

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

## **2022 Annual Report**



**April 2023**

# **2022 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 management 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 for 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 2022 final dividend plan, a cash dividend of RMB 1.10 (tax inclusive) per 10 shares will be distributed to the shareholders, with no bonus issue from either profit or capital reserves.**

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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 China Securities Regulatory Commission (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.
Shangfeng, Shangfeng Industrial Company	means	Zhejiang Shangfeng Special Blower Industrial 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.
Company Law	means	Company Law of the People's Republic of China
Securities Law	means	Securities Law of the People's Republic of China
Articles of Association	means	Articles of Association of Infore Environment Technology Group Co., Ltd.

## Part II Company Profile and Principal Financial Indicators

### I. Company Profile

Abbreviated stock name	Infore Enviro	Stock code	000967
Stocks 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		
Foreign name (if any)	Infore Environment Technology Group Co., Ltd.		
Legal representative	Ma Gang		
Registered address	No. 1818 Renmin West Road, Dongguan Subdistrict, Shangyu District, Shaoxing City, Zhejiang Province		
Postal code	312300		
Historical updates to registered address	On February 29, 2016, the Company changed its registered address to No. 1818 Renmin Road West, Dongguan Subdistrict, Shangyu District, Shaoxing City, Zhejiang Province, from Shangpu Town, Shangyu City, Zhejiang Province.		
Office address	23/F, Infore Center, No. 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, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province	23/F, Infore Center, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province
Telephone	0757-26335291	0757-26335291
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### 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>Shanghai Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</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, No. 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 its listing in 2000, the Company has changed the scope of its business 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: the R&amp;D, maintenance and operation of environmental monitoring instruments; the development of as well as and consultancy and other services for environmental management technologies; the operation of environmental management facilities; environmental engineering; environmental conservation engineering; municipal engineering; the design and implementation of water conservancy and other water-related projects; the development of and services for technologies for water pollution control, water treatment and ecological restoration; the R&amp;D, sales and relevant technology consultation for communication products, network products, mechatronic products, automation control products, buildings and smart community products; and the design, development, investment, operation, management and technical consultancy for the disposal and recycling of municipal and solid waste and relevant supporting facilities; the sales of ventilators, air-cooling and water-cooling equipment as well as air conditioners; the operation of import and export businesses, industrial investment, investment management, asset management and investment consulting. On May 18, 2016, "investment, the operation of import and export businesses, 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: the R&amp;D, manufacturing, sales, technology consultation, maintenance and operation of sanitation equipment, specialized industrial robots, new energy vehicles, environmental monitoring equipment, special equipment for environmental protection and automobile charging equipment and parts; the leasing, design, operation, management, technological development and services for the disposal and recycling of municipal and solid waste and relevant supporting facilities; the design, construction, operation, management, technological development and services for environmental engineering, municipal engineering, landscape engineering, electrical engineering, water conservancy and other water-related projects, water pollution control, air pollution control and soil remediation; the commercial cleaning, collection, transportation and treatment (based on license) of urban solid waste; the development, technological consultation and services for environmental protection, IoT and Internet technologies; the R&amp;D and sales of software; the sales of ventilators, air-cooling and water-cooling equipment as well as air conditioners; import and export businesses; 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 and Air-cooling 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	2022

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

Reasons for retrospective adjustment or restatement

Changes in accounting policy

	2022	2021		YoY change	2020	
		Pre-adjustment	Post-adjustment	Post-adjustment	Pre-adjustment	Post-adjustment
Operating revenue (RMB)	12,255,992,938.42	11,813,537,444.48	11,866,291,611.45	3.28%	14,332,025,075.40	14,332,025,075.40
Net profit attributable to the listed company's shareholders (RMB)	418,794,179.13	728,467,910.42	752,792,198.66	-44.37%	1,386,476,099.73	1,386,476,099.73
Net profit attributable to the listed company's shareholders after non-recurring gains and losses (RMB)	324,753,411.18	532,726,168.36	557,050,456.60	-41.70%	1,432,219,046.72	1,432,219,046.72
Net cash flows from operating activities (RMB)	1,662,482,287.71	809,218,720.13	809,218,720.13	105.44%	1,688,714,091.75	1,688,714,091.75

Basic earnings per share (RMB/share)	0.13	0.23	0.24	-45.83%	0.44	0.44
Diluted earnings per share (RMB/share)	0.13	0.23	0.24	-45.83%	0.44	0.44
Weighted average return on equity	2.41%	4.33%	4.51%	-2.10%	8.62%	8.62%
	December 31, 2022	December 31, 2021		YoY change	December 31, 2020	
		Pre-adjustment	Post-adjustment	Post-adjustment	Pre-adjustment	Post-adjustment
Total assets (RMB)	29,271,291,859.98	28,332,009,628.13	28,362,883,652.30	3.20%	30,110,536,990.88	30,110,536,990.88
Net assets attributable to the listed company's shareholders (RMB)	17,288,602,018.09	16,903,241,702.09	16,927,565,990.33	2.13%	16,920,214,085.42	16,920,214,085.42

#### Reasons for changes in accounting policy and corrections of accounting errors

Starting from January 1, 2022, the Company has adopted the provisions on accounting for sales of products or by-products produced before the fixed asset is ready for its intended use or during the R&D process, set out in the *Interpretation of China Accounting Standards for Business Enterprises No. 15* issued by the MOF, and applied these provisions retrospectively to the sales of trial operation that occurred between the beginning of the earliest period presented in the financial statements and January 1, 2022.

The lower of the net profit before and after non-recurring gains and losses is negative for the last three accounting 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 the 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 China 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 China 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	2,822,730,007.65	2,846,011,416.84	2,750,321,825.31	3,836,929,688.62
Net profit attributable to the listed company's shareholders	141,498,457.27	183,213,831.62	198,562,482.06	-104,480,591.82
Net profit attributable to the listed company's shareholders after non-recurring gains and losses	119,491,513.27	168,617,465.61	177,023,669.56	-140,379,237.26
Net cash flows from operating activities	-533,382,264.09	725,338,426.88	-25,714,879.22	1,496,241,004.14

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	2022	2021	2020	Note
Gain or loss for the disposal of non-current assets (inclusive of provisions to write off impaired assets)	-2,289,681.16	6,337,251.97	-42,036,810.26	--
Tax rebates, reductions and exemptions granted ultra vires or without official documents of approval	1,004,379.44	3,768,945.18	621,422.30	--
Government subsidies recognized as gain or loss during the reporting period (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations)	80,268,041.82	55,341,877.03	42,047,479.15	--
Capital collected from non-financial enterprises that was recognized as gain or loss during the reporting period	1,280,730.46	3,173,551.55	22,117,071.89	--
Gain or loss on entrusting other parties with investment or asset management	19,091,108.25	29,170,261.66	23,771,715.03	Income from wealth management products: RMB 19,091,108.25.
Gain/loss on debt restructuring	-5,380,200.00			--
Gain or loss arising from changes in fair value of financial assets and financial liabilities held for		-79,222,823.84	-90,608,285.06	--

trading as well as the disposal of financial assets and financial liabilities held for trading and financial assets available for sale (exclusive of effective hedges that arise in relation to the Company's ordinary business operations)				
Operating revenue and expenses other than the above items	2,164,235.04	2,598,028.75	-7,514,468.68	--
Other gains and losses that fall into the definition of non-recurring gains and losses	19,785,940.63	172,459,718.81	839,195.26	--
Less: Income tax	22,153,064.81	-8,007,245.43	-8,391,224.21	--
Minority interest affected (after tax)	-269,278.28	5,892,314.48	3,371,490.83	--
Total	94,040,767.95	195,741,742.06	-45,742,946.99	--

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

Applicable Not applicable

Other gains and losses are primarily gains of RMB 429,102.26 from the refund of personal income tax withholding fees, gains of RMB 17,460,524.12 from the additional deduction of input VAT, gains of RMB 51,896,314.25 from the re-measurement at fair value of the controlling stake in Lianjiang Green Oriental Environmental New Energy Co., Ltd., and losses of RMB 50,000,000.00 from the reversal of performance compensation to the original shareholders of Green Oriental Company.

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

Item	Amount Involved (RMB)	Reason
Value-added tax rebate	18,822,951.14	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations
Subsidy for sludge disposal	2,584,059.14	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations

# Part III Management Discussion and Analysis

## I. Industry Performance During Reporting Period

### 1. Overview of the Smart Sanitation Industry

2022 marked the convening of the 20th CPC National Congress and was a crucial year for implementing China's 14<sup>th</sup> Five-Year Plan. The CPC Central Committee, State Council, state ministries and commissions issued and refined a range of sanitation-related policies and standards, promoting the industry's marketization. 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.

In 2023, the sanitation market is expected to further expand, as new energy sanitation approaches an economic inflection point. Numerous policies and implementing plans are anticipated to facilitate municipal governments in sanitation, leading to full marketization of the sanitation sector. Smart sanitation 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 to long-term economic trends, policy directives, environmental requirements, and people's living standards.

### 2. Development Trends

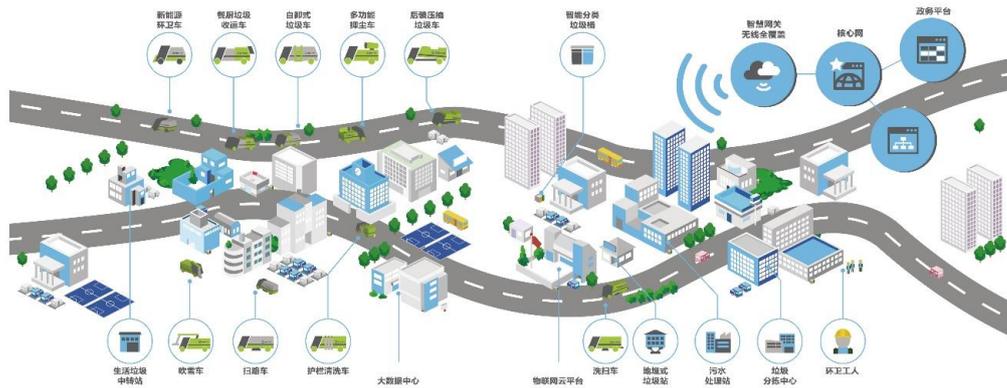
#### (1) Steady progress in marketization and gradual concentration of industry leaders

The marketization of China's urban service industry refers to municipal governments' gradual withdrawal from the actual management and operation in the sanitation industry and a shift toward an operational model in which the government procures services from eligible service providers through open tenders. Under this model, local governments make use of the competitive market, exercise special supervision and use other means to effectively boost the service efficiency and quality of urban service providers. The government's ongoing investment and introduction of favorable policies that promote urban environmental development have expanded the domestic urban service industry's potential for growth.

The marketization of China's domestic sanitation sector will further expand the industry's room for growth in the future. Players in the sanitation industry with competitive advantages such as good connections with the government, capital, management experience, strong brand effects and cost synergy are well positioned to seize the opportunities from the current wave of marketization, to achieve rapid growth. China's urban service industry is set for growth in the future. Increasing market concentration is also expected.

#### (2) Rapid development of IoT and increased adoption of smart sanitation

In addition to having huge growth potential, the sanitation industry has to cope with a wide range of challenges, including challenges in operating and supervising a great number of vehicles and equipment, managing numerous and dispersed personnel, managing infrastructure across districts, and monitoring and assessing widely-dispersed operating areas. The industry is characterized by numerous practitioners, wide service areas, and massive tasks. To overcome these challenges, it should prioritize efforts to optimize its service portfolio, such as adopting sanitation facilities powered by IT. In this context, smart sanitation is emerging as a trend in the sanitation management industry. Through the IoT-powered Smart Sanitation Cloud Platform, the Company monitors sanitation operations in real-time. It is capable of 24/7, all-round, seamless, precise, and efficient operation, maintenance, supervision, and management of service personnel, vehicles, objects, and events. This contributes to a holistic enhancement of urban governance and public services.



### (3) New opportunities from environmental protection equipment powered by new energy and smart technologies

As China advances ecological construction, achieving carbon peak and neutrality has been included in the national plan for ecological endeavors. Against this backdrop, new energy-powered sanitation vehicles, an important segment of public service vehicles, will drive industry growth by enabling low-noise, zero-emissions and effective environmental protection. The increased adoption of 5G sanitation robots, autonomous sanitation vehicles, and small smart sanitation robots continues to expand the frontiers of the environmental protection equipment sector, and these fields have a very promising market. The future of urban/rural services is increasingly steered toward one that is smart, requires less or even no human labor. Small intelligent equipment and autonomous vehicles will present the next breakthrough. As the smart sanitation market expects environmental protection equipment to be increasingly intelligent and energy-efficient, companies with more technological achievements and stronger R&D capabilities will gain a bigger market share.



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

Infore Enviro is a leading investor and operator in the urban service industry. With "smart sanitation" at the core of its business, the Company employs a flexible business model for investment and operation and integrates new energy equipment, autonomous vehicles and other smart environmental protection equipment with a smart platform that is powered by IoT, big data and advanced industry-specific technologies to improve segmented full cycle dynamic control. The Company provides customers with integrated IoT applications and a smart platform for operations and services across the full life cycle in areas such as cleaning and disinfection in urban and rural areas, domestic waste sorting, collection, transportation and disposal of solid waste, personnel management, collection and transportation of food waste, supervision of dirt transportation, leachate treatment and smart city development.

In 2022, the Company rapidly enhanced its competitiveness in urban services, topping the industry rankings in terms of annual increase in contract value. The Company also ranked first in terms of sales of environmental protection equipment for the 22<sup>nd</sup> consecutive year.

### 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 nation-wide sales network, the Company forged a comprehensive suite of environmental protection equipment of over 400 models, providing customers with a wide range of solutions including a variety of 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 5G sanitation robots, autonomous sanitation vehicles, small smart sanitation robots, new energy-powered environmental protection equipment, waste collection and transportation equipment, separate stations to sanitation and cleaning equipment, showcasing its leading R&D capabilities in intelligent equipment.



