.25	
Total	518,620,583.97	30,136,404.13	488,484,179.84

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Contract assets – Quality guarantee deposit receivable	154,548,259.36	17,968,552.02	136,579,707.34
Advances for long-term assets	93,266,692.04		93,266,692.04
Costs to obtain a contract	68,565,164.58		68,565,164.58
Receivables for agent construction	8,518,174.25		8,518,174.25
Total	324,898,290.23	17,968,552.02	306,929,738.21

## (2) Contract assets

## 1) Details

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Contract assets – Quality guarantee deposit receivable	164,081,168.47	21,618,229.88	142,462,938.59
Total	164,081,168.47	21,618,229.88	142,462,938.59

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Contract assets – Quality guarantee deposit receivable	154,548,259.36	17,968,552.02	136,579,707.34
Total	154,548,259.36	17,968,552.02	136,579,707.34

## 2) Details on provision for impairment

## a. Details on categories

Categories	Closing balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	164,081,168.47	100.00	21,618,229.88	13.18	142,462,938.59
Total	164,081,168.47	100.00	21,618,229.88	13.18	142,462,938.59

(Continued)

Categories	Opening balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	154,548,259.36	100.00	17,968,552.02	11.63	136,579,707.34
Total	154,548,259.36	100.00	17,968,552.02	11.63	136,579,707.34

## b. Contract assets with provision for impairment made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Portfolio grouped with quality guarantee deposits	164,081,168.47	21,618,229.88	13.18
Subtotal	164,081,168.47	21,618,229.88	13.18

## 3) Changes in provision for impairment

## a. Details

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision for impairment made on a collective basis	17,968,552.02	4,018,806.01	369,128.15			21,618,229.88
Total	17,968,552.02	4,018,806.01	369,128.15			21,618,229.88

## b. No significant provisions collected or reversed in the current period.

## (3) Costs to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Costs to obtain a contract	68,565,164.58	25,071,451.76	29,970,145.58		63,666,470.76
Subtotal	68,565,164.58	25,071,451.76	29,970,145.58		63,666,470.76

## 24. Assets with title or use right restrictions

## (1) Details

## 1) Details on assets with restrictions at the balance sheet date

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	495,231,329.24	495,231,329.24	Guaranteed, frozen, etc.	Deposits, escrow account, frozen due to litigation preservation
Notes receivable – Bank acceptance	4,472,210.78	4,472,210.78	Endorsed or discounted	Endorsed or discounted but undue
Notes receivable – Trade acceptance	407,749.04	349,861.59	Endorsed or discounted	Endorsed or discounted but undue
Accounts receivable	357,237,223.82	338,232,491.18	Pledged	Pledged
Receivables financing	55,280,364.20	55,280,364.20	Pledged	Pledged
Long-term receivables and non-current assets due within one year	66,695,425.00	61,841,516.63	Recourse factoring, pledged	Recourse factoring, pledged
Fixed assets	72,439,458.40	27,881,359.42	Mortgaged	Mortgaged
Intangible assets	84,779,751.51	77,778,795.88	Mortgaged	Mortgaged
100% of equity of Biyang County Fenghe New Energy Power Co., Ltd.	105,047,950.25	105,047,950.25	Pledged	Pledged [Note]

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
100% of equity of Funan Company	78,720,044.41	78,720,044.41	Pledged	
100% of equity of Poyang Green Oriental Renewable Energy Co., Ltd.	76,768,690.77	76,768,690.77	Pledged	
75% of equity of Lianjiang Company	112,692,107.66	112,692,107.66	Pledged	
25% of equity of Lianjiang Company	37,564,035.89	37,564,035.89	Frozen	Frozen due to litigation preservation
Total	1,547,336,340.97	1,471,860,757.90		

Note: The pledged amount refers to the Company's proportionate share of net assets in these entities.

## 2) Details on assets with restrictions at the beginning of current period

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	147,538,284.47	147,538,284.47	Guaranteed, frozen, etc.	Security deposits, escrow account, frozen due to litigation preservation
Notes receivable – Bank acceptance	2,732,733.00	2,732,733.00	Endorsed or discounted	Endorsed or discounted but undue
Notes receivable – Trade acceptance	5,422,499.62	4,836,352.06	Endorsed or discounted	Endorsed or discounted but undue
Accounts receivable	276,390,131.13	273,691,152.48	Pledged	Pledged
Receivables financing	42,293,141.00	42,293,141.00	Pledged	Pledged
Long-term receivables and non-current assets due within one year	66,716,222.75	60,356,875.95	Recourse factoring	Recourse factoring
Fixed assets	561,518,592.09	477,655,980.05	Mortgaged	Mortgaged
Intangible assets	56,073,651.51	47,082,404.81	Mortgaged	Mortgaged
100% of equity of Funan Company	69,631,957.01	69,631,957.01	Pledged	Pledged [Note]
100% of equity of Poyang Green Oriental Renewable Energy Co., Ltd.	80,733,192.59	80,733,192.59	Pledged	
50% of equity of Lianjiang Company	68,922,363.62	68,922,363.62	Pledged	
100% of equity of Biyang County Fenghe New Energy Power Co., Ltd.	105,525,597.14	105,525,597.14	Pledged	
25% of equity of Lianjiang Company	34,461,181.81	34,461,181.81	Frozen	Frozen due to litigation preservation
Total	1,517,959,547.74	1,415,461,215.99		

Note: The pledged amount refers to the Company's proportionate share of net assets in these entities.

## 25. Short-term borrowings

Items	Closing balance	Opening balance
Guaranteed borrowings	66,077,658.34	281,942,622.11
Pledged borrowings	29,830,000.00	
Mortgaged borrowings	18,018,500.00	18,020,900.00
Credit borrowings	8,006,821.92	140,139,583.33
Pledged and guaranteed borrowings	5,006,875.00	
Total	126,939,855.26	440,103,105.44

## 26. Notes payable

Items	Closing balance	Opening balance
Trade acceptance	58,782,211.43	222,877,645.46
Bank acceptance	2,235,494,340.03	2,292,351,647.71
Total	2,294,276,551.46	2,515,229,293.17

## 27. Accounts payable

## (1) Details

Items	Closing balance	Opening balance
Payments for goods	2,580,677,947.96	2,547,048,086.70
Payments for engineering and equipment	240,704,266.86	164,908,990.42
Others	97,161,489.64	60,004,194.54
Total	2,918,543,704.46	2,771,961,271.66

(2) No material closing balance with age over one year.

## 28. Contract liabilities

## (1) Details

Items	Closing balance	Opening balance
Payments for goods received in advance	290,854,742.72	247,747,809.30
Rebate for customers	15,922,430.85	26,542,168.95
Total	306,777,173.57	274,289,978.25

(2) No material closing balance with age over one year.

## 29. Employee benefits payable

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	405,398,080.74	2,467,413,107.42	2,385,539,192.67	487,271,995.49
Post-employment benefits - defined contribution plan	1,991,692.81	119,076,238.47	118,435,010.78	2,632,920.50
Termination benefits	2,184,245.17	19,327,584.57	20,515,905.75	995,923.99
Total	409,574,018.72	2,605,816,930.46	2,524,490,109.20	490,900,839.98

## (2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	389,433,590.07	2,301,824,431.43	2,219,899,492.88	471,358,528.62
Employee welfare fund	767,326.06	60,407,067.82	59,534,554.49	1,639,839.39

Items	Opening balance	Increase	Decrease	Closing balance
Social insurance premium	833,759.70	61,992,305.12	61,878,494.51	947,570.31
Including: Medicare premium	768,080.23	55,857,687.14	55,764,342.50	861,424.87
Occupational injuries premium	65,679.47	6,134,617.98	6,114,152.01	86,145.44
Housing provident fund	1,806,925.39	36,374,491.24	36,548,481.56	1,632,935.07
Trade union fund and employee education fund	12,556,479.52	6,814,811.81	7,678,169.23	11,693,122.10
Subtotal	405,398,080.74	2,467,413,107.42	2,385,539,192.67	487,271,995.49

## (3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,595,528.10	115,104,704.80	114,149,325.50	2,550,907.40
Unemployment insurance premium	396,164.71	3,971,533.67	4,285,685.28	82,013.10
Subtotal	1,991,692.81	119,076,238.47	118,435,010.78	2,632,920.50

## 30. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	86,581,679.18	66,918,012.44
Enterprise income tax	27,900,731.55	36,440,528.78
Individual income tax withheld for tax authorities	4,803,397.21	3,778,293.58
Urban maintenance and construction tax	506,023.66	1,991,056.41
Housing property tax	1,191,074.92	2,606,954.11
Land use tax	1,168,188.55	157,193.04
Stamp duty	1,433,178.29	1,661,333.48
Education surcharge	252,330.39	845,859.65
Local education surcharge	135,999.15	562,045.06
Others	59,328.23	6,950.33
Total	124,031,931.13	114,968,226.88

## 31. Other payables

## (1) Details

Items	Closing balance	Opening balance
Recourse factoring of accounts receivable [Note]	22,660,825.00	66,789,887.39
Temporary receipts payable	354,511,622.56	297,006,996.69
Security deposits	165,161,284.82	129,748,015.42
Others	167,608,092.39	163,577,388.03



Items	Closing balance	Opening balance
Total	709,941,824.77	657,122,287.53

Note: The balance refers to the recourse factoring of accounts receivable made by Zoomlion Environmental Company to the non-bank financial institutions. However, as non-bank financial institutions have the right to request Zoomlion Environmental Company to repurchase the accounts receivable if they are overdue, the accounts receivable shall not be derecognized, and the receipts of factoring shall be recognized as other payables.

(2) No material closing balance with age over one year.

### 32. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	387,310,047.45	555,746,357.94
Lease liabilities due within one year	8,613,396.84	4,673,226.74
Long-term payables due within one year	9,104,000.00	599,514.91
Total	405,027,444.29	561,019,099.59

### 33. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	36,931,126.97	31,616,947.24
Total	36,931,126.97	31,616,947.24

### 34. Long-term borrowings

Items	Closing balance	Opening balance
Pledged borrowings	200,179,577.30	454,467,547.52
Mortgaged borrowings	154,000,000.00	
Guaranteed borrowings	47,300,000.00	70,029,166.64
Credit borrowings	90,650,000.00	18,800,000.00
Mortgaged and guaranteed borrowings		150,000,000.00
Pledged and guaranteed borrowings	1,392,227,274.43	1,229,009,512.16
Total	1,884,356,851.73	1,922,306,226.32

### 35. Bonds payable

#### (1) Details

Items	Closing balance	Opening balance
Convertible corporate bonds	1,360,603,802.12	1,308,690,556.32
Total	1,360,603,802.12	1,308,690,556.32

(2) Current period movements (not including other financial instruments such as preferred shares/perpetual bonds)

classified as financial liabilities)

Bonds	Par value	Coupon rate (%)	Issuing date	Maturity	Amount outstanding	Whether default
Infore convertible bonds	100.00	[Note]	11/4/2020	6 years	1,476,189,600.00	No
Subtotal	100.00				1,476,189,600.00	

(Continued)

Bonds	Opening balance	Current period issuance	Par value interest	Premium/Discount amortization	Current period repayment	Converted to shares	Funds returned due to conversion of bonds into shares	Closing balance
Infore convertible bonds	1,308,690,556.32		13,440,998.27	50,289,412.70	11,808,996.02	8,157.13	12.02	1,360,603,802.12
Subtotal	1,308,690,556.32		13,440,998.27	50,289,412.70	11,808,996.02	8,157.13	12.02	1,360,603,802.12

Note: The coupon rate is 0.20% in the first year, 0.50% in the second year, 0.80% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year.

### (3) Converting conditions and time of convertible bonds

Under the “Approval of the Public Offering of Convertible Bonds by Infore Environment Technology Group Co., Ltd.” issued by China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] 2219) dated September 10, 2020, on November 4, 2020, the Company issued publicly convertible bonds of 1,476,189,600 yuan, with a total issuance of 14,761,896 pieces, and a term of 6 years. The coupon rate of the convertible bonds issued this time is 0.20% in the first year, 0.50% in the second year, 0.80% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Interest of the convertible corporate bonds is paid once a year, and principal and the last year’s interest are paid at maturity. The Company will redeem all convertible bonds not converted by investors at the 110% of the par value (including the last year’s interest) within 5 trading days upon maturity of the convertible bonds issued this time.

The duration of the convertible bonds issued this time is 6 years from the date of issuance, that is, from November 4, 2020 to November 3, 2026. The initial conversion price of the convertible bonds issued this time is 8.31 yuan/share; the conversion period of the convertible bonds issued this time starts from the first trading day (May 10, 2021) after the expiration of six months from the end date of the issuance on November 10, 2020 to the maturity date of the convertible bonds (November 3, 2026).

As of December 31, 2023, a total of 1,389 Infore convertible bonds had been converted to the Company’s ordinary A shares, with a total of 16,944 shares converted. In the current period, capital reserve (share premium) of 8,673.60 yuan was recognized at the difference between the carrying amount of the convertible bonds actually converted and other equity instruments and share capital increased due to actual conversion of bonds into shares.

### 36. Lease liabilities

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Unpaid lease payments	17,036,813.59	24,948,023.12
Less: Unrecognized financing expenses	866,022.83	1,692,398.82
Total	16,170,790.76	23,255,624.30

## 37. Long-term payables

## (1) Details

Items	Closing balance	Opening balance
Long-term payables	15,173,333.32	
Special payables	287,776,139.63	315,735,814.91
Total	302,949,472.95	315,735,814.91

## (2) Long-term payables

Items	Closing balance	Opening balance
Factoring funds payable	15,173,333.32	
Subtotal	15,173,333.32	

## (3) Special payables

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Special funds for treasury bond projects	3,000,000.00			3,000,000.00	Funds from conversion of treasury bonds into loans.
Special funds for Jiayu Sewage Treatment Project	176,015,774.58	9,475,977.00	27,203,971.75	158,287,779.83	Special government funds for PPP projects.
Special funds for Tongshan Sewage Treatment Project	136,720,040.33	3,144,000.00	13,375,680.53	126,488,359.80	Special government funds for PPP projects.
Subtotal	315,735,814.91	12,619,977.00	40,579,652.28	287,776,139.63	

## 38. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Credit guarantees	1,994,511.41	4,575,049.22	Guarantee for buyer's credit
Total	1,994,511.41	4,575,049.22	

## 39. Deferred income

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	120,890,710.04	3,994,300.00	9,544,515.62	115,340,494.42	Government grants related to assets
Total	120,890,710.04	3,994,300.00	9,544,515.62	115,340,494.42	

## (2) Other remarks

Please refer to section VIII (II) of notes to the financial statements for details on government grants included into profit or loss.

#### 40. Other non-current liabilities

Items	Closing balance	Opening balance
Central special construction funds	8,148,148.14	8,333,333.33
Total	8,148,148.14	8,333,333.33

#### 41. Share capital

##### (1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Conversion of reserve to shares	Others	Subtotal	
Total shares	3,179,505,559.00	1,111.00				1,111.00	3,179,506,670.00

##### (2) Other remarks

The Company converted convertible corporate bonds with par value of 9,000 yuan into the Company's ordinary A shares of 1,111 shares, with capital premium (share premium) recognized at 8,673.60 yuan.