Smart Sanitation Cloud Platform is a big data smart cloud platform developed in-house and a pioneering platform in China's sanitation industry that encompasses the full industrial chain. The platform is worth RMB 180 million, supported by over 20 smart sanitation-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 70,000 products of customers across China, with over 30,000 daily active users. In the future, the Company will continue to apply digital technologies and create innovative intelligent equipment and smart service. Moreover, through in-depth integration into smart city development, it will continuously boost application of smart corporate cloud platforms to become a leader and enabler in 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 data and automatic 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, having a powerful innovation DNA. The Company owns 944 patents, including 517 utility patents, 338 utility model patents, and 89 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 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 smart sanitation robot innovators.

During the reporting period, the Company invested RMB 364 million in R&D, a 25.63% increase year-on-year (YoY). In 2022, it continued to improve and innovate in product tech, with 231 patent applications, including 102 utility patents, 109 utility model patents, and 20 design patents.

#### (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 control, 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. In terms of smart governance, the Company established a digital operation and management system for plants, stations and equipment on the cloud platform. Through smart and safe operation that requires less labor and energy consumption, the Company strives to develop competitive advantages with smart governance.

The platform is supported by over 20 smart sanitation-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 70,000 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. 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 for cleaning, washing, waste collection and urban sanitation. Its nearly 200 vehicle models form the most comprehensive suite of new energy-powered sanitation vehicles in China.

During the reporting period, 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 cut lower purchasing and operating costs.

#### (4) Pioneer in smart sanitation robots

The Company has independently developed over 10 models of smart sanitation robots (both basic and 5G smart models are available) and offers the most comprehensive suite of cutting-edge smart sanitation 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, and 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 robotic operations and smart navigation 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 + Sanitation 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 clear social benefits for the community and economy.

The Company's 5G smart sanitation robot crew has been deployed in Shenzhen, Changsha and Suzhou. The crew has become a new benchmark for smart urban sanitation 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. The sales of products form the main part of the business and are 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 manufacturing of ventilation equipment extends mainly to the production of ventilators, mufflers, dampers, refrigerators, magnetic levitation fans, blowers and nuclear-grade dampers in the areas of nuclear power, subways, tunnels, rail transportation, industrial and civil construction. Its fans are mainly sold via direct sales and retailers.

### **III. Analysis of Core Competitiveness**

#### **1. Industry leader in sanitation equipment**

As a leader in China's environmental protection equipment sector, the Company has state-of-the-art core technologies and offers the most comprehensive range of environmental protection equipment in the industry. In terms of R&D, the Company has mastered industry-leading technologies in new energy-powered environmental protection equipment, intelligent robots of environmental sanitation 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 smart sanitation 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 sanitation 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 demands across the country. The Company has ranked first in sales in the domestic market for 22 consecutive years. 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 and 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 a 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 sanitation.

From 2016 to 2022, the Company recorded a contract value 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, and RMB 9.251 billion, respectively and an annual service contract value 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, respectively for urban services, representing annual growth by 454.54%, 40.66%, 99.3%, 45.96%, -1.6%, and 48.13% respectively.

#### **3. All-round, 24/7, and whole-process 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 environmental equipment and services with environmental sanitation robotics at its core. After years of efforts, the Company has deeply incorporated the core elements of its corporate culture into operating targets and routine affairs. 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 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 2022 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 sanitation based on its established R&D advantages in environmental protection equipment.

In 2022, the Company generated RMB 418,794,200 in net profit attributable to the listed company's shareholders and RMB 12,255,992,900 in operating revenue. As at the end of the reporting period, the Company reported RMB 29,271,291,900 in total

assets and RMB 17,288,602,000 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 first for annual increase in contract value of urban services in 2022

According to Huanjing Sinan, Infore Enviro signed 88 sanitation projects across 21 Chinese provinces in 2022. These new contracts have a cumulative value of RMB 9.251 billion and an annual value of RMB 1.819 billion, the highest in the industry. The Company's operating revenue in urban services increased by 37.45% YoY to RMB 4.158 billion in 2022. As at the end of the reporting period, Infore Enviro was running 233 urban service projects. These contracts have an annual value of RMB 5.525 billion and a cumulative value of RMB 54.165 billion. The Company's executory contracts total RMB 42.712 billion, ranking third in the industry. The Company performed well in terms of sustainable operation.

2. Ranked first in terms of sales of environmental protection equipment in 2022

According to the motor vehicle accident liability compulsory insurance data released by the China Banking and Insurance Regulatory Commission, the Company sold 13,743 pieces of environmental protection equipment in 2022. The sales generated revenue of RMB 6.084 billion, ranking first in the industry for the 22<sup>nd</sup> consecutive year.

3. Ranked first in terms of sales of new energy-powered environmental protection equipment in 2022

In 2022, the Company sold 1,369 pure-electric sanitation vehicles, representing a market share of 29.3%, the highest among all players in the industry. During the reporting period, the Company continued to expand its new energy-powered product portfolio, with solar power road washers and mobile charging vehicles to be launched. The new offerings are expected to bring new opportunities and enhance the Company's competitiveness.

4. Improvement of quality and efficiency and continuous optimization of net cash generated from operating activities

With the key task of "achieving high-quality development", centering on production and operation links, the Company explored multiple methods for improving its asset operation capabilities to reduce existing assets and control incremental assets. It abandoned high-risk orders, strengthened the mechanism for classification and responsibility regarding contract risks, enhanced reflow of corporate sales income, and accelerated operation turnover efficiency to improve cash flows from operating activities. As at the end of the reporting period of 2022, the Company recorded RMB 1,662,482,300 in cash flows from operating activities, up 105.44% from a year earlier. Increase in net cash generated from the operating activities of the Company led to the improvement of operation quality ultimately. The Company improved quality and efficiency and supported its high-quality sustainable development.

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

Digitalization is a core transformation strategy of the Company. In 2022, Infore Enviro continued to digitalize value chains to empower business operations. By expanding online coverage and enhancing standardization and information technology, the Company strengthened its business management capabilities and created new momentum for growth. During the reporting period, the Company completed the first phase of its IBS168 Digitalization Strategy, achieving the digitalization of all scenarios and business processes across value chains using one system and platform under Infore Enviro. Fruitful results have been accomplished in smart environmental protection product R&D and delivery.

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 2022 profit distribution plan (proposed) approved at the second meeting of the tenth Board of Directors, a cash dividend of RMB 1.10 (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 348 million (tax included) is estimated to be distributed. As the proposed plan is awaiting the approval of the general meeting of shareholders, the actual dividend amount will be disclosed in the Company's announcement. The amount accounts for 83.18% of the net profit attributable to the listed company's shareholders in 2022.

In the past three years (2020–2022), the Company has paid RMB 1.033 billion in cash dividends, accounting for 26.87%, 41.45%, and 83.18% 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 2022, while seeking business growth, the Company fulfilled its social responsibility as it got involved in poverty alleviation and disaster relief efforts.

The Company made targeted donations to the communities and towns in Guangning County of Zhaoqing City, Red Cross and Sihekou Village of Xiantao City, Longhua District of Shenzhen City, and Zaoshi Town and Weixin Town of Shimen County, supporting families in need. It also purchased agricultural products from local poor households as part of its assistance program. These efforts were widely recognized by local public-interest organizations. To help with disaster relief, the Company promptly dispatched environmental protection vehicles to ensure smooth traffic flow during heavy snowfalls in some regions of China. In February, when Beijing suffered heavy snowfalls, the Company sent out snow removal equipment for high-speed snow sweeping and pushing, solids spreading, and pre-wet spreading on the turns, steep slopes, and pedestrian paths in the Winter Olympics area, guaranteeing the smooth flow of the main roads of Yanqing District and the driveways for Winter Olympics. In response to the heavy snowfalls in Changsha and Xiangtan, a branch of Infore Enviro in Xiangtan promptly sent a snow and ice removal task force equipped with 241 vehicles. The team worked overnight, and as a result, bridges, roads, and pedestrian paths were reopened by the next morning, ensuring safe traffic flow.

## 2. Revenue and cost

### (1) Breakdown of operating revenue

Unit: RMB

	2022		2021		YoY change
	Amount	As a percentage of operating revenue	Amount	As a percentage of operating revenue	
Total revenue	12,255,992,938.42	100%	11,866,291,611.45	100%	3.28%
<b>Sector</b>					
Smart sanitation	10,242,746,845.77	83.57%	9,237,262,348.48	77.84%	10.89%
Others	2,013,246,092.65	16.43%	2,629,029,262.97	22.16%	-23.42%
<b>Product</b>					
Intelligent equipment	6,084,414,800.17	49.64%	6,211,980,162.80	52.35%	-2.05%
Smart service	4,158,332,045.60	33.93%	3,025,282,185.68	25.49%	37.45%
Others	2,013,246,092.65	16.43%	2,629,029,262.97	22.16%	-23.42%
<b>Region</b>					
Domestic	12,237,181,369.71	99.85%	11,823,457,237.71	99.64%	3.50%
Overseas	18,811,568.71	0.15%	42,834,373.74	0.36%	-56.08%
<b>Wholesale</b>					
Direct sales	10,735,356,968.50	87.59%	10,484,616,229.37	88.36%	2.39%
Retail	1,520,635,969.92	12.41%	1,381,675,382.08	11.64%	10.06%

**(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 sanitation	10,242,746,845.77	8,023,297,059.91	21.67%	10.89%	10.58%	0.22%
Others	2,013,246,092.65	1,446,213,771.36	28.17%	-23.42%	-26.83%	3.35%
<b>Product</b>						
Intelligent equipment	6,084,414,800.17	4,507,247,164.35	25.92%	-2.05%	-4.86%	2.18%
Smart service	4,158,332,045.60	3,516,049,895.56	15.45%	37.45%	39.61%	-1.30%
Others	2,013,246,092.65	1,446,213,771.36	28.17%	-23.42%	-26.83%	3.35%
<b>Region</b>						
Domestic	12,237,181,369.71	9,453,598,848.51	22.75%	3.50%	2.79%	0.53%
Overseas	18,811,568.71	15,911,982.76	15.41%	-56.08%	-55.04%	-1.97%
<b>Wholesale</b>						
Direct sales	10,735,356,968.50	8,286,953,862.97	22.81%	2.39%	1.68%	0.55%
Retail	1,520,635,969.92	1,182,556,968.30	22.23%	10.06%	9.31%	0.53%

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	2022	2021	YoY change
Intelligent sanitation	Sales	Unit	17,674	18,689	-5.43%
	Production	Unit	16,221	19,654	-17.47%
	Inventory	Unit	1,634	3,087	-47.07%

Explanation of data with YoY differences that exceed 30%

Applicable   Not applicable

Inventory decreased by 47.07% compared to the end of the previous year, mainly due to the Company's enhanced inventory management. Production reserve plans were based on sales plans to determine reasonable inventory mix and quantity.

**(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	2022		2021		YoY change
		Amount	As a percentage of operating cost	Amount	As a percentage of operating cost	
Smart sanitation	Raw materials	4,021,886,417.92	50.13%	4,554,862,117.93	62.77%	-11.70%
Smart sanitation	Labor expense	1,056,998,188.36	13.17%	760,855,544.92	10.49%	38.92%
Smart sanitation	Depreciation	423,631,356.77	5.28%	340,775,770.93	4.70%	24.31%
Smart sanitation	Utilities	463,060,371.23	5.77%	412,552,873.06	5.69%	12.24%
Smart sanitation	Other manufacturing overhead	2,057,720,725.63	25.65%	1,186,613,371.99	16.35%	73.41%
Others	Raw materials	729,321,140.14	50.43%	1,225,476,817.59	62.00%	-40.49%
Others	Labor expense	97,064,385.84	6.71%	106,315,926.43	5.38%	-8.70%
Others	Depreciation	140,507,354.03	9.72%	74,885,542.04	3.79%	87.63%
Others	Utilities	26,661,871.00	1.84%	24,877,256.71	1.26%	7.17%
Others	Other manufacturing overhead	452,659,020.35	31.30%	544,983,347.57	27.57%	-16.94%

Note

Labor costs, depreciation, utilities and other manufacturing overhead in smart sanitation rose significantly on a YoY basis. This is primarily the result of increased revenue from smart services during the period, leading to a corresponding increase in costs of supporting facilities, labor and outsourced labor, as well as costs of construction and services for PPP projects.

The costs of raw materials of other business and other manufacturing overhead dropped significantly on a YoY basis, mainly due to the electromagnetic wire business in January and February 2021. Depreciation climbed notably YoY, primarily reflecting the operations of several newly built power plants.

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

Yes No

### 1. Business combination not involving enterprises under common control

Acquiree	Date of acquisition	Equity acquisition cost (RMB)	Shareholding ratio (%)	Equity acquisition
Zhejiang Yolsh Electric Drive Technology Co., Ltd.	April 30, 2022	50,000,002.00	70	Business combination not under common control
Lianjiang Greenlander New Energy Co., Ltd.	September 17, 2019	43,750,000.00	35	Business combination not under common control
	February 28, 2022	120,000,000.00	50	

### 2. Other business combinations

Company name	Mode of acquisition	Date of	Capital contribution	Shareholding ratio
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		acquisition	(RMB)	(%)
Shandong Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	January 7, 2022	283,200.00	100.00
Xiangyin County Yingsheng Environmental Protection Co., Ltd.	Incorporation	January 24, 2022	500,000.00	100.00
Shengzhou Yinglia Environmental Sanitation Management Co., Ltd.	Incorporation	January 19, 2022	100,000.00	100.00
Guilin Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	January 28, 2022	[Note]	100.00
Guiyang Yinglian Environmental Equipment Co., Ltd.	Incorporation	February 11, 2022	[Note]	100.00
Taicang Zhongying Environmental Technology Co., Ltd.	Incorporation	February 21, 2022	[Note]	100.00
Baoding Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	February 28, 2022	500,000.00	100.00
Wenshui County Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	February 16, 2022	500,000.00	100.00
Maoming Yinghe Urban Environmental Sanitation Service Co., Ltd.	Incorporation	January 4, 2022	7,000,000.00	100.00
Wushan County Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	February 14, 2022	500,000.00	100.00
Harbin Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	March 23, 2022	200,000.00	100.00
Pengshui County Yingchuang Environmental Sanitation Service Co., Ltd.	Incorporation	March 11, 2022	500,000.00	100.00
Bengbu Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	January 29, 2022	200,000.00	100.00
Daye Tongying Environmental Service Co., Ltd.	Incorporation	April 11, 2022	100,000.00	100.00
Urumqi Lianying Urban Environmental Service Co., Ltd.	Incorporation	June 2, 2022	2,000,000.00	100.00
Baoting Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	June 8, 2022	100,000.00	100.00
Zhaoqing Duanzhou District Zhongying Urban Environmental Management Co., Ltd.	Incorporation	May 25, 2022	[Note]	100.00
Zhanjiang Development Zone Zhongying Urban Environmental Service Co., Ltd.	Incorporation	June 10, 2022	1,000,000.00	100.00
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	Incorporation	May 27, 2022	100,000.00	100.00
Xingguo County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	June 9, 2022	300,000.00	100.00
Huaibei Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	April 12, 2022	33,000,000.00	100.00
Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	June 21, 2022	[Note]	100.00
Shaoyang Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	May 10, 2022	100,000.00	100.00
Jianli Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	April 29, 2022	100,000.00	100.00
Suzhou Gusu District Zhongying Environmental Industry Co., Ltd.	Incorporation	June 9, 2022	[Note]	100.00
Guangzhou Zengcheng District Yinghe Urban Environmental Service Co., Ltd.	Incorporation	May 24, 2022	[Note]	100.00
Baishan Yingyuan Environmental Service Engineering Co., Ltd.	Incorporation	June 9, 2022	200,000.00	100.00
Shenzhen Longhua District Yinglian Urban Service Co., Ltd.	Incorporation	July 5, 2022	3,000,000.00	100.00
Guzhang County Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	June 28, 2022	7,200,000.00	100.00
Changshu Zhongying Environmental Sanitation Service Co., Ltd.	Incorporation	April 26, 2022	[Note]	100.00
Suining Anju Yinglian Environmental Sanitation Service Co., Ltd.	Incorporation	July 7, 2022	200,000.00	100.00
Jieyang Yingdong Urban Environmental	Incorporation	July 7, 2022	[Note]	100.00

Management Co., Ltd.				
Tongdao Yinglian Jiamei Environmental Industry Co., Ltd.	Incorporation	July 5, 2022	2,652,000.00	51.00
Heyang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	July 19, 2022	1,000,000.00	100.00
Ninghai County Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	August 10, 2022	100,000.00	100.00
Zhanjiang Potou District Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	August 24, 2022	[Note]	100.00
Liaoyang Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	August 10, 2022	3,000,000.00	100.00
Linqing Yinglian Urban Environmental Service Co., Ltd.	Incorporation	August 3, 2022	1,000,000.00	100.00
Zhanjiang Xiashan District Yinghe Urban Environmental Management Co., Ltd.	Incorporation	August 8, 2022	[Note]	100.00
Haicheng Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	September 8, 2022	8,000,000.00	100.00
Foshan Shunde District Yingjia Urban Environmental Service Co., Ltd.	Incorporation	September 5, 2022	1,680,000.00	70.00
Xiamen Yingsheng Environmental Service Co., Ltd.	Incorporation	September 8, 2022	500,000.00	100.00
Nanfeng Yingniang Environmental Sanitation Management Co., Ltd.	Incorporation	September 15, 2022	255,000.00	51.00
Tengchong Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	September 22, 2022	200,000.00	100.00
Chuzhou Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	October 20, 2022	500,000.00	100.00
Fuyang Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	October 14, 2022	300,000.00	100.00
Changsha Zhiying Environmental Sanitation Management Co., Ltd.	Incorporation	October 9, 2022	300,000.00	60.00
Foshan Shunde District Yingzhi Smart City Environmental Service Co., Ltd.	Incorporation	December 14, 2022	[Note]	100.00
Pingdingshan Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	November 10, 2022	[Note]	100.00
Chenzhou Zhongying Environmental Service Co., Ltd.	Incorporation	November 21, 2022	600,000.00	100.00
Zhenfeng Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	December 6, 2022	[Note]	100.00
Linfen Yaodu District Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	December 12, 2022	[Note]	100.00
Fuyang Zhiying Environmental Sanitation Management Co., Ltd.	Incorporation	November 24, 2022	300,000.00	100.00
Chengdu Yinggang Urban Environmental Sanitation Service Co., Ltd.	Incorporation	December 7, 2022	[Note]	100.00
Foshan Shunde District Yingteng Smart City Environmental Service Co., Ltd.	Incorporation	December 9, 2022	1,500,000.00	100.00
Qingyang County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	November 30, 2022	[Note]	100.00
Changsha Fenglan Environmental Protection Technology Co., Ltd.	Incorporation	January 26, 2022	[Note]	100.00
Changsha Infore Environmental Industry Co., Ltd.	Incorporation	January 6, 2022	[Note]	100.00
Hubei Fenghe New Materials Co., Ltd.	Incorporation	September 26, 2022	[Note]	100.00
Heyang Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	September 19, 2022	[Note]	100.00
Lanling County Lianying Environmental Sanitation Service Co., Ltd.	Incorporation	November 4, 2022	1,000,000.00	100.00
Pingdingshan Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	November 30, 2022	[Note]	100.00
Shenzhen Infore City Service Intelligent Technology Co., Ltd.	Incorporation	March 25, 2022	[Note]	100.00

Guangdong Infore Mobile Charging Technology Co., Ltd.	Incorporation	January 12, 2022	[Note]	100.00
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	Incorporation	August 12, 2022	200,000.00	100.00
Changfeng County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	December 16, 2022	[Note]	100.00

Note: As at December 31, 2022, these companies' registered capitals have not been contributed.

### 3. Entities excluded from the consolidation scope

Company name	Mode of equity disposal	Date of equity disposal
Zoomlion Heavy (Ningxia) Environmental Industry Co., Ltd.	De-registration	March 14, 2022
Guangdong Yinglian Urban Environmental Management Co., Ltd.	De-registration	June 15, 2022
Dali County Zoomlion Environmental Industry Co., Ltd.	De-registration	June 17, 2022
Kunming Zhongfeng Environmental Sanitation Equipment Co., Ltd.	De-registration	July 26, 2022
Changsha Fenglan Environmental Protection Technology Co., Ltd.	De-registration	July 25, 2022
Foshan Yinghe Investment Co., Ltd	De-registration	November 18, 2022

### (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)	534,551,857.64
Total sales to top five customers as a percentage of annual total sales	4.36%
Total sales to related parties among top five customers as a percentage of annual total sales	0.74%

Top five customers

No.	Customer	Sales revenue (RMB)	As a percentage of annual total sales
1	Customer A	128,261,956.19	1.05%
2	Customer B	118,007,524.43	0.96%
3	Customer C	108,597,119.74	0.89%
4	Customer D	90,942,152.84	0.74%
5	Customer E	88,743,104.44	0.72%
Total	--	534,551,857.64	4.36%

Other information about major customers

Applicable  Not Applicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	1,755,553,263.19
Total purchases from top five suppliers as a percentage of annual total purchases	23.96%
Total purchases from related parties among top five suppliers as	0.00%

a percentage of annual total purchases	
--	--

#### Top five suppliers

No.	Supplier	Purchase during the reporting period (RMB)	As a percentage of total purchases
1	Customer A	1,112,860,451.33	15.19%
2	Customer B	190,826,777.88	2.60%
3	Customer C	175,161,894.72	2.39%
4	Customer D	144,298,134.51	1.97%
5	Customer E	132,406,004.75	1.81%
Total	--	1,755,553,263.19	23.96%

#### Other information about major suppliers

Applicable Not Applicable

### 3. Expenses

Unit: RMB

	2022	2021	YoY change	Reason for material change
Selling expenses	762,970,847.95	738,833,571.05	3.27%	--
Administrative expenses	609,601,680.23	585,353,407.57	4.14%	--
Financial Expenses	101,839,423.91	58,604,804.53	73.77%	Mainly due to increase in interest expense and decrease in financing income
R&D expenses	340,775,707.34	262,619,127.29	29.76%	Mainly due to further increase in R&D investments

### 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
Research and Application of Online Monitoring Technology for Comprehensive Toxicity of Water Quality	To develop new products to expand the biological indicator product portfolio, used for automatic online monitoring of the biological toxicity of surface water and certain polluted source water.	Mass-produced and launched on the market	To develop an online monitoring instrument to monitor the biological toxicity of water quality	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Ambient Air Automatic Online Monitoring Series Products	To expand the range of scientific instruments, enabling online monitoring of various VOCs in ambient air	R&D completed	To develop a set of online monitoring systems capable of monitoring 116 VOCs in all workplaces with	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and

			VOCs emissions	breakthroughs in technical difficulties.
Third-generation Leakage-free Compression Garbage Truck	To solve the small capacity and airtightness challenge of leakage-free garbage trucks' trash containers	R&D completed	To develop a wet garbage collection and compression truck with full airtightness, no leakage, and large loading capacity	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
18-ton Pure-Electric Dual-fan Road Cleaners	To further reduce the energy consumption and noise of the existing model	R&D completed	To reduce the operational noise and energy consumption of the existing model	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
18-ton Front Collection Green Hedge Trimmer	To expand the product range for landscape maintenance, such as the trimming of green belts on highways and urban roads as well as the pruning of high branches on roadside	R&D completed	To develop a landscape trimming vehicle with a front arm and the feature of switching between tools quickly	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Nuclear-grade Centrifugal Roof Fan	To explore and expand the segment	Under R&D	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the Company
Low-noise Mist Gun Fan	To explore and expand the segment	R&D completed	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the Company
Large-scale urban transportation smart purification system	To explore and expand the segment	R&D completed	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the Company
Economic Garbage Transfer Vehicle	To meet the market demand for garbage collection and transportation equipment	Under R&D	To develop a small product for garbage transfers	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Economic Integrated Road Sweeper	To meet the market demand for auxiliary road garbage cleaning equipment	R&D completed	To develop an integrated road sweeper	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Electric Road Cleaner	To meet the market demand for road cleaning products	Under R&D	To develop a pure-electric cleaning machine	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.

Economic Roller Road Sweeper	To develop a road sweeper suitable for semi-enclosed scenes	R&D completed	To develop a road sweeper suitable for semi-enclosed scenes	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
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#### Information about R&D personnel

	2022	2021	Change
Number of R&D personnel	1,415	1,407	0.57%
R&D personnel as a percentage of total staff	8.23%	10.53%	-2.30%
Education background of R&D personnel			
Bachelor's degree	995	1,064	-6.48%
Master's degree	374	303	23.43%
Doctoral degree	12	6	100.00%
College degree	34	34	0.00%
Age composition of R&D personnel			
< 30 years	662	647	-3.86%
30~40 years	641	596	7.55%
> 40 years	112	114	33.33%

#### Information about R&D investments

	2022	2021	Change
R&D investments (RMB)	364,237,563.22	289,920,069.26	25.63%
R&D investments as a percentage of operating revenue	2.97%	2.44%	0.53%
Capitalized R&D investments (RMB)	23,461,855.88	27,300,941.97	-14.06%
Capitalized R&D investments as a percentage of total R&D investments	6.44%	9.42%	-2.98%

#### 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

## 5. Cash flow

Unit: RMB

Item	2022	2021	YoY change
Subtotal of cash inflows from operating activities	14,255,237,258.75	14,872,489,012.69	-4.15%

Subtotal of cash outflows from operating activities	12,592,754,971.04	14,063,270,292.56	-10.46%
Net cash flows from operating activities	1,662,482,287.71	809,218,720.13	105.44%
Subtotal of cash inflows from investing activities	5,558,632,508.54	5,412,369,009.46	2.70%
Subtotal of cash outflows from investing activities	6,696,412,810.26	6,534,593,586.86	2.48%
Net cash flows from investing activities	-1,137,780,301.72	-1,122,224,577.40	-1.39%
Subtotal of cash inflows from financing activities	2,381,374,197.63	2,901,823,101.45	-17.94%
Subtotal of cash outflows from financing activities	2,447,214,731.68	3,125,894,632.23	-21.71%
Net cash flows from financing activities	-65,840,534.05	-224,071,530.78	70.62%
Net increase in cash and cash equivalents	461,918,360.27	-539,079,213.51	185.69%

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

Applicable Not applicable

(1) Net cash flows from operating activities increased by 105.44% on a YoY basis. This is primarily because eligible VAT refunds increased, and the notes payable for inventory purchases were not due during the reporting period.

(2) Net cash flows from financing activities rose by 70.62% on a YoY basis, mainly due to the cash payment of RMB 446 million for stock repurchases in 2021 and no such payment in 2022.