#### 42. Other equity instruments

(1) Please refer to section V (I) 35 of notes to financial statements for basic information of convertible corporate bonds outstanding at the balance sheet date.

(2) Current period movements of financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

Items	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible corporate bonds	14,760,597	266,916,341.80			90	1,627.47	14,760,507	266,914,714.33
Total	14,760,597	266,916,341.80			90	1,627.47	14,760,507	266,914,714.33

Note: As of December 31, 2023, convertible corporate bonds with par value of 9,000 yuan had been converted into ordinary A shares, with other equity instruments decreased by 1,627.47 yuan accordingly.

#### 43. Capital reserve

##### (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	9,604,610,324.24	164,826.05	1,277,359.26	9,603,497,791.03
Other capital reserve	57,900,930.24			57,900,930.24

Items	Opening balance	Increase	Decrease	Closing balance
Total	9,662,511,254.48	164,826.05	1,277,359.26	9,661,398,721.27

## (2) Other remarks

1) Current increase of capital premium (share premium) was mainly due to:

a. the conversion of convertible corporate bonds with par value of 9,000 yuan into the Company's ordinary A shares of 1,111 shares, with capital premium (share premium) recognized at 8,673.60 yuan;

b. the difference of 156,152.45 yuan between the reduced registered capital of 38,423,985.00 yuan of the subsidiary Xiantao Yinghe Environmental Protection Co., Ltd. based on the resolution of its shareholders' meeting in December 2023 and the proportionate share in net assets continuously calculated from the acquisition date or combination date.

2) Current decrease of capital premium (share premium) was mainly due to the difference of 1,277,359.26 yuan between the consideration for acquisition of 4% of equity of the subsidiary Huaian Chenjie Environmental Engineering Co., Ltd. in June 2023 and the proportionate share in net assets continuously calculated from the acquisition date or combination date.

## 44. Treasury shares

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares	94,132,795.17			94,132,795.17
Total	94,132,795.17			94,132,795.17

## 45. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	Closing balance
		Net OCI after tax						
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Items not to be reclassified subsequently to profit or loss	-4,630,000.00						-4,630,000.00	
Including: Changes in fair value of other equity instrument investments	-4,630,000.00						-4,630,000.00	
Total	-4,630,000.00						-4,630,000.00	

## 46. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund		8,608,843.62	8,608,843.62	
Total		8,608,843.62	8,608,843.62	

## 47. Surplus reserve

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	315,124,767.92	63,892,252.27		379,017,020.19
Total	315,124,767.92	63,892,252.27		379,017,020.19

## (2) Other remarks

Current increase of 63,892,252.27 yuan was due to the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in the current period.

## 48. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Opening balance	3,963,306,890.06	3,874,934,971.69
Add: Net profit attributable to owners of the parent company	498,383,730.00	418,794,179.13
Less: Appropriation of statutory surplus reserve	63,892,252.27	18,369,884.36
Dividend payable on ordinary shares	348,363,541.68	312,052,376.40
Closing balance	4,049,434,826.11	3,963,306,890.06

## (II) Notes to items of the consolidated income statement

## 1. Operating revenue/Operating cost

## (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	12,593,195,441.07	9,725,483,452.68	12,206,399,059.56	9,429,679,886.47
Other operations	37,855,526.27	19,998,635.24	49,593,878.86	39,830,944.80
Total	12,631,050,967.34	9,745,482,087.92	12,255,992,938.42	9,469,510,831.27
Including: Revenue from contracts with customers	12,627,471,564.83	9,743,083,609.80	12,253,033,163.91	9,467,213,554.61

## (2) Breakdown of revenue

## 1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Intelligent sanitation	10,715,122,532.51	8,366,738,029.63	10,242,746,845.76	8,023,297,059.91
Other businesses	1,912,349,032.32	1,376,345,580.17	2,010,286,318.15	1,443,916,494.70
Subtotal	12,627,471,564.83	9,743,083,609.80	12,253,033,163.91	9,467,213,554.61

## 2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Domestic	12,580,574,554.53	9,709,744,510.62	12,234,221,595.20	9,451,301,571.85
Overseas	46,897,010.30	33,339,099.18	18,811,568.71	15,911,982.76
Subtotal	12,627,471,564.83	9,743,083,609.80	12,253,033,163.91	9,467,213,554.61

## 3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	5,853,953,110.98	6,705,692,980.49
Recognized over time	6,773,518,453.85	5,547,340,183.42
Subtotal	12,627,471,564.83	12,253,033,163.91

## 2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	19,347,236.29	27,686,507.84
Education surcharge	9,237,216.76	12,075,573.31
Housing property tax	16,056,747.97	9,759,719.80
Land use tax	9,274,170.36	8,282,959.61
Local education surcharge	4,897,252.61	7,807,835.47
Stamp duty	9,430,645.45	7,540,686.80
Vehicle and vessel use tax	1,791,754.71	1,481,678.21
Environmental protection tax	22,817.10	50,061.01
Others	33,747.82	
Total	70,091,589.07	74,685,022.05

## 3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	335,609,966.84	340,290,000.65
Marketing expenses and agency fees	265,269,393.83	221,534,865.64
Business entertainment expenses	48,124,800.71	47,320,675.86
Office expenses	44,084,358.46	39,159,155.49
Expenses for tendering and bidding	23,714,813.45	33,479,432.56
Vehicle usage fees	26,437,459.78	27,886,649.81
Business travelling expenses	24,235,527.24	22,889,790.05
Depreciation and amortization	2,564,157.65	8,871,711.08

Items	Current period cumulative	Preceding period comparative
After-sales service expenses	9,468,198.50	8,427,436.37
Share-based payments		789,290.58
Others	14,826,275.56	12,321,839.86
Total	794,334,952.02	762,970,847.95

## 4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	405,851,793.11	325,720,014.09
Depreciation and amortization	96,124,324.58	92,377,339.97
Office expenses	55,346,741.42	49,435,534.41
Business entertainment expenses	57,420,506.69	47,088,220.88
Agency consulting fees	49,770,146.66	38,554,467.66
Vehicle usage fees	11,285,144.00	15,346,887.97
Business travelling expenses	12,998,629.92	9,732,527.31
Repair fees	3,476,335.42	2,863,363.74
Share-based payments		1,905,828.75
Others	33,885,615.65	26,577,495.45
Total	726,159,237.45	609,601,680.23

## 5. R&amp;D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	246,795,666.58	248,961,357.20
Direct inputs	34,669,099.04	40,506,455.35
Other expenses	62,565,473.71	50,336,437.55
Share-based payments		971,457.24
Total	344,030,239.33	340,775,707.34

## 6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenses	156,635,777.38	170,568,834.86
Interest income	-99,626,077.56	-86,389,951.68
Gains and losses on foreign exchange	-1,587,128.38	-3,056,908.33
Others	19,898,513.43	20,717,449.06
Total	75,321,084.87	101,839,423.91



## 7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	9,544,515.62	8,085,032.61	2,128,328.14
Government grants related to income	69,450,144.75	93,590,019.49	50,838,222.61
Refund of handling fees for withholding individual income tax	424,735.51	429,102.26	
VAT extra deductions	40,567,420.41	17,460,524.12	
Total	119,986,816.29	119,564,678.48	52,966,550.75

## 8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	4,960,692.79	8,548,481.77
Gains from fair value remeasurement at the time of obtaining control		51,896,314.25
Investment income from financial products	12,111,406.99	19,091,108.25
Performance compensation		-50,000,000.00
Losses from debt restructuring	-3,130,560.92	-5,380,200.00
Gains from non-recourse factoring of accounts receivable	-64,671,667.09	-65,918,373.23
Others	-867,077.69	296,543.34
Total	-51,597,205.92	-41,466,125.62

## 9. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-218,933,128.92	-103,391,907.05
Credit guarantee loss	2,580,537.81	-1,445,255.37
Total	-216,352,591.11	-104,837,162.42

## 10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-15,842,992.24	-15,053,708.82
Impairment loss of goodwill	-94,237,304.12	-296,010,591.93
Impairment loss of other non-current assets	-12,686,044.85	2,080,536.79
Impairment loss of contract	5,615,945.43	-1,192,023.34

Items	Current period cumulative	Preceding period comparative
assets		
Impairment loss of development expenditures	-6,240,373.24	-2,822,707.36
Total	-123,390,769.02	-312,998,494.66

## 11. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	-661,936.68	301,250.20	-661,936.68
Gains on disposal of intangible assets	-529,889.14	10,073.29	-529,889.14
Gains on disposal of right-of-use assets		221,473.23	
Total	-1,191,825.82	532,796.72	-1,191,825.82

## 12. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on damage or retirement of non-current assets	428,721.52	8,797.04	428,721.52
Penalty and confiscatory income	14,363,825.53	9,298,430.37	14,363,825.53
Others	5,054,158.55	3,491,008.49	5,054,158.55
Total	19,846,705.60	12,798,235.90	19,846,705.60

## 13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	1,837,168.20	2,302,553.92	1,837,168.20
Losses on damage or retirement of non-current assets	2,654,891.96	2,913,020.22	2,654,891.96
Special funds for local water conservancy construction	490,964.79	409,764.78	
Penalty and confiscatory expenses	6,546,510.22	6,695,894.28	6,546,510.22
Others	1,501,531.02	1,626,755.62	1,501,531.02
Total	13,031,066.19	13,947,988.82	12,540,101.40

## 14. Income tax expenses

## (1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	106,216,873.13	110,132,217.76
Deferred income tax expenses	-8,859,221.68	-13,168,974.08
Total	97,357,651.45	96,963,243.68

## (2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	609,901,840.51	556,255,365.25
Income tax expenses based on tax rate applicable to the parent company	152,475,460.13	139,063,841.31
Effect of different tax rate applicable to subsidiaries	-108,201,596.08	-14,174,894.59
Effect of prior income tax reconciliation	10,458,266.74	2,488,907.40
Effect of non-taxable income	-1,995,800.61	-10,408,754.85
Effect of non-deductible costs, expenses and losses	17,657,279.37	10,640,861.01
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-13,171,099.82	-3,001,651.62
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	86,948,728.47	20,910,057.40
Effect of extra deduction	-46,798,282.51	-49,866,353.99
Difference between deferred and current income tax rates	-15,304.24	1,311,231.61
Income tax expenses	97,357,651.45	96,963,243.68

## 15. Other comprehensive income, net of income tax

Please refer to section V (I) 45 of notes to the financial statements for details.

## (III) Notes to items of the consolidated cash flow statement

## 1. Other cash receipts or payments related to operating activities, investing activities and financing activities

## (1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Receipts of deposits for notes, letters of credit and letters of guarantee	167,737,972.76	385,183,093.29
Receipts of government grants	58,010,336.36	112,106,818.35
Receipts of security deposits	111,742,962.57	109,630,599.89
Recovery of petty cash and temporary advance payment receivable	99,329,855.08	76,785,785.58

Items	Current period cumulative	Preceding period comparative
Temporary receipts payable	180,665,554.52	152,028,816.71
Receipts of interest income	76,788,792.42	48,011,644.19
Receipts of factoring payment and principal of finance lease	1,066,072,685.44	1,128,899,220.36
Receipt of principal and interest of time deposits		67,760,782.25
Others	20,325,575.31	16,659,857.72
Total	1,780,673,734.46	2,097,066,618.34

## (2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Payments for deposits for notes, letters of credit and letters of guarantee	285,090,684.20	130,498,826.74
Operating period expenses	731,115,039.63	807,025,083.75
Payments for security deposits	63,056,515.55	64,966,788.26
Payments for petty cash and temporary advance payment receivable	60,967,713.23	120,806,495.16
Payments for factoring and principal of finance lease	719,746,793.47	1,181,778,621.41
Time deposits	230,000,000.00	
Temporary receipts payable	94,331,472.76	80,648,317.53
Others	14,644,423.90	10,338,831.68
Total	2,198,952,642.74	2,396,062,964.53

## (3) Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	1,638,150,000.00	5,398,900,000.00
Receipts of special payables	12,619,977.00	
Receipts of principal and interest of call loans		2,961,000.00
Total	1,650,769,977.00	5,401,861,000.00

## (4) Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Purchase of financial products	1,638,150,000.00	5,398,900,000.00
Recovery of special payables	3,000,000.00	
Cash outflows from disposal of subsidiaries	1,785,617.97	
Total	1,642,935,617.97	5,398,900,000.00

## (5) Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Receipts of call loans	48,692,000.00	44,250,000.00
Receipts of payments for employee stock ownership plan		228,995,320.75
Recourse factoring of accounts receivable		17,309,890.84
Total	48,692,000.00	290,555,211.59

## (6) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Return of call loans	32,418,130.98	57,303,692.00
Payments for rents	10,331,775.89	6,227,752.76
Purchase of non-controlling interest	2,000,000.00	
Payments for factoring service fees and handling fees		14,049,209.58
Payments for employee stock ownership plan		180,112,670.02
Prepaid IPO listing expenses		5,703,500.00
Total	44,749,906.87	263,396,824.36

## 2. Supplementary information to the cash flow statement

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	512,544,189.06	459,292,121.57
Add: Provision for assets impairment	339,743,360.13	417,835,657.08
Depreciation of fixed assets, oil and gas assets, productive biological assets	278,253,101.81	217,634,741.39
Depreciation of right-of-use assets	8,706,270.90	7,064,171.89
Amortization of intangible assets	508,294,636.17	458,736,681.20
Amortization of long-term prepayments	12,737,945.56	8,520,526.60
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	1,104,586.11	-614,542.02
Fixed assets retirement loss (Less: gains)	2,226,170.44	2,904,223.18
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	156,286,924.35	177,688,052.22
Investment losses (Less: gains)	-17,097,464.58	-24,239,932.54
Decrease of deferred tax assets (Less: increase)	-1,871,173.45	-4,814,568.19
Increase of deferred tax liabilities (Less: decrease)	-6,988,048.23	-8,354,405.89

Supplementary information	Current period cumulative	Preceding period comparative
Decrease of inventories (Less: increase)	-115,741,461.68	226,633,956.56
Decrease of operating receivables (Less: increase)	-217,119,189.86	-409,725,335.43
Increase of operating payables (Less: decrease)	-75,523,337.24	129,881,870.69
Others		4,039,069.40
Net cash flows from operating activities	1,385,556,509.49	1,662,482,287.71
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	3,916,145,254.54	4,580,665,245.99
Less: Cash at the beginning of the period	4,580,665,245.99	4,118,746,885.72
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-664,519,991.45	461,918,360.27

### 3. Composition of cash and cash equivalents

#### (1) Details

Items	Closing balance	Opening balance
1) Cash	3,916,145,254.54	4,580,665,245.99
Including: Cash on hand	310,688.91	84,414.54
Cash in bank on demand for payment	3,914,780,983.13	4,580,210,453.03
Other cash and bank balances on demand for payment	1,053,582.50	370,378.42
Central bank deposit on demand for payment		
Deposit in other banks		
Loans to other banks		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	3,916,145,254.54	4,580,665,245.99
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