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	-41,466,125.62	-7.45%	--	RMB 8,548,481.77 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	0.00%	--	No
Impairment of assets	-312,998,494.66	-56.27%	Mainly due to provision of goodwill impairment loss	No
Non-operating revenue	12,798,235.90	2.30%	--	No
Non-operating expenses	13,947,988.82	2.51%	--	No

## VI. Assets and Liabilities

### 1. Material changes of asset items

Unit: RMB

	December 31, 2022		January 1, 2022		Change	Reason for material change
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	4,728,203,530.46	16.15%	4,583,245,371.02	16.16%	-0.01%	--
Accounts receivable	5,625,792,472.37	19.22%	4,946,704,963.71	17.44%	1.78%	--
Contract assets	101,023,854.33	0.35%	140,367,802.53	0.49%	-0.14%	--
Inventories	881,038,036.95	3.01%	1,124,149,719.01	3.96%	-0.95%	--
Investment properties	27,105,435.03	0.09%	1,837,703.68	0.01%	0.08%	--
Long-term equity investment	676,829,959.84	2.31%	603,580,781.31	2.13%	0.18%	--
Fixed assets	2,268,287,202.01	7.75%	1,758,052,005.19	6.20%	1.55%	--
Construction in progress	41,073,267.68	0.14%	224,068,633.86	0.79%	-0.65%	--
Right-of-use assets	31,859,454.24	0.11%	25,505,911.86	0.09%	0.02%	--
Short-term borrowings	440,103,105.44	1.50%	439,024,733.46	1.55%	-0.05%	--
Contract liabilities	274,289,978.25	0.94%	210,432,628.98	0.74%	0.20%	--
Long-term borrowings	1,922,306,226.32	6.57%	1,697,742,767.72	5.99%	0.58%	--
Lease liabilities	23,255,624.30	0.08%	18,523,740.10	0.07%	0.01%	--
Intangible assets	6,048,114,364.49	20.66%	5,350,595,868.40	18.86%	1.80%	--

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	15,702,971.01	0.00	0.00	350,000.00	0.00	0.00	0.00	15,352,971.01

Subtotal of financial assets	15,702,971.01	0.00	0.00	350,000.00	0.00	0.00	0.00	15,352,971.01
Total	15,702,971.01	0.00	0.00	350,000.00	0.00	0.00	0.00	15,352,971.01
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Items	Carrying amounts at the end of the period	Reason for restriction
Cash and cash equivalents	147,538,284.47	Deposits, escrow accounts, frozen due to litigation preservation
Accounts receivable	276,390,131.13	Pledged
Notes receivable - bank acceptance	2,732,733.00	Endorsed or discounted but undue
Notes receivable - trade acceptance	5,422,499.62	Endorsed or discounted but undue
Receivable financing	42,293,141.00	Pledged
Long-term account receivable and non-current assets due within one year	66,716,222.75	Factoring financing with recourse
Fixed assets	477,655,980.05	Mortgaged
Intangible assets	47,082,404.81	Mortgaged
100% equity interest in Funan Green Oriental Environmental Energy Co., Ltd.	69,631,957.01	Mortgaged [Note]
100% equity interest in Poyang Greenlander Renewable Energy Co., Ltd.	80,733,192.59	
50% equity interest in Lianjiang Greenlander New Energy Co., Ltd.	68,922,363.62	
100% equity interest in Biyang County Fenghe Power New Energy Co., Ltd.	105,525,597.14	
25% equity interest in Lianjiang Greenlander New Energy Co., Ltd.	34,461,181.81	Frozen for litigation preservation
Total	1,425,105,689.00	

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
106,000,002.00	0.00	100.00%

### 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

Applicable Not applicable

#### (1) Overall use of proceeds

Applicable Not applicable

Unit: RMB 10,000

Year	Fund-raising type	Total 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	7,309.89	34,879.69	0	0	0.00%	111,533.84	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	7,309.89	34,879.69	0	0	0.00%	111,533.84	--	0

#### Explanation of the overall use of proceeds

According to the *Approval of the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd.* (CSRC Permit [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% 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, 2022, the accumulated use of proceeds was RMB 348,796,900, and the total amount of proceeds not yet used was RMB 1,115,338,400.

## (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)	The 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
<b>Committed investment projects</b>										
The project of the comprehensive smart sanitation allocation center	No	129,638.49	129,638.49	7,309.89	18,784.56	14.49%	December 31, 2023	3,086.17	N/A	No
Replenishment of working capital	No	16,095.13	16,095.13	0	16,095.13	100.00%	December 31, 2020	No benefit generated separately	N/A	No
Subtotal of committed investment projects	--	145,733.62	145,733.62	7,309.89	34,879.69	--	--	3,086.17	--	--
<b>Investment of excessive proceeds</b>										
N/A										
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	--	--	0	--	--
<b>Total</b>	--	145,733.62	145,733.62	7,309.89	34,879.69	--	--	3,086.17	--	--

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")	On April 29, 2022, 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 18 <sup>th</sup> meeting of the Ninth Board of Directors and the 17 <sup>th</sup> meeting of the Ninth 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, 2023. 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 and growth expectations of the Company's sanitation projects. The project's investment progress fell short of expectations due to the uneven development of sanitation projects and the delay in tendering for some sanitation projects caused by the macroeconomic situation. Therefore, the Company adjusted the project's investment progress to ensure the quality and full use of proceeds.
Explanations of the material changes in the project feasibility	N/A
Amount, purpose, and progress of excessive proceeds	N/A
Location changes in the implementation of investment projects of the proceeds	N/A
Adjustments to the implementation method of investment projects of the proceeds	N/A
Early investment and placement of the investment projects of the proceeds	N/A
Temporary replenishment of working capital with idle proceeds	Applicable
	<p>The <i>Proposal on Using Part of the Idle Proceeds to Replenish Working Capital</i> was deliberated and approved at the 10<sup>th</sup> Extraordinary Meeting of the Ninth Board of Directors and the 9<sup>th</sup> Extraordinary Meeting of the Ninth Board of Supervisors held by the Company on December 4, 2020, allowing the Company to use idle 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 for a period 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 Early Return of Proceeds for Temporary Replenishment of Working Capital</i> on October 21, 2021, in which the Company returned all the above-mentioned RMB 1 billion of proceeds for temporary replenishment of working capital to the relevant designated account for proceeds on October 20, 2021 in advance for a period not exceeding 12 months.</p> <p>The <i>Proposal on Using Part of the Idle Proceeds to Replenish Working Capital</i> was deliberated and approved at the 15<sup>th</sup> Meeting of the Ninth Board of Directors and the 14<sup>th</sup> Meeting of the Ninth Board of Supervisors held by the Company on October 22, 2021, allowing the Company to use idle 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 Proceeds for Temporary Replenishment of Working Capital</i> on October 21, 2022, in which the Company returned all the above-mentioned RMB 1 billion of proceeds for temporary replenishment of working capital to the relevant designated account for proceeds on October 20, 2022 for a period not exceeding 12 months.</p> <p>The <i>Proposal on Using Part of the Idle 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 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</p>

	12 months as at the date when the Proposal was deliberated and approved by the Board of Directors. As at December 31, 2022, the balance of the idle proceeds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000.
The amount of and reasons for the balance of the proceeds from the project implementation	N/A
Purpose and tracking of the unused proceeds	The balance of the idle proceeds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000. The other unused raised fund of RMB 115,338,400 were kept in the designated account for proceeds 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	N/A

### (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 sanitation	RMB 2,351.5298 million	15,277,347,909.46	7,727,963,001.04	9,989,531,868.73	840,460,935.27	732,781,078.39
Shenzhen Green Oriental Environmental Protection Co., Ltd.	Subsidiary	Others	RMB 150 million	1,824,625,955.67	71,415,047.49	260,096,672.90	-1,344,498.79	-294,582.62

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Acquisition and disposal of subsidiaries during	Effects on the overall operations and performance
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	the reporting period	
Zhejiang Yolsh Electric Drive Technology Co., Ltd.	Business combination not under common control	Positive effects on the Company's business
Lianjiang Greenlander New Energy Co., Ltd.	Business combination not under common control	Positive effects on the Company's business
Shandong Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Xiangyin County Yingsheng Environmental Protection Co., Ltd.	Incorporation	Positive effects on the Company's business
Shengzhou Yinglia Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Guilin Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Guiyang Yinglian Environmental Equipment Co., Ltd.	Incorporation	Positive effects on the Company's business
Taicang Zhongying Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Baoding Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Wenshui County Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Maoming Yinghe Urban Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wushan County Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Harbin Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Pengshui County Yingchuang Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Bengbu Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Daye Tongying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Urumqi Lianying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Baoting Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhaoqing Duanzhou District Zhongying Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhanjiang Development Zone Zhongying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Xingguo County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Huaibei Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shaoyang Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Jianli Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business

Suzhou Gusu District Zhongying Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Zengcheng District Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Baishan Yingyuan Environmental Service Engineering Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Longhua District Yinglian Urban Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guzhang County Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Changshu Zhongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Suining Anju Yinglian Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Jieyang Yingdong Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Tongdao Yinglian Jiamei Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Heyang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Ninghai County Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhanjiang Potou District Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Liaoyang Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Linqing Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhanjiang Xiashan District Yinghe Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Haicheng Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde District Yingjia Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xiamen Yingsheng Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Nanfeng Yingniang Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Tengchong Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Chuzhou Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuyang Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Changsha Zhiying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde District Yingzhi Smart City Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Pingdingshan Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Chenzhou Zhongying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhenfeng Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Linfen Yaodu District Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuyang Zhiying Environmental Sanitation	Incorporation	Positive effects on the Company's business

Management Co., Ltd.		
Chengdu Yinggang Urban Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde District Yingteng Smart City Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Qingyang County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Hubei Fenghe New Materials Co., Ltd.	Incorporation	Positive effects on the Company's business
Heyang Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Lanling County Lianying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Pingdingshan Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Infore City Service Intelligent Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Infore Mobile Charging Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Changsha Infore Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Changfeng County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zoomlion Heavy (Ningxia) Environmental Industry Co., Ltd.	De-registration	Asset optimization, no material impact on the Company's production, operation and performance
Dali County Zoomlion Environmental Industry Co., Ltd.	De-registration	Asset optimization, no material impact on the Company's production, operation and performance
Kunming Zhongfeng Environmental Sanitation Equipment Co., Ltd.	De-registration	Asset optimization, no material impact on the Company's production, operation and performance
Guangdong Yinglian Urban Environmental Management Co., Ltd.	De-registration	Asset optimization, no material impact on the Company's production, operation and performance
Foshan Yinghe Investment Co., Ltd	De-registration	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 2022 national policies are favorable for the development of the sanitation industry

On January 24, the State Council issued the *Comprehensive Work Plan for Energy Conservation and Emission Reduction* during the 14<sup>th</sup> Five-Year Plan Period. The document sets out guiding requirements for eliminating vehicles with the national III emission standard, promoting new energy vehicles, and winning the battle against pollution, which is conducive to industry development.

On January 25, the Ministry of Ecology and Environment (MEE), the Ministry of Agriculture and Rural Affairs (MOARA), the Ministry of Housing and Urban-Rural Development (MOHURD), the Ministry of Water Resources, and the National Rural Revitalization Bureau jointly issued *the Action Plan for the Battle Against Agricultural and Rural Pollution (2021–2025)*. The document calls for substantial progress in rural environmental remediation, effective control of agricultural non-point source

pollution, and ongoing improvement of the rural ecological environment by 2025. Additionally, 80,000 administrative villages will complete environmental remediation, 40% of rural domestic sewage will be treated, and large-scale black and odorous water bodies in rural areas will be eliminated.

On February 9, the National Development and Reform Commission (NDRC), the MEE, the MOHURD, and the National Health Commission released the *Guiding Opinions on Accelerating the Construction of Urban Environmental Infrastructure*. The document specifies comprehensive arrangements for addressing the relevant issues to accelerate the development of the garbage collection, transfer, and transportation system.

On February 11, the State Council issued the *Plan for Advancing Agricultural and Rural Modernization during the 14<sup>th</sup> Five-Year Plan Period*. The document urges relevant parties to steadily propel toilet renovation in economically underdeveloped, high-altitude, cold, and water-scarce areas, build manure and domestic sewage treatment facilities and comprehensive organic waste disposal and utilization facilities based on local realities, support 600 counties to rectify rural living environments and create beautiful and livable villages.

On February 22, Central Document No. 1, *Opinions of the CPC Central Committee and the State Council on Effectively Implementing the Key Task of Promoting Rural Revitalization in 2022*, was unveiled. In terms of rural development and environmental improvement, the document outlined the priorities for enhancing rural living environments, such as toilet revolution, sewage treatment, and garbage management.

On March 9, the State Administration for Market Regulation and the National Standardization Management Committee of China released the *Standards for Rural Environmental Sanitation and Cleaning Services*. The document requires that rural sanitation and cleaning services should be provided by professional organizations or individual contractors, and outlines the requirements that these two fields must meet. The document also specifies the content and quality requirements for the cleaning services of garbage collection sites, roads, public toilets, public water areas, and other public facilities.

On March 17, the NDRC issued the *Key Tasks for the Development of New Urbanization and Urban-Rural Integration in 2022*. The document calls for improving hazardous waste and medical waste centralized treatment facilities as well as the comprehensive utilization system of bulk solid waste, advancing domestic waste classification actively and steadily, and closing the gap in urban sewage treatment capacity at a faster pace. It also urged to repair and update old and damaged sewage pipeline networks and rainwater and sewage pipeline networks that cause waterlogging problems, launch "green life" campaigns, and encourage green transportation as well as green household and community development.

On March 24, the NDRC and the National Energy Administration issued the *Mid- and Long-Term Development Plan for the Hydrogen Energy Industry (2021–2035)*, which suggests piloting the use of fuel cell commercial vehicles in public services such as urban buses, logistics delivery vehicles, and sanitation vehicles in areas where conditions permit. This is beneficial for promoting the adoption of hydrogen fuel in the sanitation industry.

On April 1, the State Administration for Market Regulation and the National Standardization Management Committee of China released the *Requirements for Urban and Rural Community Environmental Sanitation and Cleaning Services*. According to the standard, community sanitation and cleaning services cover a wide range of fields, including but not limited to the cleaning of roads, indoor and outdoor public areas, agricultural markets, public toilets, and water areas, as well as garbage collection and transportation and emergency operations.

On April 27, the MOHURD, the NDRC, and the Ministry of Water Resources jointly issued the *Action Plan for the Construction of Urban Drainage and Flood Control System during the 14<sup>th</sup> Five-Year Plan Period*. The *Plan* sets out requirements to check urban drainage and flood control facilities, urban flood control engineering facilities, and urban natural retention space to assess disaster risks. It also urges the relevant parties to evaluate the emergency management capabilities of urban drainage and flood control and inspect flood control safety hazards in critical infrastructure such as water and gas supply. Furthermore, the document calls for the construction of drainage pipeline networks, pumping stations, and drainage channels, as well as measures to reduce rainwater at the source and rectify water accumulation points. These actions will promote systematic governance.

On May 29, the MOHURD, the MOARA, the NDRC, the MEE, the National Rural Revitalization Bureau, and the All-China Federation of Supply and Marketing Cooperatives jointly issued the *Notice on Further Strengthening the Construction and Management of Rural Domestic Waste Collection, Transportation, and Disposal System*. The document sets out the objectives for 2025 and defined key tasks such as overall planning of the construction and operational management of rural domestic waste collection, transportation, and disposal systems, promoting source classification and resource utilization, improving collection, transportation, and disposal systems, enhancing operational management, and establishing a mechanism for joint building, governance, and sharing. These measures will drive the growth of waste-related products in the rural environmental sanitation market.

On June 17, the MEE, the NDRC, the MIIT, the MOHURD, the Ministry of Transport, the MOARA, and the National Energy Administration jointly issued the *Implementation Plan for Synergizing the Reduction of Pollution and Carbon Emissions*. The Plan sets forth requirements to accelerate the development of new energy vehicles, promote the electrification of public transportation in a phased manner, steadily replace old vehicles with new energy vehicles, and gradually adopt new and clean energy-powered non-road mobile machinery. It also calls for exploring the demonstration application and commercial operation of medium and heavy-duty electric and fuel cell trucks. By 2030, the sales of new energy vehicles in key areas of air pollution prevention and control will rise to around 50% of the total vehicle sales.