#### (2) Cash and cash equivalents with use restrictions

Items	Closing balance	Opening balance	Reasons for use restrictions and for considered as cash and cash equivalents

Items	Closing balance	Opening balance	Reasons for use restrictions and for considered as cash and cash equivalents
Raised funds	77,431,277.37	115,338,436.21	Raised funds
Business funds specifically used for project payments	22,851,951.00		Special funds
Subtotal	100,283,228.37	115,338,436.21	

## (3) Cash and bank balances not considered as cash and cash equivalents

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Deposits for bank acceptance	179,001,533.41	46,878,240.34	Unable to be withdrawn on demand
Deposits for letters of guarantee	77,546,493.49	87,619,095.60	Unable to be withdrawn on demand
Engineering deposits	929,734.93	927,865.56	Unable to be withdrawn on demand
ETC deposits	3,000.00	3,000.00	Unable to be withdrawn on demand
Deposits for land reclamation	1,003,098.32	1,000,832.05	Unable to be withdrawn on demand
Deposits for buyer's credit	861,924.65	901,432.50	Unable to be withdrawn on demand
Engineering escrow accounts that are not available for separate use	154,141.05	9,107,818.42	Unable to be withdrawn on demand
Frozen bank deposits due to lawsuits	5,100,869.89	1,100,000.00	Unable to be withdrawn on demand
Time deposits and interests	230,340,333.33		Unable to be withdrawn on demand
Others	290,200.17		Unable to be withdrawn on demand
Subtotal	495,231,329.24	147,538,284.47	

## 4. Changes in liabilities related to financing activities

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	440,103,105.44	599,206,768.24	9,696,553.27	922,066,571.69		126,939,855.26
Dividend payable			355,986,223.08	355,986,223.08		
Other payables	29,093,805.32	21,380,000.00	2,040,387.09	28,714,555.94		23,799,636.47
Long-term borrowings (including long-term borrowings due within one year)	2,474,887,976.24	831,248,989.56	93,048,642.05	1,127,518,708.67		2,271,666,899.18
Bonds payable (including bonds payable due within one year)	1,308,690,556.32		63,722,253.84	11,809,008.04		1,360,603,802.12

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Lease liabilities (including lease liabilities due within one year)	31,093,459.07		4,126,126.53	10,248,232.04	187,165.96	24,784,187.60
Long-term payables (including long-term payables due within one year)		27,312,000.00	2,703,662.62	4,175,192.30	1,563,137.00	24,277,333.32
Subtotal	4,283,868,902.39	1,479,147,757.80	531,323,848.48	2,460,518,491.76	1,750,302.96	3,832,071,713.95



## 5. Significant activities not involving cash receipts and payments

Please refer to section V (III) 4 of notes to the financial statements for details on significant investing and financing activities not involving cash receipts and payments.

## (IV) Others

## 1. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			38,281,796.98
Including: USD	1,299,398.42	7.0827	9,203,249.19
EUR	3,577,091.77	7.8592	28,113,079.64
HKD	1,065,402.95	0.9062	965,468.15
Accounts receivable			17,855,293.19
Including: USD	164.00	7.0827	1,161.56
EUR	2,271,749.24	7.8592	17,854,131.63

## 2. Leases

## (1) The Company as lessee

1) Please refer to section V (I) 17 of notes to the financial statements for details on right-of-use assets.

2) Please refer to section III (XXXII) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	19,527,703.71	10,884,849.01
Expense relating to leases of low-value assets (excluding short-term leases)		
Total	19,527,703.71	10,884,849.01

## 3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	1,190,325.15	1,337,799.45
Variable lease payments included in profit or loss but not included in the measurement of lease liabilities		
Income from subleasing right-of-use assets		
Total cash outflows related to leases	29,859,479.60	17,112,601.77
Gains or losses arising from sale		

Items	Current period cumulative	Preceding period comparative
and leaseback transactions		

4) Please refer to section IX (II) of notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

(2) The Company as lessor

1) Operating lease

a. Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	3,249,127.28	1,855,150.51
Including: Income relating to variable lease payments not included in the measurement of the lease liabilities		

b. Assets leased out under operating leases

Items	Closing balance	December 31, 2022
Buildings and structures	23,875,232.89	27,105,435.03
Subtotal	23,875,232.89	27,105,435.03

Please refer to section V (I) 15 of notes to the financial statements for details on fixed assets leased out under operating leases.

c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2022
Within 1 year	104,738.00	157,112.00
1-2 years	104,738.00	157,112.00
2-3 years	104,738.00	157,112.00
3-4 years	104,738.00	157,112.00
4-5 years	104,738.00	157,112.00
Over 5 years		157,112.00
Total	523,690.00	942,672.00

2) Finance lease

a. Profit or loss related to finance lease

Items	Current period cumulative	Preceding period comparative
Finance income on the net investment in the lease	2,245,842.84	5,464,955.41

Income relating to variable lease payments not included in the measurement of the net investment in the lease		
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## b. Reconciliation of undiscounted lease payments to net investment in the lease

Items	Closing balance	December 31, 2022
Undiscounted lease payments	68,248,638.70	99,676,989.33
Less: Unrealized finance income relating to lease payments	4,679,168.24	5,140,906.34
Add: Present value of unguaranteed residual value		
Net investment in the lease	63,569,470.46	94,536,082.99

## c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2022
Within 1 year	46,826,104.16	58,791,768.45
1-2 years	19,550,334.54	32,869,315.86
2-3 years	1,497,760.00	6,143,705.02
3-4 years	374,440.00	1,497,760.00
4-5 years		374,440.00
Total	68,248,638.70	99,676,989.33

**VI. R&D costs**

## (I) R&amp;D costs

Items	Current period cumulative	Preceding period comparative
Employee benefits	252,327,439.92	266,224,944.76
Direct inputs	37,083,931.61	44,582,928.01
Other expenses	63,438,534.25	52,458,233.21
Share-based payment		971,457.24
Total	352,849,905.78	364,237,563.22
Including: R&D costs to be expensed	344,030,239.33	340,775,707.34
R&D costs to be capitalized	8,819,666.45	23,461,855.88

## (II) Development expenditures

## 1. Changes in development expenditures

Items	Opening balance	Increase		Decrease			Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred out into profit or loss	Others	

Items	Opening balance	Increase		Decrease			Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred out into profit or loss	Others	
R&D of indoor self-driving operating system	765,552.19						765,552.19
Intelligent barreled garbage transfer machine	662,327.79						662,327.79
Indoor sweeping robot	870,662.83						870,662.83
Deep cleaning machine	524,164.55						524,164.55
Research on wire control technology for small self-made chassis	4,115,027.48	120,653.35		4,235,680.83			
R&D of outdoor self-driving operating system (Stage 2)	5,758,682.29	826,253.18		6,584,935.47			
Research on aerodynamic noise control and pneumatic conveying energy-saving technology	2,351,791.55	85,060.50		2,436,852.05			
Pure electric road sweeper	1,565,839.40						1,565,839.40
Sanitation robot IoT platform	3,351,117.77	248,957.47		3,600,075.24			
Economical garbage transfer truck	225,467.15						225,467.15
Development of cleaning robot based on autonomous unmanned system	1,325,659.13	734,617.23		2,060,276.36			
Special funds for S2000 series top-selling products	2,442,440.66	1,997,898.12		4,440,338.78			
Special funds for S18 series top-selling product project	4,283,010.42	3,193,424.27		7,476,434.69			
Brand new first generation economical version of rolling sweeper	470,115.54	1,612,802.33		2,082,917.87			
Indoor floor washing robot	1,763,287.72						1,763,287.72
Pure electric small garbage cleaning machine	1,024,782.18						1,024,782.18
Pure electric sidewalk sweeper	1,592,468.75						1,592,468.75
Pure electric garbage collector	68,528.04						68,528.04
Total	33,160,925.44	8,819,666.45		32,917,511.29			9,063,080.60

## 2. Impairment of development expenditures

### (1) Changes in provision for impairment

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Disposal/Scrapping	Others	
R&D of indoor self-driving operating system	765,552.19					765,552.19
Intelligent barreled garbage transfer machine	662,327.79					662,327.79
Indoor sweeping robot	870,662.83					870,662.83
Deep cleaning machine	524,164.55					524,164.55

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Disposal/ Scrapping	Others	
Pure electric road sweeper		1,565,839.40				1,565,839.40
Economical garbage transfer truck		225,467.15				225,467.15
Indoor floor washing robot		1,763,287.72				1,763,287.72
Pure electric small garbage cleaning machine		1,024,782.18				1,024,782.18
Pure electric sidewalk sweeper		1,592,468.75				1,592,468.75
Pure electric garbage collector		68,528.04				68,528.04
Subtotal	2,822,707.36	6,240,373.24				9,063,080.60

## (2) Impairment test on development expenditures

Items	Carrying amount	Recoverable amount	Provision for impairment
R&D of indoor self-driving operating system			
Intelligent barreled garbage transfer machine			
Indoor sweeping robot			
Deep cleaning machine			
Pure electric road sweeper	1,565,839.40		1,565,839.40
Economical garbage transfer truck	225,467.15		225,467.15
Indoor floor washing robot	1,763,287.72		1,763,287.72
Pure electric small garbage cleaning machine	1,024,782.18		1,024,782.18
Pure electric sidewalk sweeper	1,592,468.75		1,592,468.75
Pure electric garbage collector	68,528.04		68,528.04
Subtotal	6,240,373.24		6,240,373.24

(Continued)

Items	Determination method of fair value and costs of disposal
R&D of indoor self-driving operating system	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Intelligent barreled garbage transfer machine	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Indoor sweeping robot	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Deep cleaning machine	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Pure electric road sweeper	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.

Items	Determination method of fair value and costs of disposal
Economical garbage transfer truck	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Indoor floor washing robot	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Pure electric small garbage cleaning machine	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Pure electric sidewalk sweeper	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Pure electric garbage collector	Full provision for impairment is made as the Company terminates R&D of the project due to its R&D resource direction adjustment and changes of market demand.
Subtotal	

## VII. Interest in other entities

### (I) Composition of the consolidation scope

1. The Company has brought 278 subsidiaries including Zoomlion Environmental Company, Shangfeng Industrial Company, Infore Technology Company, and Green Oriental Company into the consolidation scope.

### 2. Basic information of significant subsidiaries

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shangfeng Industrial Company	109.21 million yuan	Shaoxing, Zhejiang	Fan equipment manufacturing and others	60.20		Business combination not under common control
Green Oriental Company	150 million yuan	Shenzhen, Guangdong	Environmental monitoring and solid waste disposal	70.00		Business combination not under common control
Funan Company	87.50 million yuan	Funan, Anhui	Environmental monitoring and solid waste disposal		70.00	Business combination not under common control
Xiantao Company	125 million yuan	Xiantao, Hubei	Environmental monitoring and solid waste disposal		70.00	Business combination not under common control
Shouxian Company	87.50 million yuan	Shouxian, Anhui	Environmental monitoring and solid waste disposal		70.00	Business combination not under common control
Xiantao Yinghe Environmental Protection Co., Ltd.	100.14 million yuan	Xiantao, Hubei	Environmental monitoring and solid waste disposal	70.32	5.35	Set up
Infore Technology Company	110 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste disposal	100.00		Set up
Foshan Shunhe Environmental Protection Co., Ltd.	300 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste	100.00		Business combination not under common control

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
			disposal			
Huaqingyuan Company	12 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste disposal		100.00	Business combination not under common control
Foshan Shunde District Huaying Environmental Water Co., Ltd.	3 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste disposal		100.00	Business combination not under common control
Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd.	12 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste disposal		100.00	Business combination not under common control
Foshan Shunde Huabo Environmental Water Co., Ltd.	1 million yuan	Foshan, Guangdong	Environmental monitoring and solid waste disposal		100.00	Business combination not under common control
Zoomlion Environmental Company	2,351.53 million yuan	Changsha, Hunan	Smart city services	100.00		Business combination under common control
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	30 million yuan	Changsha, Hunan	Smart city services		100.00	Set up
Fujian Nan'an Yinglian Urban Environmental Service Co., Ltd.	30 million yuan	Nan'an, Fujian	Smart city services		80.00	Set up
Zhangjiajie Yinglian Environmental Management Co., Ltd.	8 million yuan	Zhangjiajie, Hunan	Smart city services		90.00	Set up
Cili County Zoomlion Huabao Environmental Industry Co., Ltd.	6 million yuan	Cili, Hunan	Smart city services		60.00	Set up
Hanshou Zoomlion Environmental Industry Co., Ltd.	13 million yuan	Hanshou, Hunan	Smart city services		90.00	Set up
Longhui County Zoomlion Environmental Industry Co., Ltd.	1 million yuan	Longhui, Hunan	Smart city services		100.00	Set up
Shimen Zoomlion Environmental Industry Co., Ltd.	15 million yuan	Shimen, Hunan	Smart city services		90.00	Set up
Ningbo Infore Finance Lease Co., Ltd.	USD 72.60 million	Ningbo, Zhejiang	Finance lease	99.31	0.69	Set up

## (II) Business combination not under common control

## 1. Business combination not under common control in the current period

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method	Acquisition date
Hubei Yingling Testing Technology Service Co., Ltd.	May 18, 2023	156,438.75	100.00	Acquisition	May 18, 2023

(Continued)

Acquirees	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end	Acquiree's cash flows from acquisition date to period end		
				Net inflows	Net inflows	Net inflows

				from operating activities	from investing activities	from financing activities
Hubei Yingling Testing Technology Service Co., Ltd.	Transfer of control	86,770.44	-812,968.37	-87,733.23		

## 2. Combination costs and goodwill

Items	Hubei Yingling Testing Technology Service Co., Ltd.
Combination costs	
Cash	156,438.75
Total combination costs	156,438.75
Less: Share of fair value of net identifiable assets acquired	156,438.75
Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs	

## 3. Acquisition-date identifiable assets and liabilities of acquirees

## (1) Details

Items	Hubei Yingling Testing Technology Service Co., Ltd.	
	Acquisition-date fair value	Acquisition-date carrying amount
Assets	410,344.64	410,344.64
Cash and bank balances	112,965.79	112,965.79
Accounts receivable	97,680.00	97,680.00
Advances paid	16,000.00	16,000.00
Other receivables	43,871.50	43,871.50
Fixed assets	82,327.35	82,327.35
Long-term prepayments	57,500.00	57,500.00
Liabilities	253,905.89	253,905.89
Accounts payable	104,920.44	104,920.44
Employee benefits payable	29,996.37	29,996.37
Tax payable	1,006.22	1,006.22
Other payables	117,982.86	117,982.86
Net assets	156,438.75	156,438.75
Net assets acquired	156,438.75	156,438.75

## (2) Fair value determination method on identifiable assets and liabilities

The carrying amount of assets and liabilities on the acquisition date of Hubei Yingling Testing Technology Service Co., Ltd. is taken as the fair value of identifiable assets and liabilities.



## (II) Disposal of subsidiaries

## One-time disposal leading to loss of control over a subsidiary

## Details

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss of control date	Determination basis for loss of control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Gucheng Yinglian Urban Environmental Service Co., Ltd.	500,000.00	100.00	Transfer	8/24/2023	Substantial control transfer	-381,328.08
Zaozhuang Yinglian Urban Environmental Service Co., Ltd.	500,000.00	100.00	Transfer	3/1/2023	Substantial control transfer	-7,097.77
Yichun Yinglian Urban Environmental Service Co., Ltd.	500,000.00	100.00	Transfer	8/8/2023	Substantial control transfer	-235,810.55
Chongqing Yinglian City Sanitation Service Co., Ltd.	500,000.00	100.00	Transfer	12/6/2023	Substantial control transfer	24,004.26
Huaibei Zhongfeng Urban Environmental Service Co., Ltd.	1.00	100.00	Transfer	9/13/2023	Substantial control transfer	-215,560.78

(Continued)

Subsidiaries	Proportion of remaining equity at the loss of control date (%)	Carrying amount of remaining equity at the loss of control date	Fair value of remaining equity at the loss of control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss of control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Gucheng Yinglian Urban Environmental Service Co., Ltd.						
Zaozhuang Yinglian Urban Environmental Service Co., Ltd.						
Yichun Yinglian Urban Environmental Service Co., Ltd.						
Chongqing Yinglian City Sanitation Service Co., Ltd.						
Huaibei Zhongfeng Urban Environmental Service Co., Ltd.						

## (III) Changes in the consolidation scope due to other reasons

## 1. Entities brought into the consolidation scope

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Holding proportion (%)
Liaocheng Chiping District Yingsheng Environmental Sanitation Service Co., Ltd.	Set up	1/4/2023	100,000.00	100.00
Jiangmen Lvying Urban Environmental Service Co., Ltd.	Set up	2/3/2023	[Note]	100.00
Fuzhou Changle District Yingsheng Urban	Set up	2/8/2023	[Note]	100.00

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Holding proportion (%)
Environmental Service Co., Ltd.				
Chongqing Banan District Yinghe Urban Environmental Service Co., Ltd.	Set up	2/17/2023	300,000.00	100.00
Guangzhou Yingtai Urban Management Service Co., Ltd.	Set up	2/22/2023	[Note]	100.00
Foshan Shunde District Yingchuang Urban Environmental Service Co., Ltd.	Set up	3/1/2023	2,300,000.00	100.00
Puning Honglian Environmental Service Co., Ltd.	Set up	3/7/2023	[Note]	100.00
Hefei Yingsheng Urban Environmental Service Co., Ltd.	Set up	3/15/2023	200,000.00	100.00
Fengyang Yinghe Environmental Sanitation Management Co., Ltd.	Set up	3/21/2023	500,000.00	100.00
Sanya Lianying Urban Environmental Service Co., Ltd.	Set up	3/22/2023	100,000.00	100.00
Fuzhou Yinghe Environmental Development Co., Ltd.	Set up	4/11/2023	[Note]	60.00
Chuzhou Tongying Environmental Sanitation Management Co., Ltd.	Set up	4/11/2023	500,000.00	100.00
Yongxin Yinghe Environmental Sanitation Management Co., Ltd.	Set up	4/17/2023	500,000.00	100.00
Lianjiang Lianying Urban Environmental Service Co., Ltd.	Set up	4/21/2023	2,100,000.00	100.00
Guangzhou Yingzhi Urban Environmental Sanitation Service Co., Ltd.	Set up	5/5/2023	[Note]	100.00
Shenzhen Longgang Yinglian Environmental Service Co., Ltd.	Set up	6/2/2023	[Note]	100.00
Shenzhen Yinglian Afforest Engineering Co., Ltd.	Set up	6/5/2023	[Note]	100.00
Yangjiang Yinghe Urban Environmental Service Co., Ltd.	Set up	6/8/2023	10,000,000.00	100.00
Renshou Yinghe Urban and Rural Sanitation Service Co., Ltd.	Set up	6/13/2023	2,000,000.00	100.00
Chibi Lianying Environmental Sanitation Management Co., Ltd.	Set up	6/27/2023	14,662,100.00	100.00
Shen Zhen Longgang District Yingji City Service Co., Ltd.	Set up	7/5/2023	[Note]	100.00
Wuyi Yinghe Environmental Sanitation Management Co., Ltd.	Set up	7/18/2023	[Note]	100.00
Xuchang Jian'an District Tongying Environmental Sanitation Management Co., Ltd.	Set up	7/18/2023	100,000.00	100.00

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Holding proportion (%)
Foshan Shunde District Lianying Urban Environmental Service Co., Ltd.	Set up	7/20/2023	1,770,000.00	59.00
Taizhou Yinghe Environmental Sanitation Management Co., Ltd.	Set up	7/24/2023	[Note]	100.00
Changsha Yinghe Environmental Sanitation Management Co., Ltd.	Set up	7/24/2023	500,000.00	100.00
Huichang Yingmao Environmental Management Co., Ltd.	Set up	7/25/2023	6,500,000.00	65.00
Tangshan Yinglian Environmental Management Co., Ltd.	Set up	7/26/2023	[Note]	100.00
Yongfeng Yinghe Environmental Sanitation Management Co., Ltd.	Set up	7/27/2023	500,000.00	100.00
Nanjing Yinglian Environmental Technology Co., Ltd.	Set up	8/1/2023	1,000,000.00	100.00
Suzhou Wujiang Yinghe Environmental Sanitation Management Co., Ltd.	Set up	8/4/2023	200,000.00	100.00
Xiajiang Yinghe Environmental Sanitation Management Co., Ltd.	Set up	8/14/2023	500,000.00	100.00
Longquan Tongying Environmental Sanitation Service Co., Ltd.	Set up	8/22/2023	100,000.00	100.00
Xinhua Yinglian Modern Environmental Service Co., Ltd.	Set up	8/28/2023	10,879,960.00	80.00
Guangxi Luo Cheng Yingxin Urban Environmental Service Co., Ltd.	Set up	9/25/2023	[Note]	51.00
Suzhou Yingfen Environmental Industry Co., Ltd.	Set up	10/30/2023	2,100,000.00	70.00
Renshou Zhongying Sanitation Service Co., Ltd.	Set up	11/3/2023	2,000,000.00	70.00
Nantong Lianying Environmental Service Co., Ltd.	Set up	11/17/2023	100,000.00	100.00
Huazhou Liansheng Urban Environmental Service Co., Ltd.	Set up	12/11/2023	8,000,000.00	100.00
Heyuan Zijin Liansheng Urban Environmental Service Co., Ltd.	Set up	12/27/2023	[Note]	100.00
Tangshan Yingxing Sanitation Equipment Manufacturing Co., Ltd.	Set up	12/28/2023	[Note]	68.00
Quanzhou Yingxin Urban Environmental Service Co., Ltd.	Set up	12/29/2023	[Note]	100.00
Zhejiang Yolsh Intelligent Emergency Equipment Co., Ltd.	Set up	12/13/2023	100,000,000.00	70.00
Heyang Yinghe Urban	Set up	4/26/2023	5,000,000.00	100.00

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Holding proportion (%)
Environmental Service Co., Ltd.				
Xuzhou Tongying Sanitation Service Co., Ltd.	Set up	12/5/2023	100,000.00	100.00

Note: As of December 31, 2023, the Company has not paid contribution to these entities.

## 2. Entities excluded from the consolidation scope

Entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Meishan Pengshan Zhongfeng Environmental Industry Co., Ltd.	Cancellation	10/10/2023		-287,156.36
Chengdu Yinglian Environmental Management Co., Ltd.	Cancellation	6/1/2023		-4,011.80
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	Cancellation	8/18/2023		-43,942.03
Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.	Cancellation	7/12/2023		-65,689.18
Chongyang Yinglian Environmental Protection Co., Ltd.	Cancellation	2/28/2023		0.04
Yiyang Yinglian Environmental Sanitation Management Co., Ltd.	Cancellation	4/19/2023		25.21
Wanning Yinglian Environmental Industry Co., Ltd.	Cancellation	4/4/2023		296,440.93
Shenzhen Longhua District Yinglian Urban Service Co., Ltd.	Cancellation	10/14/2023		-203.21
Guangdong Infore Smart Technology Co., Ltd.	Cancellation	1/6/2023		
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	Cancellation	9/20/2023		-10,713.04

## (IV) Transactions resulting in changes in subsidiaries' equity but without losing control

### 1. Changes in subsidiaries' equity

Subsidiaries	Date of change	Holding proportion before change	Holding proportion after change
Huaian Chenjie Environmental Engineering Co., Ltd.	6/1/2023	96.00%	100.00%
Xiantao Yinghe Environmental Protection Co., Ltd.	12/25/2023	80.58%	75.67%

## 2. Effect of transactions on non-controlling interest and equity attributable to parent company

Items	Huaian Chenjie Environmental Engineering Co., Ltd.	Xiantao Yinghe Environmental Protection Co., Ltd.
Acquisition costs/Disposal considerations		
Cash	2,000,000.00	35,872,650.00
Total acquisition costs/disposal considerations	2,000,000.00	35,872,650.00
Less: Share in subsidiaries' net assets based on acquired/disposed net assets proportion	722,640.74	35,716,497.55
Balance	1,277,359.26	156,152.45
Including: Capital reserve adjusted	1,277,359.26	156,152.45

## (V) Interest in joint ventures or associates

## 1. Significant joint ventures or associates

Associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in joint ventures or associates
				Direct	Indirect	
Foshan Yingtong Electrical Materials Co., Ltd.	Foshan	Foshan	Manufacturing		49.00	Equity method

## 2. Main financial information of significant associates

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
	Foshan Yingtong Electrical Materials Co., Ltd.	Foshan Yingtong Electrical Materials Co., Ltd.
Current assets	1,111,710,931.09	1,089,506,862.74
Non-current assets	164,920,906.11	201,274,064.95
Total assets	1,276,631,837.20	1,290,780,927.69
Current liabilities	672,193,265.67	691,609,958.01
Non-current liabilities	55,400,000.00	520,544.08
Total liabilities	727,593,265.67	692,130,502.09
Non-controlling interest	66,338,530.17	68,425,663.17
Equity attributable to owners of parent company	482,700,041.36	530,224,762.44
Proportionate share in net assets	236,523,020.27	259,810,133.60
Adjustments		
Others	-34,569,092.45	-30,876,879.51
Carrying amount of investments in associates	201,953,927.82	228,933,254.09
Operating revenue	1,773,954,226.95	2,238,921,694.12
Net profit	-49,874,177.08	-44,464,542.43

## 3. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Associates		
Total carrying amount of investments	479,675,156.87	447,896,705.75
Proportionate shares in the following items		
Net profit	31,940,019.06	31,671,037.49
Other comprehensive income		
Total comprehensive income	31,940,019.06	31,671,037.49

**VIII. Government grants**

## (I) Government grants increased in the current period

Items	Amount
Government grants related to assets	3,994,300.00
Including: Included into deferred income	3,994,300.00
Government grants related to income	69,450,144.75
Including: Included into other income	69,450,144.75
Total	73,444,444.75

## (II) Liabilities related to government grants

Items	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	120,890,710.04	3,994,300.00	9,544,515.62	
Subtotal	120,890,710.04	3,994,300.00	9,544,515.62	

(Continued)

Items	Amount offsetting costs	Amount offsetting assets	Other changes	Closing balance	Related to assets/Related to income
Deferred income				115,340,494.42	Related to assets
Subtotal				115,340,494.42	

## (III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	78,994,660.37	101,675,052.10
Total	78,994,660.37	101,675,052.10

## (IV) Government grants returned in the current period

Items	Amounts returned	Reason for return
Special fund for promoting high-quality development of foreign investment in Foshan of 2021	893,100.00	Guangdong Infore Intelligent Sanitation Technology Co., Ltd. failed to meet the requirements of government grants as it was transformed from a foreign-invested enterprise to a domestic-funded one, and returned the government grants of 2021.
Total	893,100.00	

**IX. Risks related to financial instruments**

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

## (I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## 1. Credit risk management practice

## (1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse

impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 2, 3, 4, 6, 8, 11 and 23 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables and contract assets

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31, 2023, 7.33% (December 31, 2022: 9.38%) of the total accounts receivable and contract assets was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated



with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

#### Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,398,606,754.44	2,785,244,392.01	598,015,270.38	611,768,269.63	1,575,460,852.00
Notes payable	2,294,276,551.46	2,294,276,551.46	2,294,276,551.46		
Accounts payable	2,918,543,704.46	2,918,543,704.46	2,918,543,704.46		
Other payables	709,941,824.77	709,941,824.77	709,941,824.77		
Lease liabilities	24,784,187.60	26,511,358.34	9,474,544.70	17,036,813.64	
Long-term payables	312,053,472.95	312,053,472.95	9,104,000.00	15,173,333.32	287,776,139.63
Bonds payable	1,360,603,802.12	1,566,237,165.60	11,809,516.80	22,142,844.00	1,532,284,804.80
Subtotal	10,018,810,297.80	10,612,808,469.59	6,551,165,412.57	666,121,260.59	3,395,521,796.43

(Continued)

Items	December 31, 2022				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,918,155,689.70	3,064,480,800.96	795,179,666.92	725,728,644.01	1,543,572,490.03
Notes payable	2,515,229,293.17	2,515,229,293.17	2,515,229,293.17		
Accounts payable	2,771,961,271.66	2,771,961,271.66	2,771,961,271.66		
Other payables	657,122,287.53	657,122,287.53	657,122,287.53		
Lease liabilities	31,093,459.06	33,953,751.30	9,005,728.14	16,755,133.25	8,192,889.91
Long-term payables	316,335,329.82	316,335,329.82	599,514.91		315,735,814.91
Bonds payable	1,308,690,556.32	1,573,618,113.60	7,380,948.00	11,809,516.80	1,554,427,648.80
Subtotal	10,518,587,887.26	10,932,700,848.04	6,756,478,710.33	754,293,294.06	3,421,928,843.65

### (III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

#### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate

financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2023, balance of borrowings with interest accrued at floating interest rate totaled 1,811,617,334.60 yuan (December 31, 2022: 1,755,696,317.89 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

## 2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company is mainly operated in mainland China, whose main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to section V (IV) 1 of notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

## X. Fair value disclosure

### (I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Receivables financing			146,814,501.64	146,814,501.64
2. Other equity instrument investments			15,352,971.01	15,352,971.01
Total assets at recurring fair value measurement			162,167,472.65	162,167,472.65

### (II) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair value measurement

- For receivables financing, the Company uses specific valuation techniques to determine its fair value based on its par value.
- For other equity instrument investments, the Company uses specific valuation techniques to determine its fair value.