On July 26, the Ministry of Civil Affairs, the NDRC, the MOHURD, and 13 other departments jointly issued the *Opinions on Improving the Comprehensive Village-level Service Functions*. The document sets forth requirements to accelerate the construction of household access roads to facilitate public travel and firefighting, advance the rural toilet revolution, speed up the classification and resource utilization of domestic waste, comprehensively improve the management of rural domestic waste, and propel the treatment of rural domestic sewage at a faster pace.

On July 29, the MOHURD and the NDRC jointly released the *National Urban Infrastructure Construction Plan during the 14<sup>th</sup> Five-Year Plan Period*. The Plan sets out requirements to increase the capacity for domestic waste classification, collection, and transportation by 200,000 tons daily, the capacity for domestic waste incineration by 200,000 tons daily, and the capacity for resource utilization of domestic waste by 30 million tons yearly during the 14<sup>th</sup> Five-Year Plan period. In addition, 500 existing domestic waste treatment facilities will be renovated.

On September 14, the General Office of the Ministry of Transport announced the first batch of pilot projects for intelligent transportation applications (autonomous driving and intelligent shipping). A total of 18 pilot projects were launched, many of which involved autonomous driving in environmental sanitation. Among them, 14 self-driving pilot projects covered low-speed scenarios such as unmanned delivery, vending, shuttle, cleaning, and port driving, with more than 1,400 driverless vehicles invested.

On November 10, the MEE, the NDRC, and 13 other departments issued the *Action Plan for the Critical Battle Against Severely Polluted Weather, Ozone Pollution, and Diesel Truck Pollution*. The Plan urges the relevant parties to promote the electrification of public service vehicles, ensuring no less than 80% of incremental or upgraded buses, taxis, and logistics delivery and light-duty sanitation vehicles in key areas and national ecological civilization experimental zones are fueled by new energy sources. This will significantly drive the adoption of new energy-powered sanitation vehicles.

## 2. The demands 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 featured 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". According to the National Bureau of Statistics and the MOHURD, statistics show that from

2015 to 2021, the area of road cleaning in China's cities and counties increased from 9.678 billion sqm to 13.337 billion sqm, 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%. Driven by urbanization, 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, the release of urban service demands are constantly facilitated.

(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 demands

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 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 to be 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 statistics on urban and rural construction released by MOHURD, at the end of 2021, the mechanical cleaning space of the road in cities across the country reached 10,342 million square meters, with a mechanical cleaning rate of 78.41%; the mechanical cleaning space of the road in counties across the country reached 2.995 billion square meters, with a mechanical cleaning rate of 76.25%. In comparison, the mechanization rate of sanitation industry in the urban area of developed countries can usually reach 80%. As such, 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 is expected to reach 280 million by 2022, with an aging population of 19.8%, according to the National Committee on Aging Population. The aging trend will exacerbate the workforce deficit in the sanitation 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 of 2022

In 2022, the Company closely revolved around its development strategy and annual business plan, focusing on its core strategic business. It strengthened technological innovation and product research and development, improved internal operations, and actively promoted smart sanitation, achieving its business plan relatively well for 2022. The business target set at the beginning of the year was for the Company to achieve RMB 60 billion in the planned cumulative contract amount of its smart urban services and RMB 4. billion in its annual operating revenue; the actual planned cumulative contract amount of the Company's smart urban services reached RMB 54.165 billion while its annual operating revenue recorded RMB 4.158 billion.

In 2022, the Company completed its annual revenue target of RMB 4 billion for smart services, with an achievement rate of 103.95%; It did not complete its operation target of RMB 60 billion in total contract value, with an achievement rate of 90.27%. The reason for the Company's failure to achieve the operating target of the total contract value is the decrease of orders with long cycles of more than 5 years in the market, resulting in a slight decrease of the total contract value of orders obtained by the Company. In 2023, the Company will take into account the market development trend, diversify the business forms and actively attract short- and medium-cycle projects.

2023 Operation target: to achieve a cumulative contract value of RMB 80 billion for the Company's smart urban service solutions, and to realize an annual revenue of RMB 6.5 billion; from 2020 to 2024, the planned cumulative contract value 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 2023, the Company will continue to follow the strategy of technology and product leadership, with a further focus on smart sanitation. 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

2023 is a key period for the Company's rapid development. Given the relatively large demand for funds, the Company will formulate a funding supply and demand plan to match the Company's development. The Company will make full use of its own funds. It will also further strengthen the management of accounts receivable while optimizing the financial structure to provide strong financial guarantees for the Company's business development and control financial risks. The source of funds is the optimization and combination of multiple channels including the issuance of commercial paper, medium-term note, 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.

Nothing in this report about future plans, performance forecasts, or other matters represents a commitment by the Company to any investors or other third parties. All investors and relevant persons shall remain adequately aware of risks.

## 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
May 10, 2022	Shenzhen China	Field study	Institution	Guangfa Securities, Guotai Junan Securities, Dongxing Securities, Ping An Wealth Management, Huatai Asset Management, Kaifeng Investment, Hongta Hongtu Fund, Goldstate Securities, OH Bay, Evergrande Life, Everbright Securities, Natural Power Capital, Yingda Securities, Chasing Securities, and Penghua Fund	Business strategy and operating status of the Company	For details, please refer to the Record Sheet of Investor Relations Activities disclosed by the Company on May 11, 2022 on Cninfo (www.cninfo.com.cn)
May 25, 2022	"Interactive Platform for Investor	Others	Others	Investors participated in the 2021 Infore Enviro online performance briefing	The Company's projects and market	For details, please refer to the Record Sheet

	Relations" on Panorama Network				developments	Investor Relations Activities disclosed by the Company on May 25, 2022 on Cninfo (www.cninfo.com .cn)
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## 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* of the Company. 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 duty performance and actions of directors and senior management members, thus safeguarding the legitimate rights and interests of the Company and all shareholders. The Management of the Company strictly implements the resolutions of the General Meetings of Shareholders and the Meetings of the Board of Directors and executes decisions. All functional departments and holding subsidiaries of the Company are responsible for the day-to-day operations.

3. During the reporting period, in order to standardize 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 strictly in 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, when material events occurred in the Company, there was no abnormal fluctuation in the stock price arising from leakage of inside information. 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 management members 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 system responsible for 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 2021 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	49.66%	May 24, 2022	May 25, 2022	<i>The Announcement on the Resolutions of the 2021 Annual General Meeting of Shareholders</i> (Announcement No.: 2022-043) published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and <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 first extraordinary general meeting of shareholders in 2022	Extraordinary general meeting of shareholders	47.33%	September 13, 2022	September 14, 2022	<i>The Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2022</i> (Announcement No.: 2022-075) published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</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.

## 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 management members

### 1. Basic information

Name	Position	Incumbent/Former	Gender	Age	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/decrease
Ma Gang	Chairman of the Board and President	Incumbent	Male	44	December 4, 2014	January 11, 2026	1,654,600	0	0	0	1,654,600	N/A
Su Bin	Director	Incumbent	Male	45	September 6, 2021.	January 11, 2026	0	0	0	0	0	N/A
Kuang Guangxiong	Director	Incumbent	Male	44	January 30, 2019.	January 11, 2026	0	0	0	0	0	N/A
Shen Ke	Director	Incumbent	Male	52	January 30, 2019.	January 11, 2026	0	0	0	0	0	N/A
Zhang Yu	Independent Director	Incumbent	Male	45	December 26, 2019.	January 11, 2026	0	0	0	0	0	N/A
Li Ruidong	Independent Director	Incumbent	Male	46	December 26, 2019.	January 11, 2026	0	0	0	0	0	N/A
Li Yingzhao	Independent Director	Incumbent	Male	61	January 12, 2023.	January 11, 2026	0	0	0	0	0	N/A
Jiao Wanjiang	Chairman of the Board of Supervisors	Incumbent	Male	42	November 14, 2016.	January 11, 2026	308,692	0	0	0	308,692	N/A
Liu Kan	Supervisor	Incumbent	Male	39	December 26, 2019.	January 11, 2026	0	0	0	0	0	N/A
Lin Meiling	Employee Supervisor	Incumbent	Female	38	November 14, 2016.	January 11, 2026	0	0	0	0	0	N/A

Wang Qingbo	Vice President & CFO	Incumbent	Male	47	April 29, 2022.	January 11, 2026	800	0	0	0	800	N/A
Jin Taotao	Vice President and Board Secretary	Incumbent	Male	40	December 26, 2019	January 11, 2026	0	0	0	0	0	N/A
Shi Shuiping	Independent Director	Left office	Male	48	November 14, 2016	December 26, 2022	0	0	0	0	0	N/A
Lu Anfeng	Vice President & CFO	Left office	Male	45	November 8, 2013	April 29, 2022	486,762	0	0	0	486,762	N/A
Total	--	--	--	--	--	--	2,450,854	0	0	0	2,450,854	--

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

Yes No

During the reporting period, the Ninth Board of Directors of the Company expired in December 2022, and Mr. Shi Shuiping, an independent director of the Ninth Board, also left office due to the expiration of his term. In addition, in April, Mr. Lu Anfeng, the former Vice President and CFO, resigned due to work-related reasons. His resignation took effect as from the date of submission to the Board of Directors according to the *Company Law, Guidelines No. 1 of Shenzhen Stock Exchange for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board*, and *Articles of Association*. Mr. Lu directly holds 486,762 shares in the Company and has fulfilled the corresponding undertakings in accordance with relevant provisions. The above changes will not adversely affect the production and operation of the Company.

Changes of the company's directors, supervisors and senior management members

Applicable Not applicable

Name	Position held	Type	Date	Reason
Shi Shuiping	Independent Director	Left office due to expiry of term	December 26, 2022	Left office due to expiry of term
Lu Anfeng	Vice President & CFO	Dismissed	April 29, 2022	Work-related reasons

## 2. Position and biographical information

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

1. Mr. Ma Gang, born in 1979, with a master's degree, is Chairman of the tenth Board of Directors of Infore Environment. Starting from December 2014 till now, he has been serving as President of the Company. He joined Midea Group in June 2001, and successively held 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, with a Master's degree, is the Director of the tenth Board of Directors of Infore Enviro. From October 2020 till now, he has been Vice President of Infore Group Co., Ltd. From March 2013 to October 2020, he successively held 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 since October 2018. From July 2002 to October 2018, he successively held 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 the Director of the tenth Board of Directors of Infore Enviro. He is Vice President of Zoomlion Heavy Industry Science and Technology Co., Ltd. from September 2020 to the present. 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 an 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, and held the position of Assistant Professor at the University of California, Irvine from 2008 to 2015.

6. Mr. Li Ruidong, born in 1977, holding a bachelor's degree, is an 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. He served as Assistant to the General Manager of *Environmental Protection* Magazine Co., Ltd. from February 2012 to November 2013, and Director of the Office of *Environmental Protection* from March 2008 to January 2012.

7. Mr. Li Yingzhao, born in 1962, holding a doctorate, is a Professor of Accounting at the School of Business Administration, South China University of Technology, and he currently 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 Guangzhou Haige Communications 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, a master's degree holder, is Vice President and Board Secretary of Infore Enviro. He held the positions of Engineer at the Environmental Planning Institute of the MEE (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 Tao joined the SZSE qualification training for Board Secretaries 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 Headquarter.

11. Mr. Liu Kan, born in 1984, holding a bachelor's degree, is the Supervisor of the tenth Board of Supervisors of Infore Enviro. He has served the Company since February 2016, 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 University 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 the 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. From 2010 to now, she is responsible for the administration and human resources 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	-	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 Co., Ltd.	Vice President	June 29, 2015	-	Yes
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
Shen Ke	Bichamp Cutting Technology (Hunan) Co., Ltd.	Director	July 5, 2014.	-	No
Zhang Yu	China Europe International Business School	Professor	July 1, 2015.	-	Yes
Li Ruidong	China Environment Magazine	President and Editor-in-chief	November 1, 2013	-	Yes
Statements on positions held in other entities	-				

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

Applicable Not Applicable

### 3. Remuneration of directors, supervisors and senior management Members

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

The remuneration of the directors, supervisors and senior management members of the Company for 2022 is strictly in compliance with the *Remuneration Plan for Directors, Supervisors and Senior Management Members in 2022* 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 management members 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 management is partly on a monthly basis, and the part linked to the Company's performance is paid at the end of the year.

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

Unit: RMB 10,000

Name	Position	Gender	Age	Incumbent/Former	Total pre-tax remuneration from the Company	Receiving remuneration from the Company's related parties or not
Ma Gang	Chairman of the Board and President	Male	44	Incumbent	194.37	No
Su Bin	Director	Male	45	Incumbent	0	Yes
Kuang Guangxiong	Director	Male	44	Incumbent	0	Yes
Shen Ke	Director	Male	52	Incumbent	0	Yes
Shi Shuiping	Independent Director	Male	48	Left office	10	No
Zhang Yu.	Independent Director	Male	45	Incumbent	10	No
Li Ruidong.	Independent Director	Male	46	Incumbent	10	No
Jiao Wanjiang.	Chairman of the Board of Supervisors	Male	42	Incumbent	83.18	No
Liu Kan.	Supervisor	Male	39	Incumbent	70.11	No
Lin Meiling.	Employee Supervisor	Female	38	Incumbent	14.78	No
Wang Qingbo.	Vice President & CFO	Male	47	Incumbent	97.90	No
Jin Taotao	Vice President and Board Secretary	Male	40	Incumbent	126.09	No
Lu Anfeng	Vice President & CFO	Male	45	Left office	33.61	No
Total	--	--	--	--	650.04	--

## 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 16 <sup>th</sup> extraordinary meeting of the Ninth Board of Directors	January 14, 2022	January 15, 2022	The <i>Announcement on the Resolutions of the 16<sup>th</sup> Extraordinary Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-003) was published in the Securities Daily, the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.