## XI. Related party relationships and transactions

### (I) Related party relationships

#### 1. Parent company

## (1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Infore Group Co., Ltd.	Foshan, Guangdong	Industrial investment	4.45 billion	43.33 [Note]	43.33

Note: Infore Group Co., Ltd. (the “Infore Group”) directly holds 11.31% of equity of the Company, and indirectly holds 32.02% of equity of the Company through its wholly-owned subsidiary Ningbo Infore Asset Management Co., Ltd.

(2) The Company’s ultimate controlling party is He Jianfeng, who directly holds 2.00% of equity of the Company, and indirectly holds 43.33% of equity of the Company through Infore Group.

2. Please refer to section VII of notes to the financial statements for details on the Company’s subsidiaries.

## 3. Joint ventures and associates of the Company

Please refer to section VII of notes to the financial statements for details on the Company’s significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

Joint ventures or associates	Relationships with the Company
Guangdong Tianshu New Energy Technology Co., Ltd.	Associate of the Company
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Associate of the Company
Guangdong Shunkong Environmental Investment Co., Ltd.	Associate of the Company
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Taizhou Jinzhong Environmental Industry Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Guangdong Liangke Environmental Engineering Co., Ltd.	Associate of the Company’s subsidiary Guangdong Infore Environmental Investment Co., Ltd.
Foshan Yingtong Electrical Materials Co., Ltd.	Associate of the Company’s subsidiary Guangdong Infore Environmental Investment Co., Ltd.
Beijing Xingyun Zhixing Technology Co., Ltd.	Associate of the Company’s subsidiary Guangdong Infore Environmental Investment Co., Ltd.

## 4. Other related parties of the Company

Related parties	Relationships with the Company
Zoomlion Heavy Industry Co., Ltd. (the “Zoomlion Heavy Industry Company”)	Shareholder holding more than 5% of the Company’s shares
Shenzhen Infore Smart Technology Co., Ltd.	Under control of the actual controller
Foshan Shunde District Yinghai Investment Co., Ltd.	Under control of the actual controller

Related parties	Relationships with the Company
Guangzhou Huayi International Auction Co., Ltd.	Under control of the actual controller
Foshan Shunde District Midea Hotel Management Co., Ltd.	Under control of immediate family of the actual controller
Ningbo Midea Property Management Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Bomei Property Service Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Midea HVAC Equipment Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Welling Motor Manufacturing Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Midea Electric Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Midea Refrigeration Equipment Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Midea Building Technologies Co., Ltd.	Under control of immediate family of the actual controller
Chongqing Midea General Refrigeration Equipment Co., Ltd.	Under control of immediate family of the actual controller
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Under control of immediate family of the actual controller
Midea Group Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Ferries New Energy Technology Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Guangdong Weiqi Electrical Materials Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Liaoning Donggang Magnet Wire Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Anhui Weiqi Electrical Materials Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Zoomlion Hengtong Machinery Co., Ltd.	Associate of the Company's shareholder Zoomlion Heavy Industry Company
Green Oriental Investment Holdings Co., Ltd. (the "Hong Kong Investment Company")	Non-controlling shareholder of the subsidiary
Gucheng Yinglian Urban Environmental Service Co., Ltd. [Note]	The former subsidiary of the Company's subsidiary Zoomlion Environmental Company
Yichun Yinglian Urban Environmental Service Co., Ltd. [Note]	The former subsidiary of the Company's subsidiary Zoomlion Environmental Company

Note: The Company disposed of all the equity of Gucheng Yinglian Urban Environmental Service Co., Ltd. and Yichun Yinglian Urban Environmental Service Co., Ltd., the former subsidiaries of Zoomlion Environmental Company, in August 2023, which continued to be disclosed as related parties within one year after disposal, and the current disclosure period of related party transactions was from September 2023 to December 2023.

## (II) Related party transactions

### 1. Purchase and sale of goods, rendering and receiving of services

#### (1) Purchase of goods and receiving of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Guangdong Tianshu New Energy	Materials	8,393,506.88	7,638,710.54

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Technology Co., Ltd.			
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Materials	3,572,705.19	9,239,400.36
Guangdong Ferries New Energy Technology Co., Ltd.	Materials	518,435.64	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Materials	150.98	10,847,784.36
Guangdong Shunkong Environmental Investment Co., Ltd.	Labor services	10,692,550.78	9,909,911.14
Zoomlion Heavy Industry Company	Materials	77,364,306.08	105,493,871.91
Shenzhen Infore Smart Technology Co., Ltd.	Information systems and related implementation services	4,253,139.63	
Guangdong Liangke Environmental Engineering Co., Ltd.	Labor services	1,500,000.00	1,415,094.34
Foshan Shunde District Midea Hotel Management Co., Ltd.	Labor services	116,702.94	180,887.93
Ningbo Midea Property Management Co., Ltd.	Labor services		516,713.84
Guangzhou Huayi International Auction Co., Ltd.	Labor services	801,033.29	
Guangdong Bomei Property Service Co., Ltd.	Labor services	1,191,467.15	
Subtotal		108,403,998.56	145,242,374.42

## (2) Sale of goods and rendering of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Guangdong Liangke Environmental Engineering Co., Ltd.	Goods and factoring	1,706,918.19	781,333.30
Guangdong Tianshu New Energy Technology Co., Ltd.	Goods and factoring	4,572,082.14	90,942,152.84
Guangdong Weiqi Electrical Materials Co., Ltd.	Factoring	5,100,534.46	1,873,184.56
Liaoning Donggang Magnet Wire Co., Ltd.	Factoring	2,843,034.34	124,354.60
Anhui Weiqi Electrical Materials Co., Ltd.	Goods and factoring	2,323,149.35	416,492.94
Foshan Yingtong Electrical Materials Co., Ltd.	Factoring	549,056.60	233,830.19
Guangdong Ferries New Energy Technology Co., Ltd.	Goods	32,674,315.93	
Guangdong Midea HVAC Equipment Co., Ltd.	Goods	28,141.59	543,008.85
Guangdong Welling Motor Manufacturing Co., Ltd.	Goods and labor services	233,895.50	
Beijing Xingyun Zhixing Technology Co., Ltd.	Goods	943.40	
Taizhou Jinzhong Environmental Industry Co., Ltd.	Labor services	22,021,147.55	
Guangdong Bomei Property Service Co.,	Goods and labor	4,719,857.33	3,118,410.25

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Ltd.	services		
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	Goods	-141,215.31	6,862,177.99
Zoomlion Heavy Industry Company	Goods	3,780,395.53	1,995,580.83
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	94,726.56	589,792.61
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	118,489.02	65,565.12
Subtotal		80,625,472.18	107,545,884.08

## 2. Related party leases

## (1) The Company as the lessor

Lessees	Types of assets leased	Lease income for the current period	Lease income for the preceding period
Guangdong Tianshu New Energy Technology Co., Ltd.	Plant and comprehensive building	2,304,088.08	988,266.74
Guangdong Liangke Environmental Engineering Co., Ltd.	Office	15,600.00	

## (2) The Company as the lessee

Lessors	Types of assets leased	Current period cumulative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease of right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenses recognized
Foshan Shunde District Yinghai Investment Co., Ltd.	Office building, parking space	20,952.38	1,258,782.48		84,848.59
Shenzhen Infore Smart Technology Co., Ltd.	Office building	695,812.82			

(Continued)

Lessors	Types of assets leased	Preceding period comparative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease of right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenses recognized
Foshan Shunde District Yinghai Investment Co., Ltd.	Office building, parking space		1,256,323.04		63,604.54
Shenzhen Infore Smart Technology Co., Ltd.	Office building	840,509.43			

### 3. Related party guarantees

(1) The Company and its subsidiaries did not act as guarantors in the current period.

(2) The Company and its subsidiaries did not act as guaranteed parties in the current period.

### 4. Temporary call loans between related parties

In 2023, Infore Group lent temporary funds to the Company and its subsidiaries, totaling 800 million yuan, which were usually returned within one working day. Therefore, the two parties have not settled the interest on the funds occupied.

### 5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	7,022,866.00	6,500,407.42

### 6. Special agreement on continued implementation of sales contract signed in the name of Zoomlion Heavy Industry Company

Since June 1, 2017, the sanitation business of Zoomlion Heavy Industry Company was merged into Zoomlion Environmental Company. In order to continue the implementation of the sales contract originally signed in the name of Zoomlion Heavy Industry Company, Zoomlion Environmental Company invoiced Zoomlion Heavy Industry Company, which will then issue the invoice of the same amount to end customers. The tax-excluded amount of income from such transactions in 2023 is -1,489,633.01 yuan. Zoomlion Environmental Company related such transactions directly to end customers.

### 7. Other related party transactions

In 2023, the subsidiary Zoomlion Environmental Company carried out financing factoring business through Zoomlion Heavy Industry Company and paid the financing factoring service fees of 19.5 thousand yuan.

## (III) Balances due to or from related parties

### 1. Balances due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Guangdong Tianshu New Energy Technology Co., Ltd.	189,921,071.39	56,976,321.42	200,788,348.94	8,569,313.68
	Guangdong Weiqi Electrical Materials Co., Ltd.	43,161,070.83	647,416.06	112,174,999.99	1,682,625.00
	Liaoning Donggang Magnet Wire Co., Ltd.	40,963,666.44	614,455.00	31,300,000.00	469,500.00
	Guangdong Ferries New Energy Technology Co., Ltd.	36,921,977.00	1,846,098.85		
	Anhui Weiqi Electrical Materials Co., Ltd.	21,157,622.95	317,364.34	30,586,839.62	458,802.59
	Taizhou Jinzhong Environmental Industry Co., Ltd.	5,934,700.00	296,735.00		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Guangdong Shunkong Environmental Investment Co., Ltd.	4,108,567.88	1,696,739.48	4,158,567.88	890,025.90
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	4,048,556.31	1,185,488.39	4,017,898.31	401,789.83
	Gucheng Yinglian Urban Environmental Service Co., Ltd.	2,045,755.42	102,287.77		
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	1,889,210.92	188,921.09	3,762,921.52	188,146.08
	Zoomlion Heavy Industry Company	1,150,774.01	237,645.17	665,051.93	126,337.58
	Guangdong Bomei Property Service Co., Ltd.	876,777.77	43,838.89	903,500.08	45,175.00
	Guangdong Welling Motor Manufacturing Co., Ltd.	85,215.05	4,260.75		
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	77,715.00	3,885.75	10,711.00	535.55
	Guangdong Midea HVAC Equipment Co., Ltd.	31,910.00	1,595.50	233,371.88	51,798.38
	Guangdong Midea Electric Co., Ltd.			54,018.62	54,018.62
	Guangdong Midea Refrigeration Equipment Co., Ltd.			42,819.11	42,819.11
	Guangdong Midea Building Technologies Co., Ltd.			33,413.42	33,413.42
	Guangdong Liangke Environmental Engineering Co., Ltd.			30,000,000.00	450,000.00
	Foshan Yingtong Electrical Materials Co., Ltd.			20,486,000.00	307,290.00
Subtotal		352,374,590.97	64,163,053.46	439,218,462.30	13,771,590.74
Receivables financing	Guangdong Tianshu New Energy Technology Co., Ltd.	3,776,800.00			
	Zoomlion Heavy Industry Company	600,000.00		200,000.00	
Subtotal		4,376,800.00		200,000.00	
Advances paid	Gucheng Yinglian Urban Environmental Service Co., Ltd.	500,000.00			
	Zoomlion Heavy Industry Company	155,660.67		85,768.19	
	Guangzhou Huayi International Auction Co., Ltd.	40,800.00			
	Chongqing Midea General Refrigeration Equipment Co., Ltd.			31,500.00	
Subtotal		696,460.67		117,268.19	
Other receivables	Gucheng Yinglian Urban Environmental Service Co., Ltd.	2,739,525.00	136,976.25		
	Guangdong Shunkong Environmental Investment	1,730,000.00	1,730,000.00	1,730,000.00	865,000.00



Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Co., Ltd.				
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	838,613.91	41,930.70		
	Guangzhou Huayi International Aution Co., Ltd.	327,600.00	16,380.00		
	Foshan Shunde District Yinghai Investment Co., Ltd.	205,228.40	102,614.20	205,228.40	102,614.20
	Anhui Meizhi Refrigeration Equipment Co., Ltd.	5,000.00	250.00		
	Zoomlion Heavy Industry Company			7,190,173.17	359,508.66
	Guangdong Midea HVAC Equipment Co., Ltd.			10,000.00	500.00
	Shenzhen Infore Smart Technology Co., Ltd.			304,020.00	15,308.44
	Guangdong Weiqi Electrical Materials Co., Ltd.			337,565.30	168,782.65
Subtotal		5,845,967.31	2,028,151.15	9,776,986.87	1,511,713.95
Contract assets and other non-current assets	Guangdong Midea HVAC Equipment Co., Ltd.	31,800.00	3,180.00		
	Zoomlion Heavy Industry Company	22,500.00	1,125.00	162,550.00	8,127.50
Subtotal		54,300.00	4,305.00	162,550.00	8,127.50
Long-term receivables and non-current assets due within one year	Guangdong Tianshu New Energy Technology Co., Ltd.	5,037,500.00	1,511,250.00	5,137,500.01	77,062.50
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	3,456,000.00	1,342,250.00	3,456,000.00	651,050.00
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	7,369,548.45	1,995,153.96	7,531,548.45	983,685.27
Subtotal		15,863,048.45	4,848,653.96	16,125,048.46	1,711,797.77

## 2. Balances due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Zoomlion Heavy Industry Company	33,784,532.87	55,248,477.35
	Guangdong Tianshu New Energy Technology Co., Ltd.	3,737,470.40	6,037,232.82
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	2,963,838.75	6,033,821.63
	Midea Group Co., Ltd.	587,507.93	587,507.93
	Guangdong Shunkong Environmental Investment Co., Ltd.	585,700.00	993,522.02
	Guangdong Ferries New Energy Technology Co., Ltd.	519,697.82	
	Guangzhou Huayi International Aution Co., Ltd.	327,600.00	
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	26,733.52	7,253,459.78
	Foshan Shunde District Midea Hotel Management Co., Ltd.	22,848.91	80,789.37

Items	Related parties	Closing balance	Opening balance
	Guangdong Liangke Environmental Engineering Co., Ltd.		875,000.00
Subtotal		42,555,930.20	77,109,810.90
Notes payable	Zoomlion Heavy Industry Company	51,685,972.00	59,153,632.35
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.		3,002,040.00
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	471,035.00	
	Guangdong Tianshu New Energy Technology Co., Ltd.	252,000.00	520,000.00
Subtotal		52,409,007.00	62,675,672.35
Contract liabilities	Zoomlion Heavy Industry Company	101,061.95	6,145,050.10
	Guangdong Liangke Environmental Engineering Co., Ltd.	987,079.70	987,079.67
	Guangdong Tianshu New Energy Technology Co., Ltd.	13,296.46	1,681.42
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.		78,180.53
Subtotal		1,101,438.11	7,211,991.72
Other payables	Hong Kong Investment Company	32,958,498.54	21,875,000.00
	Gucheng Yinglian Urban Environmental Service Co., Ltd.	3,480,000.00	
	Taizhou Jinzhong Environmental Industry Co., Ltd.	1,545,898.65	
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	1,525,315.33	403,654.00
	Zoomlion Heavy Industry Company	68,259.20	363,559.20
	Yichun Yinglian Urban Environmental Service Co., Ltd.	63,965.82	
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	50,000.00	
	Guangdong Bomei Property Service Co., Ltd.	5,000.00	5,000.00
	Zoomlion Hengtong Machinery Co., Ltd.	4,300.00	4,300.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,700.00	2,700.00
Subtotal		39,703,937.54	22,654,213.20
Lease liabilities and non-current liabilities due within one year	Foshan Shunde District Yinghai Investment Co., Ltd.	1,845,892.92	
Subtotal		1,845,892.92	

## XII. Share-based payment

### (I) Overall information

#### 1. Details

Objects	Quantity and amount of equity instruments							
	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management personnel							10,420,000.00	7,312,289.83

R&D personnel							5,048,000.00	3,542,460.56
Sales personnel							4,380,000.00	3,073,688.05
Production personnel							2,116,000.00	1,484,914.13
Total							21,964,000.00	15,413,352.57

## 2. Other remarks

The decision-making procedures and approval status of the Company's phase III stock option incentive plan

According to the "Proposal on the 'Phase III Stock Option Incentive Plan (Draft)' and Its Summary" approved by the Company's third extraordinary shareholders' meeting of 2019 dated November 12, 2019, and the "Proposal on Adjusting the List of Incentive Targets and the Number of Granted Stock Options for Phase III Stock Option Incentive Plan" deliberated and approved by 32<sup>nd</sup> meeting of the eighth session of the Board of Directors dated November 26, 2019, the Company intends to implement stock option incentive plans for some of the Company's middle and senior managers and core backbones (technology, marketing, production, etc.). The total number of stock options granted to incentive targets is 65.09 million, accounting for approximately 2.06% of the Company's total share capital of 3,163.0621 million shares when the incentive plan is signed. If each stock option meets the exercise conditions after 12 months from the grant date, the incentive targets exercise the option by three installments at 30%, 30%, and 40% at the exercise price of 6.45 yuan per share within the next 36 months.

According to the "Proposal on Adjusting the Incentive Targets and the Number of Options Exercised in Phase II and Phase III Stock Option Incentive Plans" deliberated and approved by the fourth meeting of the ninth session of the Board of Directors and the third meeting of the ninth session of the Board of Supervisors dated April 23, 2020, 5 employees who resigned due to personal reasons were identified by the Company's Board of Directors as no longer eligible for incentives. According to the provisions of the "Phase III Stock Option Incentive Plan (Draft)", their first, second, and third installments of stock options, a total of 1.28 million, were cancelled. After the adjustments, the incentive targets of phase III stock option incentive plan have been adjusted from the original 249 to 244, and the number of locked stock options granted has been adjusted from 65.09 million to 63.81 million.

The "Proposal on the Company's Phase III Stock Option Incentive Plan's Failure to Meet the Exercising Conditions for the First Exercise Period and Cancellation of Part of the Stock Options" was deliberated and approved by the fourth meeting of the ninth session of the Board of Directors and the third meeting of the ninth session of the Board of Supervisors. Given that the Company's performance did not reach the exercising conditions of the first exercise period of the phase III stock option incentive plan, the 19.143 million stock options granted but not yet exercised in the first exercise period cannot be exercised. According to the relevant provisions of the "Phase III Stock Option Incentive Plan (Draft)", the Company's Board of Directors agreed to cancel the 19.143 million stock options granted but not yet exercised in the first exercise period.

The Company has disclosed the "Announcement on the Implementation of the Annual Equity Distribution of 2019" on July 4, 2020, based on the Company's current total share capital after excluding the repurchased shares (0 share), i.e., 3,163,062,146 shares, cash dividend of 1.10 yuan (tax inclusive) for every 10 shares is to be distributed to all shareholders. The equity registration date for this equity distribution is July 9, 2020, and the ex-rights and ex-

dividend date is July 10, 2020. Given that the Company's equity distribution of 2019 has been implemented on July 10, 2020, according to provisions on the adjustment of the exercise price of the phase II and phase III stock option incentive plan drafts, if the Company has conversion of capital reserve into share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of phase III stock option incentive plan will be adjusted from 6.45 yuan per share to 6.34 yuan per share.

Pursuant to the "Proposal on Revising the Performance Appraisal Indicators of Phase III Stock Option Incentive Plan" deliberated and approved by the sixth meeting of the ninth session of the Board of Directors dated August 20, 2020, it is agreed to revise the performance appraisal indicators of phase III stock option incentive plan.

Pursuant to the "Proposal on Adjusting the Incentive Targets and the Number of Options Exercised and Cancellation of Part of the Stock Options in Phase II and Phase III Stock Option Incentive Plans" deliberated and approved by the 13<sup>th</sup> meeting of the ninth session of the Board of Directors and the 12<sup>th</sup> meeting of the ninth session of the Board of Supervisors dated April 22, 2021, 13 incentive targets who resigned from the Company or the Company's controlled subsidiaries due to personal reasons were identified by the Company's Board of Directors as no longer eligible for incentives. According to the provisions of the "Phase III Stock Option Incentive Plan (Revised Draft)", their second and third installments of stock options, a total of 3.101 million, were cancelled. After the adjustments, the incentive targets of phase III stock option incentive plan have been adjusted from the original 244 to 231, and the number of locked stock options granted has been adjusted from 44.667 million to 41.566 million.

According to the "Proposal on Matters Related to the Second Exercise Period of Phase III Stock Option Incentive Plan" deliberated and approved by the 13<sup>th</sup> meeting of the ninth session of the Board of Directors and the 12<sup>th</sup> meeting of the ninth session of the Board of Supervisors, given that the conditions for the second exercise period of the Company's phase III stock option incentive plan have been fulfilled, the phase III stock option incentive plan has determined and passed the assessment for a total of 231 incentive targets, and a total of 17.814 million shares can be exercised in the second exercise period.

Pursuant to the "Profit Distribution of 2020" deliberated and approved by the shareholders' meeting of 2020 dated May 14, 2021, based on the Company's current total share capital of 3,163,086,005 shares after excluding the repurchased shares of 58,976,234 share, i.e., 3,104,109,771 shares, cash dividend of 1.20 yuan (tax inclusive) for every 10 shares is to be distributed to all shareholders, with 0 bonus share (tax inclusive) and no conversion of capital reserve into share capital. The equity registration date for this equity distribution is July 7, 2021, and the ex-rights and ex-dividend date is July 8, 2021.

The "Proposal on Adjusting the Exercise Price of Stock Options in Phase II and Phase III Stock Option Incentive Plans" was deliberated and approved by the 14<sup>th</sup> meeting of the ninth session of the Board of Directors and the 13<sup>th</sup> meeting of the ninth session of the Board of Supervisors on August 19, 2021. Given that the Company's equity distribution of 2020 has been implemented on July 8, 2021, according to provisions on the adjustment of the exercise price of the phase III stock option incentive plan draft, if the Company has conversion of capital reserve

into share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments, the exercise price of stock options will be adjusted accordingly. After the adjustment, the exercise price of phase III stock option incentive plan will be adjusted from 6.34 yuan per share to 6.22 yuan per share.

Pursuant to the “Profit Distribution of 2021” deliberated and approved by the shareholders’ meeting of 2021 dated May 24, 2022, based on the Company’s current total share capital of 3,179,499,998 shares after excluding the repurchased shares of 58,976,234 share, i.e., 3,120,523,764 shares, cash dividend of 1.00 yuan (tax inclusive) for every 10 shares is to be distributed to all shareholders, with 0 bonus share (tax inclusive) and no conversion of capital reserve into share capital. The equity registration date for this equity distribution is July 19, 2022, and the ex-rights and ex-dividend date is July 20, 2022.

The “Proposal on Adjusting the Exercise Price of Stock Options in Phase III Stock Option Incentive Plan” was deliberated and approved by the 19<sup>th</sup> meeting of the ninth session of the Board of Directors and the 18<sup>th</sup> meeting of the ninth session of the Board of Supervisors on August 24, 2022. Given that the Company’s equity distribution of 2021 has been implemented on July 20, 2022, after the adjustment, the exercise price of phase III stock option incentive plan will be adjusted from 6.22 yuan per share to 6.12 yuan per share.

According to the “Proposal on Adjusting the Incentive Targets and the Number of Options Exercised and Cancellation of Part of the Stock Options in Phase III Stock Option Incentive Plan” deliberated and approved by the 21<sup>st</sup> meeting of the ninth session of the Board of Directors and the 19<sup>th</sup> meeting of the ninth session of the Board of Supervisors dated October 26, 2022, 22 incentive targets who resigned from the Company were identified by the Company’s Board of Directors as no longer eligible for incentives. According to the provisions of the “Phase III Stock Option Incentive Plan (Revised Draft)”, their third installments of stock options, a total of 1.788 million, were cancelled. After the adjustments, the incentive targets of phase III stock option incentive plan have been adjusted from the original 231 to 209, and the number of locked stock options granted has been adjusted from 23.752 million to 21.964 million.

The “Proposal on Cancellation of Expired but Unexercised Stock Options for the Third Exercise Period of the Phase III Stock Option Incentive Plan” was deliberated and approved by the fifth extraordinary meeting of the tenth session of the Board of Directors dated January 8, 2024. As of November 25, 2023, the third exercise period of the Company’s phase III stock option incentive plan has expired, and 21.964 million stock options held by 209 incentive objects for the third exercise period of the phase III stock option incentive plan have not been exercised. According to the regulations of the phase III stock option incentive plan, incentive objects must exercise their options within the valid exercise period. If the exercise conditions are not met, the current stock options shall not be exercised and shall be canceled by the Company; if the exercise conditions are met, but the stock options are not exercised within the valid exercise period, the stock options shall be canceled by the Company. Therefore, the Company will cancel a total of 21.964 million stock options that have been granted to but not yet exercised by the aforementioned 209 incentive objects during the third exercise period. After the completion of this cancellation, the Company’s phase III stock option incentive plan has been fully implemented.

## (II) Equity-settled share-based payment

## 1. Details

Determination method and key parameters of grant-date fair value of equity instruments	Stock options: Grant-date fair value of the stock options was determined according to the Black-Scholes option pricing model
Determination method for the number of equity instruments expected to vest	It is expected that all incentive targets still hold positions with the Company by then will fully exercise their rights
Reasons for significant difference between the estimates in the current period and preceding period	None
Capital reserve accumulated due to equity-settled share-based payment	63,871,094.05

**XIII. Commitments and contingencies**

## (I) Significant commitments

As of December 31, 2023, the Company has no significant commitments to be disclosed.

## (II) Contingencies

## 1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

On November 19, 2018, Hong Kong Investment Company, the former shareholder of the Company's 70%-controlled subsidiary Green Oriental Company, filed a civil complaint with the People's Court of Qianhai Cooperation Zone, Shenzhen City, Guangdong Province, requesting the Company and its subsidiary Shenzhen Green Ark Investment Co., Ltd. to pay 21.875 million yuan and interest thereof for the 25% equity acquisition of Lianjiang Company in 2016, and therefore applied for freezing 25% of equity of Lianjiang Company. According to the Civil Judgment numbered [2018] Yue 0391 Min Chu 4117 issued by the People's Court of Qianhai Cooperation Zone, Shenzhen City, Guangdong Province on June 18, 2019, the subsidiary Shenzhen Green Ark Investment Co., Ltd. shall pay 21.875 million yuan and interest thereof for the 25% equity acquisition of Lianjiang Company in 2016 to Hong Kong Investment Company. On July 12, 2019, Shenzhen Green Ark Investment Co., Ltd. filed a civil appeal petition to Shenzhen Intermediate People's Court, requesting to revoke the Civil Judgment numbered [2018] Yue 0391 Min Chu 4117 in accordance with the law, and to dismiss all the claims made by Hong Kong Investment Company.

On May 20, 2021, the Shenzhen Intermediate People's Court made the final judgement numbered (2019) Yue 03 Min Zhong 24451. The court believed that although the Company and Shenzhen Green Ark Investment Co., Ltd. were related parties, they were independent of each other as corporations, thus did not support the Shenzhen Green Ark Investment Co., Ltd.'s unsafe right of defense against Hong Kong Investment Company based on the "Cooperation Framework Agreement"; meanwhile, as Green Oriental Company and Shenzhen Green Ark Investment Co., Ltd. were also independent corporations, the court did not support Shenzhen Green Ark Investment Co., Ltd.'s claim for a set-off based on the reason that Green Oriental Company had the creditor's rights to Hong Kong Investment Company. The civil judgment numbered (2019) Yue 03 Min Zhong 24451 upheld the first-instance judgment. On January 8, 2021, Shenzhen Yongsheng Electric Power Equipment Co., Ltd. claimed that it had acquired the creditor's rights as confirmed by the civil judgment numbered (2019) Yue 03 Min Zhong 24451, and applied to the People's Court of Qianhai Cooperation Zone, Shenzhen City, Guangdong Province for

compulsory enforcement.

Later, Shenzhen Green Ark Investment Co., Ltd. raised an enforcement objection, which had been accepted by the court with the case number of (2021) Yue 0391 Zhi Yi 240. According to the civil judgment numbered [2021] Yue 0391 Min Chu 5890 issued by the People's Court of Qianhai Cooperation Zone, Shenzhen City, Guangdong Province on July 31, 2022, the court ruled to revoke the defendant Hong Kong Investment Company's transfer of its creditor's right including equity transfer funds of 21,875,000 yuan and interest thereof, litigation fees of 172,535 yuan and preservation fees of 5,000 yuan to the defendant Shenzhen Yongsheng Electric Power Equipment Co., Ltd. On August 10, 2022, Hong Kong Investment Company and Shenzhen Yongsheng Electric Power Equipment Co., Ltd. filed an appeal to the Shenzhen Intermediate People's Court.

As of December 31, 2023, the Company has accrued other payables of 32,958,498.54 yuan due to Hong Kong Investment Company.

## 2. Contingent liabilities incurred by providing debt guarantees for other entities and the financial effect

(1) Please refer to section XI of notes to the financial statements for details on guarantees provided by the Company to related parties.

(2) Guarantees provided by the Company and its subsidiaries to non-related parties

1) Certain customers of the Company use working capital loans provided by banks to finance their purchase. According to the arrangement of the agreement, the Company provides guarantees for such transactions. Meanwhile, the actual controller of the borrower provides a joint and several liability guarantee for the full amount of loans. As of December 31, 2023, the Company's maximum exposure to these guarantees is 121,356,312.99 yuan.

2) Certain customers of the Company use finance lease services provided by third-party finance lease companies to finance their purchase from the Company. According to the arrangement of the agreement, the Company provides guarantees for third-party finance lease companies. If customers default, the Company will be required to compensate the third-party finance lease companies for the lease payment owed by customers. Meanwhile, the Company has the right to take back and sell the machinery that is the subject of the lease, and keep any sales income exceeding the balance of the guarantee payment to the lease company. As of December 31, 2023, the Company's maximum exposure to these guarantees is 78,094,828.01 yuan.