The 17 <sup>th</sup> extraordinary meeting of the Ninth Board of Directors	March 17, 2022.	March 18, 2022.	The <i>Announcement on the Resolutions of the 17<sup>th</sup> Extraordinary Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-009) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 18 <sup>th</sup> meeting of the Ninth Board of Directors	April 29, 2022	April 30, 2022	The <i>Announcement on the Resolutions of the 18<sup>th</sup> Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-018) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are media the designated by the Company for information disclosure.
The 19 <sup>th</sup> meeting of the Ninth Board of Directors	August 24, 2022.	August 25, 2022.	The <i>Announcement on the Resolutions of the 19<sup>th</sup> Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-062) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 20 <sup>th</sup> extraordinary meeting of the Ninth Board of Directors	September 08, 2022	September 09, 2022	The <i>Announcement on the Resolutions of the 20<sup>th</sup> Extraordinary Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-073) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 21 <sup>st</sup> meeting of the Ninth Board of Directors	October 26, 2022.	October 27, 2022.	The <i>Announcement on the Resolutions of the 21<sup>st</sup> Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-080) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn), which are the media designated by the Company for information disclosure.
The 22 <sup>nd</sup> meeting of the Ninth Board of Directors	December 27, 2022	December 28, 2022	The <i>Announcement on the Resolutions of the 22<sup>nd</sup> Meeting of the Ninth Board of Directors</i> (Announcement No.: 2022-088) was published in the <i>Securities Daily</i> , the <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</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	Number of Board meetings	Having failed to attend two consecutive	Number of general meetings of			

	meetings held	attended on site	attended by way of telecoms	attended through proxy	absent with apologies	Board meetings in person or not	shareholders attended
Ma Gang.	7	7	0	0	0	No	2
Su Bin.	7	4	3	0	0	No	2
Kuang Guangxiong.	7	4	3	0	0	No	2
Shen Ke.	7	1	6	0	0	No	2
Zhang Yu.	7	1	6	0	0	No	2
Li Ruidong	7	1	6	0	0	No	2
Shi Shuiping	7	3	4	0	0	No	2

Explanation of failure to attend two consecutive Board meetings

NA

### 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* of the Company and 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 under the Board during the Reporting Period

Name of the committee	Members	Number of meetings held	Date of the meeting	Meeting contents	Important opinions and suggestions proposed	Other information on performance of duties	Specific information on matters that objections were raised (if any)
Audit Committee	Shi Shuiping, Kuang Guangxiong, Li Ruidong, Zhang Yu	5	February 14, 2022.	1. <i>Pre-approval of the Financial Statements in 2021 Annual Report</i> ; 2. <i>2021 Annual Internal Control Self-Assessment Report</i> ; 3. <i>2022 Internal Audit Work Plan Report</i> ; 4. <i>Ex-ante Communication of 2021 Annual Report</i> .	Agreed to pass the relevant proposals of this meeting.	--	N/A

	Shi Shuiping, Kuang Guangxiong, Li Ruidong, Zhang Yu		April 28, 2022	<p>1. 2021 Annual Report and its summary; 2. 2021 Annual Final Financial Accounting Report; 3. 2021 Profit Distribution Plan Proposal; 4. 2022 First Quarter Report; 5. Assurance Report on the Placement and Use of Proceeds in 2021; 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 2021; 9. Proposal on the Increase in Financing Factoring Limit for Wholly-owned Subsidiaries and Equity Participating Subsidiaries; 10. Proposal on the 2022 Annual Plan for Entrusted Wealth Management with Self-owned Funds; 11. Proposal on Estimated Routine Related Party Transactions for 2022; 12. Proposal on Guarantee Limits Provided by the Company to Its Subsidiaries; 13. Proposal on Related Party Transactions for Temporary Borrowing Funds Provided by Infore Group Co., Ltd. to the Company in 2022; 14. Proposal on the Provision of Buyer's Credit Guarantees for Customers; 15. Proposal on the Conducting of Asset Pool Business; 16. Proposal on the Application for Comprehensive Credit Lines from Banks and the Authorization for the Chairman to Sign Bank Credit Contracts; 17. Proposal on the Reappointment of Accounting Firms; 18. Revised Management Policy for External Guarantees; 19. Revised Management Policy for Related Party Transactions; 20. Revised Work Policy for Independent Directors; 21. Revised Management Policy for Proceeds; 22. Revised Management Policy for Entrusted Wealth Management; 23. Revised Registration Policy for Insider Information Persons; 24. Revised Management Policy for Information Disclosure; 25. Revised Policy for Internal Reporting of Material Information.</p>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Shi Shuiping, Kuang Guangxiong,		August 23, 2022	<p>1. Summary of Internal Audit for the First Half of 2022; 2. 2022 Interim Report and its summary; 3. Special</p>	Agreed to pass the relevant	--	N/A

	Li Ruidong			<i>Report on the Placement and Use of Proceeds in the First Half of 2022; 4. Proposal on Changes to Accounting Policy of the Company and Its Subsidiaries; 5. Proposal on the Increase in Guarantee Limits; 6. Proposal on the Increase in the Limits of Buyer's Credit Guarantees Provided to Customers; 7. Proposal on the Conducting of Factoring for Accounts Receivable.</i>	proposals of this meeting.		
	Shi Shuiping, Kuang Guangxiong, Li Ruidong		October 25, 2022	<i>1. Internal Control Work Report in the Third Quarter of 2022; 2. Third Quarter Report in 2022; and 3. Proposal on the Use of Part of Idle Proceeds to Temporarily Supplement Working Capital.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Shi Shuiping, Kuang Guangxiong, Li Ruidong		December 26, 2022	<i>Proposal on Continuing Asset Pool Business in 2023.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong, Zhang Yu	6	January 14, 2022	<i>1. Reviewing the Performance of the Company's Directors and Executives in Fulfilling Their Duties in 2021 and Conducting Annual Performance Assessment Based on Assessment Criteria and Remuneration Policies and Plans; 2. Proposal on Second Employee Stock Ownership Plan (Draft) and Its Summary; 3. Proposal on the Formulation of the Management Measures for the Second Employee Stock Ownership Plan; 4. Proposal on the Request for Authorization from the General Meeting of Shareholders for the Board of Directors to Handle Matters Related to the Company's Second Employee Stock Ownership Plan.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Li Ruidong, Kuang Guangxiong, Zhang Yu		March 16, 2022	<i>1. Proposal on the Second Employee Stock Ownership Plan (Revised Draft) and Its Summary; 2. Proposal on the Management Measures for the Second Employee Stock Ownership Plan (Revised); 3. Proposal on the Request for Authorization from the General Meeting of Shareholders for the Board of Directors to Handle Matters Related to the Company's Second Employee Stock Ownership Plan; 4. Implementation of the Remuneration Plan for Directors, Supervisors, and Executives in 2021.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Li Ruidong, Kuang		April 28, 2022	<i>1. Proposal on the Remuneration Plan for Directors, Supervisors, and</i>	Agreed to pass the	--	N/A

	Guangxiong, Zhang Yu			<i>Executives in 2022; 2. Proposal on the Cancellation of Expired, Unexercised Stock Options for the Third Exercise Period of the Third Stock Option Incentive Scheme).</i>	relevant proposals of this meeting.		
	Li Ruidong, Kuang Guangxiong, Zhang Yu		August 23, 2022	<i>1. Proposal on the Adjustment of the Exercise Price of the Third Stock Option Incentive Scheme; 2. Proposal on the Change of the Asset Manager and the Adjustment of the Transaction Price of the Second Employee Stock Ownership Plan.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Li Ruidong, Kuang Guangxiong, Zhang Yu		October 25, 2022	<i>1. Proposal on the Adjustment of the Recipients and Exercise Quantity and Canceling Certain Stock Options of the Third Stock Option Incentive Scheme; 2. Proposal on Matters Related to the Exercise During the Third Exercise Period of the Third Stock Option Incentive Scheme.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Li Ruidong, Kuang Guangxiong, Zhang Yu		December 26, 2022	<i>Proposal on the Cancellation of Expired, Unexercised Stock Options for the Second Exercise Period of the Third Stock Option Incentive Scheme.</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
Nomination Committee	Zhang Yu, Ma Gang, Shi Shuiping	2	April 28, 2022	<i>Proposal on the Appointment of the Vice President and CFO of the Company</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Zhang Yu, Ma Gang, Shi Shuiping		December 26, 2022	<i>Proposal on the Election of the New Board of Directors of the Company</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A
Strategy Committee	Ma Gang, Su Bin, Shen Ke	3	April 28, 2022	<i>1. Proposal on the Investment and Construction of Phase II Projects of the Company's Environmental Protection Technology Industrial Park in Shunde; 2. Proposal on the Spin-off of Subsidiaries to be Listed on the ChiNext Board in Compliance with Relevant Laws and Regulations; 3. Proposal on the Plan for the Spin-off of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. to be Listed on the ChiNext Board; 4. 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; 5. Proposal on the Spin-off of Subsidiaries to be</i>	Agreed to pass the relevant proposals of this meeting.	--	N/A

				<p><i>Listed in Compliance with the Rules for the Spin-off of Listed Companies (Trial); 6. Proposal on the Spin-off of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. to be Listed on the ChiNext Board, Which Is Conducive to Protecting the Legitimate Rights and Interests of Shareholders and Creditors; 7. Proposal on the Company's Maintenance of Independence and Capabilities of Business Continuity; 8. Proposal on Zhejiang Shangfeng Special Blower Industrial Co., Ltd. Possessing Capabilities of Standardized Operations; 9. Proposal on the Explanation of the Completeness and Compliance of the Spin-off Procedures and the Validity of the Submitted Legal Documents; 10. Proposal on the Analysis of the Purpose, Commercial Rationality, Necessity, and Feasibility of the Spin-off; 11. Proposal on the Request for the Authorization from the General Meeting of Shareholders for the Board of Directors and its Authorized Personnel to Handle Matters Related to the Spin-off and Listing; 12. Revised Management Policy for Authorization; 13. Revised Management Policy for Investment; 14. Revised Management Policy for Subsidiaries; 15. Revised Management Policy for Securities Investment.</i></p>			
	Ma Gang, Su Bin, Shen Ke		August 23, 2022	<p><i>Proposal on the Application for a Change from Foreign-invested Limited Liability Company to Domestic-invested Limited Liability Company.</i></p>	Agreed to pass the relevant proposals of this meeting.	--	N/A
	Ma Gang, Su Bin, Shen Ke		September 7, 2022	<p><i>Proposal on the Suspension of Downward Revision of the Conversion Price of Infore Convertible Bonds.</i></p>	Agreed to pass the relevant proposals of this meeting.	--	N/A

## 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	232
Number of in-service employees of the major subsidiaries at the end of the reporting period	16,954
Total number of in-service employees at the end of the reporting period	17,186
Total number of paid employees during the reporting period	17,186
Number of retirees to whom the parent company or its major subsidiaries need to pay retirement pensions	0
<b>Specialty</b>	
Specialty category	Number of people in the specialty
Production personnel	12,864
Sales personnel	1,168
Technical personnel	1,691
Finance personnel	177
Administrative personnel	1,286
Total	17,186
<b>Educational level</b>	
Types of educational level	Number of people
Doctoral degree	12
Master's degree	528
Bachelor's degree	2,788
College	2,280
Below college	11,578
Total	17,186

### 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 will be dynamically adjusted according to 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. In 2022, Infore Enviro reconstructed its talent development and learning map, using the employee capability charging station as the main platform to offer a diverse and hierarchical talent development system. The Company launched seven new training programs and

optimized two existing ones, with a focus on leadership, expertise, general skills, and new employees. Leadership programs emphasized developing senior leadership and building a talent pool. Expertise programs enhanced job-specific skills through routine training and marketing and R&D lectures. In terms of general skills, senior executives shared strategic consensus, industry trends, or business priorities every month to improve employees' career skills. To better support new employees, both from campus and social recruitment, a range of training programs were carried out, such as the Young Talent Training Camp, Dual Mentor Plan, Graduate Training Program, and 90-day Transition for New Employees from Social Recruitment. Moreover, the Company provided career paths for both managers and experts and offered opportunities for job rotation and internal recruitment. These measures have encouraged the comprehensive development of various talents, helping employees grow with the Company.

#### 4. Labor outsourcing

Applicable Not applicable

Total hours of labor outsourced	59,917,325.06
Total payment for labor outsourcing (RMB)	624,155,450.00

## 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 for 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
Whether minority shareholders have the opportunity to fully express their opinions and demands 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 was 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)	1.10
Total shares as the basis for the proposal for profit distribution (share)	3,166,940,177.00
Cash dividends (RMB) (tax inclusive)	348,363,419.47
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (inclusive of those in other forms) (RMB)	348,363,419.47
Distributable profit (RMB)	559,764,885.53
Total cash dividends (inclusive of those in other forms) as a percentage of total distributed profit	62.23%
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 2022 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 2022 profit distribution plan, a cash dividend of RMB 1.10 (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 2021, the Company reported RMB 706,488,302.65 in profits available for distribution and RMB 394,435,926.25 in retained earnings after cash dividends. In 2022, the Company realized a net profit of RMB 183,698,843.64 and a surplus reserve of RMB 18,369,884.36. As a result, profits available for distribution at the end of 2022 reached RMB 559,764,885.53. When the profit distribution plan for 2022 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 3,166,940,177, a cash dividend of RMB 1.10 (tax inclusive) will be distributed for every 10 shares, totaling RMB 348,363,419.47. As a result, retained earnings after cash dividends will be RMB 211,401,466.06. On the other hand, 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 0.11 (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 Second Stock Option Incentive Scheme:

1. On March 11, 2022, the third exercise period of the Company's Second Stock Option Incentive Scheme expired, with 4,100,000 outstanding stock options of 40 recipients. The Company would cancel the 4,100,000 stock options that were granted and were not exercised during the third exercise period of the Second Stock Option Incentive Scheme, in accordance with the applicable laws and regulations.

2. On April 29, 2022, the *Proposal on the Cancellation of Expired, Unexercised Stock Options for the Third Exercise Period of the Second Stock Option Incentive Scheme* was deliberated and approved at the 18<sup>th</sup> meeting of the Ninth Board of Directors and the 17<sup>th</sup> meeting of the Ninth Board of Supervisors. According to the provisions of the *Second Stock Option Incentive Scheme*

(Draft), the Board of Directors agreed to cancel the 4,100,000 expired stock options of 40 recipients unexercised during the third exercise period. After the cancellation, the Second Stock Option Incentive Scheme will be fully implemented.

For more information, please refer to the announcements published on April 30, 2022 on the media for information disclosure designated by the Company, including *Securities Daily*, *Securities Times*, *China Securities Journal*, and *Shanghai Securities News*, as well as Cninfo (<http://www.cninfo.com.cn>).

#### **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 13<sup>th</sup> meeting of the Ninth Board of Directors and the 12<sup>th</sup> 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 14<sup>th</sup> meeting of the Ninth Board of Directors and the 13<sup>th</sup> meeting of the Ninth Board of Supervisors held by the Company deliberated and approved the *Proposal for Adjustment of the Option Exercise Prices of Phase II 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 stock option 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 19<sup>th</sup> meeting of the Ninth Board of Directors and the 18<sup>th</sup> meeting of the Ninth Board of Supervisors held by the Company deliberated and approved the *Proposal for Adjustment of the Option Exercise Prices of the Third Stock Option Incentive Schemes*. 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 stock option 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 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 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 Schemes 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 22<sup>nd</sup> meeting of the Ninth Board of Directors and the 20<sup>th</sup> 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. As at December 31, 2022, when the second exercise period of the Third Stock Option Incentive Scheme expired, 16,409,380 stock options had been exercised; no stock options were exercised during the third exercise period of the Third Stock Option Incentive Scheme because the market price was lower than the exercise price.

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

Equity incentives granted to directors and senior management members of the Company:

Applicable Not Applicable

Appraisal mechanism and incentives for senior management members

The Company has established a sound performance assessment and incentive system. The Board of Directors of the Company established the Remuneration & Appraisal Committee as the administrative institution for the appointment and remuneration appraisal of the senior management members of the Company, which shall be responsible for formulating remuneration standards and schemes for the senior management members, reviewing their performance of duties and formulating scientific and reasonable remuneration scheme and submitting to the board for review and discussion. The senior management members currently serving in the Company shall be subject to comprehensive performance appraisal based on their positions, the current remuneration system 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 management members based on schedule. During the reporting period, the senior management members 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 various 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, middle and senior level management personnel, key elite personnel (technology, marketing, production, etc.) of the Company.	136	0	As at May 9, 2022, the First Employee Stock Ownership Plan was completed, with all 36,211,560 shares (accounting for 1.14% of the Company's total share capital) sold through centralized bidding.	0.00%	Employees' legitimate remuneration, self-raised funds and other funds obtained by legitimate and compliant means.
Directors (excluding	134	64,789,616	As at October 12, 2022, stock	2.04%	Employees'

independent directors), supervisors, senior level management personnel, and key elite personnel (technology, marketing, production, etc.) of the Company.			purchases were completed in the Second Employee Stock Ownership Plan, with a total of 64,789,616 shares (accounting for 2.04% of the Company's total share capital) purchased. All the shares purchased have entered the lock-up period.		legitimate remuneration, self-raised funds, and other funds obtained by means permitted by laws and regulations.
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Shareholding of directors, supervisors and senior management members in the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	As a percentage of the total share capital of the listed company
Ma Gang	Chairman & President	128,795	17,246,996	0.54%
Wang Qingbo	Vice President & CFO	0	4,159,493	0.13%
Jin Taotao	Vice President & Board Secretary	6,104	2,462,005	0.08%
Jiao Wanjiang	Chairman of the Board of Supervisors	18,908	1,846,504	0.06%
Liu Kan	Supervisor	0	155,495	0.00%

Changes in the asset management institution during the reporting period

Applicable Not applicable

On August 24, 2022, the *Proposal on the Change of the Asset Manager and the Adjustment of the Transaction Price of the Second Employee Stock Ownership Plan* was deliberated and approved at the 19<sup>th</sup> meeting of the Ninth Board of Directors. In accordance with laws and regulations and based on the realities during the implementation of the plan, the Company decided to replace the former asset manager, Guangfa Securities Asset Management (Guangdong) Co., Ltd., with the Management Committee of the Second Employee Stock Ownership Plan to manage the plan.

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

Applicable Not applicable

During the reporting period, the First Employee Stock Ownership Plan was completed after the lock-up period expired, with all 36,211,560 shares (1.14% of the Company's total share capital) sold through centralized bidding from November 11, 2021, to May 9, 2022. The actual shareholding period was consistent with the duration disclosed in the *First Employee Stock Ownership Plan (Draft)*. The Management Committee carried out property liquidation and distribution according to the *First Employee Stock Ownership Plan (Draft)* and the relevant provisions of the asset management plan. Therefore, the equity distribution of the First Employee Stock Ownership Plan was completed.

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

On August 24, 2022, the *Proposal on the Change of the Asset Manager and the Adjustment of the Transaction Price of the Second Employee Stock Ownership Plan* was deliberated and approved at the 19<sup>th</sup> meeting of the Ninth Board of Directors. In accordance with laws and regulations and based on the realities during the implementation of the plan, the Company decided to appoint the Management Committee of the Second Employee Stock Ownership Plan to manage the plan. Moreover, the Board of

Directors agreed to adjust the transfer price of the Second Employee Stock Ownership Plan to RMB 4.94 per share from RMB 5.04 per share after the Company's equity distribution for 2021 was completed on July 20, 2022.

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

The Company's Second Employee stock ownership plan was completed in 2022 through the transfer of shares in the Company's repurchase special security account and centralized bidding in the secondary market, and 46,410,852 shares were transferred from the Company's repurchase special security account, resulting in the decrease of capital reserve of RMB 132,175,661.99.

Termination of the employee stock ownership plan during the reporting period

Applicable Not applicable

During the reporting period, the First Employee Stock Ownership Plan was fully implemented, with the completion of property liquidation and distribution. The gains enjoyed by the participants of this employee stock ownership plan have been distributed in proportion to their holdings of the underlying stocks after deducting taxes and fees.

Other statements:

NA

### **3. Other employee incentive measures**

Applicable Not Applicable

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

### **1. Establishment and implementation of internal control**

#### (1) Internal control development

Infore Enviro has established and improved various 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 comply with the provisions of the relevant laws, regulations, the *Articles of Association* of the Company, the *Rules of Procedure for the General Meeting of Shareholders*, the *Rules of Procedure for the Board of Directors*, and the *Rules of Procedure for the Board of Supervisors*. Corresponding internal management systems with respect to such material issues as financial accounting, fundraising, external investment, external guarantee, related party transactions and information disclosure have been established in Infore Enviro to ensure the legality and compliance of day-to-day operations and decision-making procedures concerning material matters.

#### (2) Internal control implementation

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

As verified, the Company effectively complied with the *Information Disclosure Management Policy* in 2022, with good performance in information disclosure, and was not subjected to punishment by the securities regulatory authorities for violation of rules regarding information disclosure.

(b) Execution of financial internal control policies

As verified, with respect to finance and accounting, the Company has established the relevant internal management system 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 safety and effectiveness of the financial and accounting systems.

(c) Execution of other internal control policies

As verified, Infore Enviro complied with the provisions of the *Articles of Association* of the Company and the relevant rules and regulations, performed necessary decision-making procedures, and implemented the internal control system 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
Zhejiang Yolsh Electric Drive Technology Co., Ltd.	Conducting unified control over human resources, financial resources, performance targets, and corporate culture to optimize resource allocation and enhance business collaboration; assigning core management personnel to serve as directors and senior management of subsidiaries to improve management efficiency and economic benefits and help subsidiaries achieve operational objectives.	Completed	N/A	N/A	N/A	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Assigning directors and senior management and overseeing critical matters related to operations, finance, audit, material investments, legal affairs, and human resources to improve management efficiency and economic benefits and help subsidiaries achieve operational objectives.	Completed	N/A	N/A	N/A	N/A

## XIV. Self-assessment Report or Audit Report on Internal Control

### 1. Internal control self-assessment report

Date of full disclosure of the internal control assessment report	April 25, 2023
Index of full disclosure of the internal control assessment report	For details, see the <i>2022 Internal Control Self-Assessment Report</i> disclosed at <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	100.00%

in the assessment as a percentage of the revenue in the Company's consolidated financial statements		
Deficiency identification criteria		
Category	Financial reports	Non-financial reports
Qualitative criteria	<p>Material deficiencies:</p> <ol style="list-style-type: none"> <li>1. Fraud committed by directors, supervisors and senior management members;</li> <li>2. Enterprise's correction of a financial report published or reported;</li> <li>3. Material misstatement during the period's financial report identified by CPAs, which was not identified in the course of the functioning of internal controls;</li> <li>4. Ineffective supervision over internal control by the Audit Committee and internal audit agency of enterprise;</li> <li>5. Lack of post qualification or obvious incompetence of principal financial personnel;</li> <li>6. Ineffective compliance supervision and violations of regulations that could materially affect the reliability of financial reports;</li> <li>7. The management's failure to correct significant deficiency after a reasonable period of being aware of the deficiency.</li> </ol> <p>Significant deficiencies:</p> <ol style="list-style-type: none"> <li>1. Anti-fraud procedures and controls;</li> <li>2. Internal control over unconventional or unsystematic transactions;</li> <li>3. Internal control over the selection and application of accounting policy with reference to the generally accepted accounting standards;</li> <li>4. Internal control over the financial reporting procedures at the end of the reporting period.</li> </ol>	<p>Material deficiencies:</p> <ol style="list-style-type: none"> <li>1. Violations of national laws and regulations, e.g., environmental pollution, serious damage to the local ecological environment, failure to report or disclose information as regulations;</li> <li>2. Loss of more than 30% of middle and senior managers and senior technical personnel without timely replenishment, affecting the normal operations of the Company;</li> <li>3. Failure to take timely and active response measures against frequent negative media reports, which involve a wide range of subjects, leading to a material negative impact on the Company;</li> <li>4. Failure to address the findings of internal control assessments, particularly material or significant deficiencies.</li> <li>5. Absence of policy control or systematic failure of critical businesses;</li> <li>6. Unreasonable decision-making procedures of enterprise, e.g., decision-making mistakes, resulting in unsuccessful M&amp;A;</li> <li>7. Losses suffered by the enterprise in consecutive years for reasons apart from policy reasons, posing challenges to the Company's ability to continue as a going concern;</li> <li>8. Lack of internal controls in subsidiaries, leading to poor management.</li> </ol> <p>Significant deficiencies:</p> <ol style="list-style-type: none"> <li>1. Fraud committed by middle-level managers;</li> <li>2. Negative reports published by influential media in that year;</li> <li>3. Failure to remedy general deficiencies identified in the prior year, without reasonable explanation;</li> <li>4. Incompetency of some managers or operators.</li> </ol> <p>General deficiencies:</p> <ol style="list-style-type: none"> <li>1. Fraud committed by general employees;</li> <li>2. Failure to remedy general deficiencies identified in the prior year, but with reasonable explanation;</li> </ol>
Quantitative criteria	<p>Material deficiencies:</p> <ol style="list-style-type: none"> <li>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</li> </ol>	<p>Material deficiencies:</p> <p>Direct property loss of RMB 10 million or above or punishment by government authorities at the national level, officially disclosed with a negative effect on the</p>

	<p>the most recent fiscal year or 5% of the total pre-tax profit;</p> <p>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.</p> <p>Significant deficiencies:</p> <p>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.</p> <p>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.</p> <p>General deficiencies:</p> <p>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;</p> <p>2. The potentially misstated amount in the balance sheet is less than 0.5% of the consolidated total assets of the Company in the most recent financial year.</p>	<p>Company's periodic reporting;</p> <p>Significant deficiencies:</p> <p>Direct property loss of between RMB 5 million (inclusive) and RMB 10 million or punishment by government authorities at the provincial level or higher, without a negative effect on the Company's periodic reporting;</p> <p>General deficiencies:</p> <p>Direct property loss of less than RMB 5 million or punishment by government authorities below the provincial level, without a negative effect on the Company's periodic reporting.</p>
Number of material deficiencies in financial reports		0
Number of material deficiencies in non-financial reports		0
Number of significant deficiencies in financial reports		0
Number of significant deficiencies in non-financial reports		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 over financial reporting as at December 31, 2022, 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 25, 2023
Index to the full audit report on internal control	PCCPAAR [2023] No. 4801

Opinion type of the audit report on internal control	Standard unqualified opinion
Whether any material deficiency in the non-financial reports	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 the principle of seeking truth from facts and in strict accordance with the *Company Law*, the *Securities Law*, *Guidelines No. 1 of Shenzhen Stock Exchange 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 Shenzhen Stock Exchange 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 relatively sound, the operations are standardized, and there is no material problems or mistakes. The Company shall continue to enhance management in the following areas:

### 1. Further refining internal control policies

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 system and implement the corresponding examination and approval procedure on the revised and improved relevant systems.

### 2. Further leveraging the roles of special committees under the Board of Directors

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 operation and 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 familiarize themselves with the business of the Company, facilitate them to play their roles and provide advice and suggestions on the Company's development planning, operation and management, risk control, selection and engagement of senior management members and back-up personnel, performance appraisal of senior management members, 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 daily 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 mistakes and ensure the quality of information disclosure and promote the level of information disclosure. During the reporting period, the Company and relevant personnel completed the information disclosure work in strict accordance with the requirements of laws and regulations.

#### 4. Further increasing the training in laws and regulations

By optimizing the internal training program and intensifying 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 Shenzhen Stock Exchange for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board*. , and continuously strengthen relevant study, strictly observe relevant provisions, manage its operations in a prudent manner and eradicate 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 protection authorities

Yes No

Environmental protection 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*, *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *Integrated Wastewater Discharge Standard*, and *Law of the People's Republic of China on the Prevention and Control of Air Pollution*. It has consistently improved its management policies and optimized treatment facilities and technologies to minimize the discharge of pollutants.

Environmental protection administrative licensing

The Company has been running all its key pollutant discharge projects according to laws and regulations for many years. During the construction period, environmental impact assessment was carried out for these projects in accordance with 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 protection acceptance inspection for the completed project during pilot production, and simultaneously designed, constructed and put into use the supporting environmental protection facilities and the main works.