## **XIV. Events after the balance sheet date**

### **(I) Significant non-adjusting events**

The Company has no significant non-adjusting events after the balance sheet date.

### **(II) Profit distribution after the balance sheet date**

According to the "Profit Distribution Plan of 2023" deliberated and approved by the sixth meeting of the tenth session of the Board of Directors on April 26, 2024, the Company intends to distribute cash dividends of 1.25 yuan (tax inclusive) per 10 shares based on the current total share capital of 3,166,941,288 shares (net of shares in the Company's special account for repurchase), with cash dividends distributed totaling 395,867,661.00 yuan.

### (III) Other remarks

#### 1. Recognition of performance compensation and indemnity

Pursuant to the “Proposal on Signing the Equity Transfer Agreement and Cooperation Framework Agreement” deliberated and approved by the 13<sup>th</sup> interim meeting of the seventh session of the Board of Directors of the Company dated October 14, 2015, the Company signed the “Signing of Equity Transfer Agreement” and the “Cooperation Framework Agreement of Shenzhen Green Oriental Environmental Protection Co., Ltd.” (the “Cooperation Framework Agreement”), which stipulated that the Company will acquire 51.00% of equity of Green Oriental Company held by Shenzhen Feima Investment Co., Ltd. and Shenzhen Qianhai Chima Environmental Protection Investment Co., Ltd. at the consideration of 100,548,976.00 yuan, of which, 96,605,878.90 yuan is the consideration for the 49.00% of equity of Green Oriental Company held by Shenzhen Feima Investment Co., Ltd., and 3,943,097.10 yuan is the consideration for the 2.00% of equity of Green Oriental Company held by Shenzhen Qianhai Chima Environmental Protection Investment Co., Ltd.

According to the Cooperation Framework Agreement, Hong Kong Investment Company and Zheng Weixian made commitments on the business performance of Green Oriental Company in the next four years as follows: (1) from January 1, 2016 to December 31, 2019, the total net profit realized by the four project companies including Lianjiang Company, Xiantao Company, Funan Company and Shouxian Company (collectively, the “four project companies”) shall not be less than 120 million yuan. Otherwise, Hong Kong Investment Company and Zheng Weixian shall compensate the Company based on the difference between the accumulated committed net profit and the accumulated realized net profit multiplied by 60%, which should be paid in cash. If the cash compensation is insufficient, they will compensate the Company with the equity of Green Oriental Company held by Hong Kong Investment Company; (2) within 24 months after the completion of registration of capital increase at the administration for market regulation, Hong Kong Investment Company shall transfer its Luyi Project and Puyang Project to Green Oriental Company, and smoothly start the construction as scheduled according to the law. If the projects cannot be transferred or partially transferred, unable to be transferred, or are withdrawn and cancelled by the government within the above period, Hong Kong Investment Company and Zheng Weixian will pay the lump sum indemnity of not less than 5.00 million yuan for each project to the Company; (3) before December 31, 2018, the Poyang Project and the Yangxin Project must officially start construction and obtain approval procedures. If the construction cannot be started or the projects are withdrawn by the government, Hong Kong Investment Company and Zheng Weixian will pay the indemnity of not less than 10.00 million yuan for each project to the Company; (4) before December 31, 2020, Jiujiang Green Oriental Renewable Energy Co., Ltd. must start construction and obtain approval procedures. If the construction cannot be started or it is withdrawn by the government, Hong Kong Investment Company and Zheng Weixian will pay the indemnity of not less than 5.00 million yuan for each project to the Company; (5) from January 1, 2016 to December 31, 2019, for the new waste incineration power generation BOT agreement (subject to the signed franchise agreement) signed by Green Oriental Company, the total daily processing capacity shall be not less than 6,500 tons (the daily processing capacity of a single project is not less than 500 tons, at least one of which must be more than 2,000 tons). If the above conditions are not met, Hong Kong Investment Company and Zheng Weixian will compensate Green Oriental Company 5 million yuan for every 500 tons less than the daily processing capacity.



In addition, in 2015, the Company and Hong Kong Investment Company entered into the equity pledge contract, stipulating that Hong Kong Investment Company would pledge 49% of equity of Green Oriental Company for the debt portfolio worth 340 million yuan as agreed in the Cooperation Framework Agreement. The equity pledge was processed by both parties in the same year.

As of October 31, 2015, the Company has paid all the equity transfer payments, and Green Oriental Company has been brought into the consolidation scope since the end of October 2015. In April 2016, the Company continued to acquire 19.00% of equity of Green Oriental Company through capital increase of 86.67 million yuan and finally held 70% of equity of Green Oriental Company. On April 23, 2020, Pan-China Certified Public Accountants LLP issued an assurance report numbered PCCPAAR [2020] 3439, which stated that: the audited net profits of the four project companies for the year ended December 31, 2016, 2017, 2018 and 2019 (the lower of net profits before and after deducting non-recurring profit or loss) amounted to 2.16 million yuan, -24.42 million yuan, -19.19 million yuan and -0.63 million yuan, respectively; the accumulated net profit amounted to -42.09 million yuan, which was 162.09 million yuan less than the amount of performance commitment, and the committed net profits from 2016 to 2019 were not achieved.

In order to promote the implementation of performance compensation and indemnity, the Company filed a lawsuit with the Intermediate People's Court of Foshan City, Guangdong Province, requiring Hong Kong Investment Company and Zheng Weixian to pay indemnity and compensation to the Company in accordance with the Cooperation Framework Agreement.

On January 13, 2021, the Intermediate People's Court of Foshan City, Guangdong Province made a first-instance judgment, requesting Hong Kong Investment Company and Zheng Weixian to pay the indemnity of 113.46 million yuan for the unfulfilled performance commitment, i.e., [120 million yuan - (-42.09 million yuan)]\*70%; pay the compensation of 50.00 million yuan for the unfinished daily processing volume; at the same time, the court supported the Company to enjoy the priority of compensation within 200 million yuan for the 30% of equity of Green Oriental Company held by Hong Kong Investment Company.

On January 29, 2021, Hong Kong Investment Company and Zheng Weixian appealed to the Higher People's Court of Guangdong Province.

On November 2, 2021, the Higher People's Court of Guangdong Province held a public hearing of the second-instance case.

On July 18, 2022, the Higher People's Court of Guangdong Province made the final judgement of the second instance, ruling that Hong Kong Investment Company and Zheng Weixian shall pay the Company 113.46 million yuan for the unfulfilled performance commitment and supported the Company to enjoy the priority of compensation within 200 million yuan for the 30% of equity of Green Oriental Company held by Hong Kong Investment Company.

The Company has applied to the Intermediate People's Court of Foshan City, Guangdong Province for compulsory enforcement, and received the notice of acceptance of the enforcement case numbered (2022) Yue 06 Zhi 1500 on

August 4, 2022.

On January 26, 2024, the Intermediate People’s Court of Foshan City, Guangdong Province, conducted a judicial auction of 30% equity of Green Oriental Company, which was won by the Company with a bid of 73,059,000 yuan. On February 18, 2024, the Intermediate People’s Court of Foshan City, Guangdong Province transferred the enforcement payment of 72,403,790.58 yuan to the Company.

## 2. Transfer of subsidiaries’ equity

Pursuant to the “Proposal on Transfer of Subsidiaries’ Equity” deliberated and approved by the fifth extraordinary meeting of the tenth session of the Board of Directors dated January 8, 2024, it was agreed to transfer 100% of equity of Foshan Shunhe Environmental Protection Co., Ltd. to Guangdong Shunkong Development Co., Ltd. at the consideration of 259.63 million yuan.

## XV. Other significant events

### (I) Segment information

#### 1. Identification basis for reportable segments

Reportable segments are identified according to the structure of the Company’s internal organization, management requirements and internal reporting system, and based on product segments. The Company evaluates the operating performance of smart city services and other businesses respectively. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

#### 2. Financial information of reportable segments

##### Products segment

Items	Smart city services	Other businesses	Inter-segment offsetting	Total
Operating revenue	10,721,886,759.01	1,946,638,680.05	37,474,471.72	12,631,050,967.34
Operating cost	8,370,900,180.28	1,411,862,859.52	37,280,951.88	9,745,482,087.92
Total assets	17,145,309,940.35	30,726,217,660.18	18,823,326,040.17	29,048,201,560.36
Total liabilities	8,699,585,283.86	9,662,247,870.89	7,211,679,051.48	11,150,154,103.27

## (II) PPP contracts

Details on the Company's top five PPP contracts are listed as follows:

No.	Projects	Summary of contracts	Significant contractual terms that may affect the amount, timing and risk of future cash flows	Related rights enjoyed and obligations assumed by the Company	Changes in contracts	Classification of contracts
1	Funan County Domestic Waste Incineration Power Plant Project	The project is a waste incineration power generation project invested by the Company and the Funan County Urban Management and Law Enforcement Bureau in the form of BOT. It is planned to be located in Funan, Anhui, and is mainly used for incineration of domestic waste in Funan. The planned total investment is about 1.24 billion yuan, and the designed daily domestic waste treatment scale is 500 tons in the first phase and 1,000 tons in the final phase. The concession period of the project is 30 years (calculated from the date of commercial operation). The project has started commercial operation in 2020.	Annual guaranteed waste supply: the first phase is no less than 180,000 tons/year, and the second phase has not yet been agreed; the waste treatment price is 52 yuan/ton, which will be adjusted every three years; if the annual waste supply of the Funan County Urban Management and Law Enforcement Bureau is more than 0.36 million tons, the two parties can build another factory, while the Company has the priority to invest and construct under the same conditions; the Company's remaining electricity is connected to the grid according to relevant procedures, and the on-grid electricity price is determined according to the "Power Purchase and Sale Contract".	Funan County Urban Management and Law Enforcement Bureau granted the project company the exclusive right to invest and finance, design, construct, operate and maintain domestic waste power generation projects; during the concession period, the project company shall bear the costs, responsibilities and risks by itself, be responsible for the investment and financing, design, construction, operation and maintenance of the project facilities, and hand over the project facilities to the Funan County Urban Management and Law Enforcement Bureau or its designated institution free of charge when the concession period expires.	No	BOT; mixed model
2	PPP Project of Resource Recovery of Liling Urban and Rural Domestic Waste	The project is a waste treatment project invested by the Company and Liling Urban Management and Law Enforcement Bureau in the form of DBOT and ROT. It is mainly used to incinerate domestic waste in Liling City. The planned total investment is about 717 million yuan, including 3 sub-projects: Liling Urban and Rural Domestic Waste Collection and Transportation System Construction Project (DBOT), Liling Urban and Rural Domestic Waste Pretreatment and Incineration Power Generation Project (DBOT) and Liling Domestic Waste Harmless Treatment Plant (ROT). The designed waste collection and transportation scale is 600 tons/day, the scale of pretreatment and incineration power generation projects is 600 tons/day in the near term and 900 tons/day in the long term. The project cooperation period is 25 years from November 2018.	Since the commencement of operation, the annual guaranteed minimum supply is 146,000 tons. If the volume of waste delivered is less than such guaranteed minimum volume, the waste treatment fee will be paid according to the guaranteed minimum volume. The unit price of waste collection and transportation service is 198 yuan/ton (the treatment capacity is within 600 tons/day); the unit price of waste pretreatment and incineration power generation service is 84 yuan/ton (the treatment capacity is within 600 tons/day), and the unit price of landfill service is 56.71 yuan/ton (calculated with the treatment capacity of 300 tons/day) or 37.53 yuan/ton (calculated with the treatment capacity of 600 tons/day); a subsidy fee will be paid according to the agreement for the disposal of waste that exceeds the design capacity. The Company's remaining electricity is connected to the grid according to relevant procedures, and	During the cooperation period, the project company has the exclusive right to invest, construct, operate, maintain and manage the project in Liling City. The project company provides waste treatment services to the Liling Urban Management and Law Enforcement Bureau, and charges the Liling Urban Management and Law Enforcement Bureau thereon; meanwhile, it sells the surplus electricity generated by waste incineration and waste heat to the power company and collects electricity fees, and sells recyclable metals and refuse derived fuels and collects fees. The project company shall bear the costs, responsibilities and risks by itself during the cooperation period, be responsible for the investment and financing, design, construction, operation and maintenance of the project facilities, and shall hand over all the necessary assets for	No	DBOT & ROT; mixed model

No.	Projects	Summary of contracts	Significant contractual terms that may affect the amount, timing and risk of future cash flows	Related rights enjoyed and obligations assumed by the Company	Changes in contracts	Classification of contracts
			the on-grid electricity price is determined according to the “Power Purchase and Sale Contract”. (Subsequent prices will be adjusted based on actual conditions.)	the project to an institution designated by the Liling Municipal People’s Government free of charge when the cooperation period expires or terminates according to the contract.		
3	Xin’an, Fuyong and Fuhai Streets Sanitation Integration PPP Project	The project is a integration project including road cleaning, public area and urban village waste sorting, collection and management (including the facility configuration, maintenance and management), other waste collection, transportation and transfer, operation and maintenance management of waste transfer stations, operation and maintenance management of public toilets, construction and operation and maintenance of sanitation parking lots, greening management, construction and operation and maintenance of smart sanitation platforms, sanitation emergency support, etc. in the administrative area of Xin’an, Fuyong and Fuhai streets in Bao’an District, which is invested by the Company and Shenzhen Bao’an District Urban Management and Law Enforcement Bureau in the form of BOT. The initial investment of the project is 520 million yuan, and the operation period is 15 years (including construction and equipment configuration period of 1 year) from June 1, 2020 to May 31, 2035.	The amount paid for this project is equal to the total monthly operating service fee minus the daily assessment deductions of the project. Monthly operation service fee = monthly comprehensive road cleaning and fee + monthly waste collection, transportation and transfer fee + monthly public toilet management fee + monthly greening maintenance fee + monthly sanitation parking lot service fee + monthly smart sanitation platform operation and management fee. From the start of the operation period, every 3 extension years is a price adjustment period.	During the operation period, the project company shall undertake the responsibilities of investment and financing of the project, purchasing of vehicles and equipment, design and construction, operation, maintenance and handover of the parking lots. After the expiry of the operation period, the project assets, project facilities and project site shall be handed over to the implementing agency (except for the parking lots built by the Company itself, but if the land used for the parking lot is provided by the government, the site involved in these parking lots shall be handed over to the implementing agency), and the project company shall collect fees from the sub-district office during the operation period according to the contract.	No	BOT; intangible assets model
4	Lianjiang Domestic Waste Incineration Power Generation Project	The project is a waste incineration power generation project invested by the Company and the Lianjiang Municipal Bureau of Urban Utilities and Landscaping in the form of BOT. It is planned to be located in Lianjiang, Guangdong, and is mainly used for incineration of domestic waste in Lianjiang. The planned total investment is about 493 million yuan, and the designed daily domestic waste treatment scale is 500 tons in the first phase and 1,100 tons in the final phase. The	Since the commencement of operation, the daily guaranteed minimum volume of waste delivered or consigned under the first phase is 500 tons. If the actual volume is less than such guaranteed minimum volume, the waste treatment fee will be paid according to the guaranteed minimum volume. The price of waste treatment: in the first stage: from December 1, 2019 to the operation of the second phase (“72+24 hours” trial operation is conducted and a compliance commissioning report is issued), the waste	Lianjiang Municipal Bureau of Urban Utilities and Landscaping granted the project company the exclusive right to invest and finance, design, construct, operate and maintain domestic waste power generation projects; during the concession period, the project company shall bear the costs, responsibilities and risks by itself, be responsible for the investment and financing, design, construction, operation and maintenance of the project facilities, and	No	BOT; intangible assets model

No.	Projects	Summary of contracts	Significant contractual terms that may affect the amount, timing and risk of future cash flows	Related rights enjoyed and obligations assumed by the Company	Changes in contracts	Classification of contracts
		concession period of the project is 30 years (calculated from the date of commercial operation). The first phase has started commercial operation in 2016.	treatment fee is adjusted from 40 yuan/ton to 65 yuan/ton; in the second stage: after the operation of the second phase (“72+24 hours” trial operation is conducted and a compliance commissioning report is issued), the waste treatment fee is adjusted from 65 yuan/ton to 78 yuan/ton; the Company’s remaining electricity is connected to the grid according to relevant procedures, and the on-grid electricity price is determined according to the “Power Purchase and Sale Contract”.	hand over the project facilities to the Lianjiang Municipal Bureau of Urban Utilities and Landscaping or its designated institution free of charge when the concession period expires.		
5	Xiantao Circular Economy Industrial Park PPP Project	The project is a circular economy industrial park project invested by the Company and Xiantao Urban Management and Law Enforcement Bureau in the form of BOT. It is located in Xiantao City, Hubei Province. The industrial park project includes 8 sub-projects: the recycling of kitchen waste, the harmless treatment of sludge, the resource recovery of construction waste, the leachate treatment station (Phase II), the leachate treatment station (Phase I), and the domestic waste transfer system (the cooperation period of the above 6 sub-projects covers 30 years from the commencement date of each sub-project, which includes the construction period of 1 year and the operation period of 29 years), the Xiantao Environmental Protection Science and Technology Museum (the cooperation period covers 11 years from the commencement date, which includes the construction period of 1 year and the operation period of 10 years), the domestic waste sanitary landfill (the cooperation period covers 10 years and 3 months from the commencement date, which includes the construction period of 3 months and the operation period of 10 years). The project investment is about 462 million yuan. Pursuant to the supplementary agreement on	The return on the sub-projects including resource utilization of kitchen waste, harmless treatment of sludge, resource recovery of construction waste, leachate treatment station (Phase I), domestic waste transfer system, domestic waste sanitary landfill is government feasibility gap subsidy, which is made up of the unit price of waste treatment multiplied by the higher of basic supply, actual treatment capacity and design treatment capacity, with the unit price adjusted every three years. The Company generates products including but not limited to electricity and building materials through waste treatment and comprehensive utilization. The ownership and revenue of the products belong to the Company.	In accordance with relevant laws and regulations, Xiantao Urban Management and Law Enforcement Bureau granted Xiantao Yinghe Environmental Protection Co., Ltd., within the scope of the project service and cooperation period, an exclusive right to: (1) invest in, build, operate and maintain 5 sub-projects including the resource recovery of kitchen waste, sludge harmless treatment, construction waste recycling, leachate treatment station (Phase II), and Xiantao Environmental Science and Technology Museum (2) invest, reconstruct, operate and maintain 3 sub-projects including the leachate treatment station (Phase I), domestic waste transfer system and domestic waste sanitary landfill. Xiantao Yinghe Environmental Protection Co., Ltd. shall bear the costs, responsibilities and risks by itself during the cooperation period, be responsible for the investment, construction, operation and maintenance of the project facilities, and hand over the project facilities in good condition and free of charge to the Xiantao Urban Management and Law Enforcement Bureau or its designated institution when the cooperation period expires, and guarantee the normal operation of the project facilities. During the cooperation period, Xiantao	No	BOT; intangible assets model

No.	Projects	Summary of contracts	Significant contractual terms that may affect the amount, timing and risk of future cash flows	Related rights enjoyed and obligations assumed by the Company	Changes in contracts	Classification of contracts
		<p>the PPP project contract entered into between the Company and Xiantao Urban Management and Law Enforcement Bureau in August 2023, the implementation plan of the PPP project has been adjusted, and the three sub-subjects including the leachate treatment station (Phase II), the domestic waste sanitary landfill and the Xiantao City Environmental Protection Science and Technology Museum have been moved out of the PPP scope.</p> <p>The domestic waste transfer system has been put into use successively from 2019 to 2020, and the remaining projects are still under construction.</p>		<p>Yinghe Environmental Protection Co., Ltd. provides kitchen waste recycling, sludge harmless treatment, construction waste recycling, leachate treatment, services of environmental protection science and technology museum, domestic waste transfer, domestic waste emergency landfill, fly ash landfill and other services, and enjoys the right to charge service fees and related income.</p>		

(III) Other significant transactions and matters which are influential to investors on their decision-making

As of December 31, 2023, the Company's controlling shareholder, actual controller and persons acting in concert held a total of 1,441,121,828 shares of the Company, accounting for 45.33% of the Company's total share capital, of which, 710,798,429 shares were pledged, accounting for 49.32% of its holdings of the Company, and 22.36% of the Company's total share capital. Details are as follows:

Shareholder	Holder of the pledge	Number of shares pledged	Initial transaction date	Repurchase date	Remarks
Infore Group	China Construction Bank Corporation Limited, Foshan Branch	100,000,000	12/28/2023	Long-term	Financing
Ningbo Infore Asset Management Co., Ltd.	China Minsheng Banking Corporation Limited, Foshan Branch	610,798,429	6/25/2021	3/21/2024	Financing for M&A
Total		710,798,429			

## XVI. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

(1) Details

Items	Closing balance	Opening balance
Dividend receivable	176,000,000.00	
Other receivables	4,294,847,162.66	4,492,807,441.80
Total	4,470,847,162.66	4,492,807,441.80

(2) Dividend receivable

Items	Closing balance	Opening balance
Foshan Shunhe Environmental Protection Co., Ltd.	176,000,000.00	
Subtotal	176,000,000.00	

(3) Other receivables

1) Other receivables categorized by nature

Nature of receivables	Closing book balance	Opening book balance
Temporary advance payment receivable	4,189,643,502.15	4,380,717,882.96
Performance commitment compensation	113,460,620.00	113,460,620.00
Security deposits	493,673.40	293,673.40
Total	4,303,597,795.55	4,494,472,176.36

2) Provision for bad debts

a. Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	4,303,597,795.55	100.00	8,750,632.89	0.20	4,294,847,162.66
Total	4,303,597,795.55	100.00	8,750,632.89	0.20	4,294,847,162.66

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	4,494,472,176.36	100.00	1,664,734.56	0.04	4,492,807,441.80
Total	4,494,472,176.36	100.00	1,664,734.56	0.04	4,492,807,441.80

## b. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	4,161,013,533.28		
Portfolio grouped with buyer's credit	24,127,705.88	4,857,450.12	20.13
Portfolio grouped with performance commitment compensation	113,460,620.00	2,179,342.69	1.92
Portfolio grouped with ages	4,995,936.39	1,713,840.08	34.30
Including: 1-180 days	258,669.54		
180 days-1 year	1,019,113.00	20,382.26	2.00
1-2 years	315,690.79	31,569.08	10.00
2-3 years	329,381.49	98,814.45	30.00
3-4 years	2,779,408.17	1,389,704.09	50.00
4-5 years	205,228.40	102,614.20	50.00
Over 5 years	88,445.00	70,756.00	80.00
Total	4,303,597,795.55	8,750,632.89	0.20



## 3) Changes in provision for bad debts

Items	Stage 1	Stage 2	Stage 3	Total
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance		82,938.15	1,581,796.41	1,664,734.56
Opening balance in the current period	—	—	—	
--Transferred to stage 2				
--Transferred to stage 3		-32,938.15	32,938.15	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	20,382.26	-18,430.92	7,083,946.99	7,085,898.33
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance	20,382.26	31,569.08	8,698,681.55	8,750,632.89
Provision proportion (%)	1.60	0.25	7.44	0.20

Division basis for three stages: Ages of other receivables.

## 4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Temporary advance payment receivable	694,294,343.85	1-180 days	16.13	
No. 2	Temporary advance payment receivable	626,243,925.00	1-180 days	14.55	
No. 3	Temporary advance payment receivable	388,319,645.00	1-180 days	9.02	
No. 4	Temporary advance payment receivable	366,279,140.95	1-180 days	8.51	
No. 5	Temporary advance payment receivable	256,124,048.42	1-180 days	5.95	
Subtotal		2,331,261,103.22		54.16	

## 2. Long-term equity investments

## (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	16,597,592,874.70		16,597,592,874.70	16,730,929,074.70		16,730,929,074.70
Investments in associates and joint ventures	372,846,476.68		372,846,476.68	345,687,796.45		345,687,796.45
Total	16,970,439,351.38		16,970,439,351.38	17,076,616,871.15		17,076,616,871.15

## (2) Investments in subsidiaries

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Others	Carrying amount	Provision for impairment
Infore Water Environment Investment Co., Ltd.	113,055,998.06						113,055,998.06	
Foshan Shunhe Environmental Protection Co., Ltd.	250,064,088.09						250,064,088.09	
Infore Technology Company	134,352,901.63						134,352,901.63	
Infore Zoomlion City Environmental Service Co., Ltd.	15,300,000.00						15,300,000.00	
Guangdong Infore Environmental Investment Co., Ltd.	100,000,000.00			100,000,000.00				
Changsha Zhongbiao Environmental Industry Co., Ltd.	5,270,000.00						5,270,000.00	
Ningbo Infore Finance Lease Co., Ltd.	356,322,974.66						356,322,974.66	
Huaqingyuan Company	987,791.57						987,791.57	
Zoomlion Environmental Company	15,260,177,431.68						15,260,177,431.68	
Shangfeng Industrial Company	200,198,801.05						200,198,801.05	
Green Oriental Company	191,192,917.50						191,192,917.50	
Xiantao Yinghe Environmental Protection Co., Ltd.	103,754,840.00			33,336,200.00			70,418,640.00	
Lianjiang Company	51,330.46						51,330.46	
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	200,000.00						200,000.00	
Subtotal	16,730,929,074.70			133,336,200.00			16,597,592,874.70	

## (3) Investments in associates and joint ventures

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Shenzhen Yingmei City Housekeeper Co., Ltd.	28,165.29				41.05	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	29,631,523.07				-1,821,854.32	
Guangdong Shunkong Environmental Investment Co., Ltd.	218,640,961.90				30,240,907.09	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.	97,387,146.19				3,801,154.35	
Total	345,687,796.45				32,220,248.17	

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,206.34	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					27,809,668.75	
Guangdong Shunkong Environmental Investment Co., Ltd.		5,061,567.94			243,820,301.05	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.					101,188,300.54	
Total		5,061,567.94			372,846,476.68	

## (II) Notes to items of the parent company income statement

## 1. Operating revenue/Operating cost

## (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	45,108.06	45,108.06	818,861.05	818,861.05
Other operations	111,690.97			
Total	156,799.03	45,108.06	818,861.05	818,861.05

## 2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	32,220,248.17	25,737,537.83
Investment income from long-term equity investments under cost method	526,000,000.00	216,137,869.15
Investment income from disposal of long-term equity investments	69,138,964.19	
Investment income from financial products		193,472.38
Performance compensation		-50,000,000.00
Others	408,044.00	414,960.00
Total	627,767,256.36	192,483,839.36

**XVII. Other supplementary information**

## (I) Non-recurring profit or loss

## 1. Schedule of non-recurring profit or loss

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-4,146,549.53	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	52,966,550.75	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities		
Fund possession charge from non-financial entities and included in profit or loss	52,623.28	
Gains on assets consigned to the third party for investment or management	12,111,406.99	Investment income from financial products was 12,111,406.99 yuan.
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis	484,240.00	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		

Items	Amount	Remarks
Gains on non-cash assets exchange		
Gains on debt restructuring	-3,130,560.92	
One-off expenses incurred due to the discontinuation of relevant operating activities, such as severance payments		
One-off effects on profit or loss due to amendments of laws and regulations on taxation, accounting, etc.		
Share-based payments recognized at one time due to cancellation or modification of equity incentive plan		
Gains arising from changes in the fair value of employee benefits payable after the vesting date for cash-settled share-based payment		
Gains on changes in fair value of investment properties with subsequent measurement using the fair value model		
Gains on transactions with unfair value		
Contingent gains on non-operating activities		
Management charges for consigned operations		
Other non-operating revenue or expenditures	9,532,774.64	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	67,870,485.21	
Less: Enterprise income tax affected	11,730,712.09	
Non-controlling interest affected (after tax)	2,509,473.34	
Net non-recurring profit or loss attributable to shareholders of the parent company	53,630,299.78	

2. Effect on non-recurring profit or loss in 2022 due to implementation of “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss (2023 Edition)”

Items	Amount
Net non-recurring profit or loss attributable to the owner of the parent company in 2022	94,040,767.95
Net non-recurring profit or loss attributable to the owner of the parent company calculated based on the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss (2023 Edition)” in 2022	73,584,397.70
Difference	-20,456,370.25

## (II) ROE and EPS

## 1. Details

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	2.88	0.16	0.16
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	2.57	0.14	0.14

## 2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative	
Net profit attributable to shareholders of ordinary shares	A	498,383,730.00	
Non-recurring profit or loss	B	53,630,299.78	
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	444,753,430.22	
Opening balance of net assets attributable to shareholders of ordinary shares	D	17,288,602,018.09	
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	1,111.00	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	6	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	348,363,541.68	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	7	
Others	Net assets increased due to conversion of debts into shares	I1	7,046.13
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J1	6
	Net assets increased due to decrease of equity investments in subsidiaries	I2	156,152.45
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J2	
	Net assets decreased due to acquisition of non-controlling interest	I3	1,277,359.26
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J3	6
Number of months in the reporting period	K	12	

Items	Symbols	Current period cumulative
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$	17,333,947,216.05
Weighted average ROE	$M = A/L$	2.88%
Weighted average ROE after deducting non-recurring profit or loss	$N = C/L$	2.57%

### 3. Calculation process of basic EPS and diluted EPS

#### (1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	498,383,730.00
Non-recurring profit or loss	B	53,630,299.78
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C = A - B$	444,753,430.22
Opening balance of total shares	D	3,179,505,559
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	1,111
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	6
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L = D + E + F \times G/K - H \times I/K - J$	3,179,506,115
Basic EPS	$M = A/L$	0.16
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	0.14

#### (2) Calculation process of diluted EPS

The calculation process of diluted EPS is the same as that of basic EPS.

Infore Environment Technology Group Co., Ltd.

April 26, 2024