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

Name of company 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 sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	Wastewater	COD	Continuous discharge	1	Beijiang River trunk stream waterway	10.5mg/L	GB 18918-2002, Class 1A	423.83t	1606t/a	N/A
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd.	Wastewater	Ammonia nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	0.52mg/L	GB 18918-2002, Class 1A	20.99t	200.75t/a	N/A

(Phase III sewage station by the gate)										
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	Wastewater	Total phosphorus	Continuous discharge	1	Beijiang River trunk stream waterway	0.25mg/L	GB 18918-2002, Class 1A	10.09t	20.075t/a	N/A
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	Wastewater	Total nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	6.15mg/L	GB 18918-2002, Class 1A	248.24t	602.25t/a	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	North side of the main plant	4.199mg/Nm <sup>3</sup>	GB18485-2014	2.602t	14.6t/a	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	SO <sub>2</sub>	80m chimney	1	North side of the main plant	41.814mg/Nm <sup>3</sup>	GB18485-2014	26.548t	89.28t/a	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	NO <sub>x</sub>	80m chimney	1	North side of the main plant	150.85mg/Nm <sup>3</sup>	GB18485-2014	94.538t	96.72t/a	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	HCl	80m chimney	1	North side of the main plant	38.343mg/Nm <sup>3</sup>	GB18485-2014	23.831t	/	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	CO	80m chimney	1	North side of the main plant	14.684mg/Nm <sup>3</sup>	GB18485-2014	9.174t	/	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	Pb	80m chimney	1	North side of the main plant	0.0146mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Funan Green	Waste gas	Cd	80m	1	North side of	0.0000945mg/Nm <sup>3</sup>	GB18485	/	/	N/A

Oriental Environmental Protection Energy Co., Ltd.			chimney		the main plant		-2014			
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	Hg	80m chimney	1	North side of the main plant	0.0048mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Funan Green Oriental Environmental Protection Energy Co., Ltd.	Waste gas	Dioxins	80m chimney	1	North side of the main plant	0.057ng-TEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	Smoke	80m chimney	1	West side of the main plant	2.8mg/Nm <sup>3</sup>	GB18485-2014	1.55t	12t/a	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	29.0mg/Nm <sup>3</sup>	GB18485-2014	23.7t	70.8t/a	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	184.3mg/Nm <sup>3</sup>	GB18485-2014	138.27t	144t/a	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	HCl	80m chimney	1	West side of the main plant	44.1mg/Nm <sup>3</sup>	GB18485-2014	32.46t	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	CO	80m chimney	1	West side of the main plant	3.4mg/Nm <sup>3</sup>	GB18485-2014	4.03t	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	Pb	80m chimney	1	West side of the main plant	0.029mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	Cd	80m chimney	1	West side of the main plant	0.00096mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	Waste gas	Hg	80m chimney	1	West side of the main plant	0.000043mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Shouxian Greenlander New Energy Co., Ltd.	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	2.8mg/Nm <sup>3</sup>	GB18485-2014	0.885t	6.78t/a	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	SO <sub>2</sub>	80m chimney	1	East side of the main plant	29.0mg/Nm <sup>3</sup>	GB18485-2014	14.689t	26.06t/a	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	NO <sub>x</sub>	80m chimney	1	East side of the main plant	184.3mg/Nm <sup>3</sup>	GB18485-2014	101.252t	104t/a	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	HCl	80m chimney	1	East side of the main plant	44.1mg/Nm <sup>3</sup>	GB18485-2014	25.205t	/	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	CO	80m chimney	1	East side of the main plant	3.4mg/Nm <sup>3</sup>	GB18485-2014	21.473t	/	N/A
Lianjiang	Waste gas	Pb	80m	1	East side of	0.029mg/m <sup>3</sup>	GB18485	0.885t	/	N/A

Greenlander New Energy Co., Ltd.			chimney		the main plant		-2014			
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	Cd	80m chimney	1	East side of the main plant	0.00096mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	Hg	80m chimney	1	East side of the main plant	0.000043mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Lianjiang Greenlander New Energy Co., Ltd.	Waste gas	Dioxins	80m chimney	1	East side of the main plant	0.038ngTEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	Smoke	80m chimney	1	West side of the main plant	0.22mg/m <sup>3</sup>	GB18485-2014	0.2t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	29.36mg/m <sup>3</sup>	GB18485-2014	29.3t	58t/a	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	189.1mg/m <sup>3</sup>	GB18485-2014	121.4t	148.85t/a	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	HCl	80m chimney	1	West side of the main plant	22.5mg/m <sup>3</sup>	GB18485-2014	15.4t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	CO	80m chimney	1	West side of the main plant	5.6mg/m <sup>3</sup>	GB18485-2014	3.56t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	Pb	80m chimney	1	West side of the main plant	0.0029mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	Cd	80m chimney	1	West side of the main plant	0.00013mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power	Waste gas	Hg	80m chimney	1	West side of the main plant	ND	GB18485-2014	/	/	N/A

Co., Ltd. (1# furnace)										
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas	Dioxins	80m chimney	1	West side of the main plant	0.0012ngTEQ/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	Smoke	80m chimney	1	West side of the main plant	1.4mg/m <sup>3</sup>	GB18485-2014	0.6t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	SO <sub>2</sub>	80m chimney	1	West side of the main plant	21.5mg/m <sup>3</sup>	GB18485-2014	10.2t	58t/a	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	NO <sub>x</sub>	80m chimney	1	West side of the main plant	186.5mg/m <sup>3</sup>	GB18485-2014	86.7t	148.85t/a	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	HCl	80m chimney	1	West side of the main plant	22.1mg/m <sup>3</sup>	GB18485-2014	10.33t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	CO	80m chimney	1	West side of the main plant	0.87mg/m <sup>3</sup>	GB18485-2014	1.99t	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	Pb	80m chimney	1	West side of the main plant	0.0032mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	Cd	80m chimney	1	West side of the main plant	0.00014mg/m <sup>3</sup>	GB18485-2014	/	/	N/A
Xiantao Green Oriental Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas	Hg	80m chimney	1	West side of the main plant	ND	GB18485-2014	/	/	N/A
Xiantao Green	Waste gas	Dioxins	80m	1	West side of	0.002ngTEQ/m <sup>3</sup>	GB18485	/	/	N/A

Oriental Environmental Protection Power Co., Ltd. (2# furnace)			chimney		the main plant		-2014			
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	0.517t	12t/a	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	SO <sub>2</sub>	80m chimney	1	North side of the main plant	40.0409mg/Nm <sup>3</sup>	GB18485-2014	26.413t	80t/a	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	NO <sub>x</sub>	80m chimney	1	North side of the main plant	223.9976mg/Nm <sup>3</sup>	GB18485-2014	148.984t	250t/a	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	HCl	80m chimney	1	North side of the main plant	38.3231mg/Nm <sup>3</sup>	GB18485-2014	25.622t	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	CO	80m chimney	1	North side of the main plant	2.40mg/Nm <sup>3</sup>	GB18485-2014	1.452t	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	Pb	80m chimney	1	North side of the main plant	0.01mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	Cd	80m chimney	1	North side of the main plant	0.00015mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	Waste gas	Hg	80m chimney	1	North side of the main plant	0.000035mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Poyang Greenlander Renewable Energy Co., Ltd.	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	1.658mg/Nm <sup>3</sup>	GB18485-2014	0.585t	10.95t/a	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	SO <sub>2</sub>	80m chimney	1	South side of the main plant	42.092mg/Nm <sup>3</sup>	GB18485-2014	29.186t	31.68t/a	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	NO <sub>x</sub>	80m chimney	1	South side of the main plant	193.750mg/Nm <sup>3</sup>	GB18485-2014	131.695t	159.72t/a	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	HCl	80m chimney	1	South side of the main plant	30.925mg/Nm <sup>3</sup>	GB18485-2014	20.758t	/	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	CO	80m chimney	1	South side of the main plant	5.392mg/Nm <sup>3</sup>	GB18485-2014	2.161t	/	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	Pb	80m chimney	1	South side of the main plant	0.059mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	Cd	80m chimney	1	South side of the main plant	0.0002mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Biyang Fenghe New Energy Power Co., Ltd.	Waste gas	Hg	80m chimney	1	South side of the main plant	0.004mg/Nm <sup>3</sup>	GB18485-2014	/	/	N/A
Biyang Fenghe New	Waste gas	Dioxins	80m	1	South side of	0.0058ng/m	GB18485	/	/	N/A

Energy Power Co., Ltd.			chimney		the main plant	3	-2014			
Liling Zhaoyang Environmental Protection Co., Ltd.	Wastewater	COD	Intermittent discharge	1	Lujiang River trunk stream waterway	6.66mg/L	Table 2 in GB 16889-2008	7.944 t	/	N/A
Liling Zhaoyang Environmental Protection Co., Ltd.	Wastewater	Ammonia nitrogen	Intermittent discharge	1	Lujiang River trunk stream waterway	7.135mg/L	Table 2 in GB 16889-2008	1.986 t	/	N/A
Xiantao Yinghe Environmental Protection Co., Ltd.	Waste gas	Ammonia and hydrogen sulfide	Centralized	2	Discharge outlets of kitchen waste and sludge were set at the end of the deodorization system, and waste gas was discharged through the chimney	Ammonia: 1.5 mg/Nm <sup>3</sup> Hydrogen sulfide: 0.06 mg/Nm <sup>3</sup>	GB14554-93	Ammonia : 1.031 t Hydrogen sulfide: 0.04012 t	/	N/A
Xiantao Yinghe Environmental Protection Co., Ltd.	Waste gas	Smoke, SO <sub>2</sub> and NO <sub>x</sub>	Centralized	1	Discharge outlets of kitchen biogas combustion were set at the end of the combustion system, and waste gas was discharged through the chimney	Smoke: 20 mg/Nm <sup>3</sup> . SO <sub>2</sub> : 50 mg/Nm <sup>3</sup> NO <sub>x</sub> : 200 mg/Nm <sup>3</sup>	GB13271-2014	Smoke: 0.0496 t SO <sub>2</sub> : 0.0718 t NO <sub>x</sub> : 0.7218 t	Smoke: 0.241 t; SO <sub>2</sub> : 0.467 t; NO <sub>x</sub> : 1.809 t	N/A
Xiantao Yinghe Environmental Protection Co., Ltd.	Wastewater	COD and ammonia nitrogen	Centralized	1	Sewage discharge outlets were set at the end of the sewage treatment facility, and sewage was discharged to the sewage plant in the west of the city after centralized treatment	COD: 500mg/L Ammonia nitrogen: 45 mg/L	GB8978-1996	COD: 2.1376 t Ammonia nitrogen: 0.1131 t	COD:4.2 627t; Ammonia nitrogen: 0.427 t	N/A
Changsha Zoomlion Industry Co., Ltd.	Waste gas	Benzene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 14.28",	0.03905 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds and Ni for Surface Coating	0.038624t	/	N/A

					latitude 28° 13' 59.99") / Western exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")		(Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 1 mg/m <sup>3</sup>			
Changsha Zoomlion Environmental Industry Co., Ltd.	Waste gas	Toluene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99") / Western exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	0.0514175 mg/m <sup>3</sup>	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>	0.057679t	/	N/A
Changsha Zoomlion Environmental Industry Co., Ltd.	Waste gas	Xylene	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99") / Western exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	0.300981 mg/m <sup>3</sup>	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>	0.27389t	/	N/A

					112° 50' 12.30", latitude 28° 13' 59.99")					
Changsha Zoomlion Environmental Industry Co., Ltd.	Waste gas	Non-methane hydrocarbons	Planned	2	Eastern exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 14.28", latitude 28° 13' 59.99") / Western exhaust outlet of waste gas from paint drying for whole-vehicle coating (longitude 112° 50' 12.30", latitude 28° 13' 59.99")	1.774702 mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds and Ni for Surface Coating (Automobile Manufacturing and Repair Industry) (DB43/1356-2017); 40 mg/m <sup>3</sup>	1.770279t	424.83t/a	N/A
Chongqing Tongliang Fenglan Environmental Protection Technology Co., Ltd.	Wastewater	Ammonia nitrogen	Intermittent discharge	1	Longitude 106° 2' 26.20" Latitude 29° 56' 4.16"	8.86mg/L	Standard for Pollution Control on the Landfill Site of Municipal Solid Waste (GB16889-2008); 25 mg/L	0.9746t	/	N/A
Chongqing Tongliang Fenglan Environmental Protection Technology Co., Ltd.	Wastewater	COD	Intermittent discharge	1	Longitude 106° 2' 26.20" Latitude 29° 56' 4.16"	9.81mg/L	Standard for Pollution Control on the Landfill Site of Municipal Solid Waste (GB16889-2008); 100 mg/L	0.9989t	/	N/A

Pollutant treatment

The Company values environmental protection and has established a management division to coordinate its safety and environmental protection. Safety and environmental protection departments equipped with management personnel have also been set up across key business segments. In recent years, the Company and its subsidiaries have consistently strengthened environmental protection policies and strictly regulated the operating procedures and job responsibilities of environmental protection facilities to ensure proper operation.

#### Environmental self-monitoring plan

The Company developed *the 2022 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 protection authorities. It also engaged a professional third-party inspection institution to carry out regular environmental monitoring of the pollutants discharged by the projects.

#### Contingency plan for environmental emergencies

The Company engaged a professional third-party organization to develop a contingency plan for environmental emergencies for each of its key pollutant discharge projects, which was approved and filed for record. In 2022, it 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 protection 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 protection philosophy into daily management, the Company strives to become a resource-conserving and environmentally friendly business. In 2022, it invested RMB 20,830,700 in environmental protection and paid RMB 50,100 in environmental protection taxes in accordance with 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 company or subsidiary	Reason	Violation	Penalty	Impact on the production and operation of the listed company	Rectification measures
Huaibei Zhongfeng Urban Environmental Service Co., Ltd.	Non-compliant operation	Article 49(2) of the Law of the <i>People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i>	RMB 50,000 on Huaibei Zhongfeng Urban Environmental Service Co., Ltd.	There is no material impact on the production and operation of the listed company.	1. Carried out legal and regulatory training and exams regarding garbage transportation across project companies; 2. Transported garbage to qualified landfills in strict accordance with laws and regulations; kept transportation records with the signatures of each person in charge of garbage transportation; carried out inspections from time to time.

Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	Non-compliant operation	Violation of Article 20 of <i>Urban Drainage and Wastewater Treatment Regulations</i>	Administrative penalties of RMB 100,000	There is no material impact on the production and operation of the listed company.	1. Released and organized the implementation of the <i>Management Policy for Environmental Pollution Control of Sanitation Projects</i> to specify the management standards for environmental protection of sanitation projects; 2. Checked the implementation of the aforesaid policy across projects during the safety, health, and environmental assessment in the second quarter.
Zhaoqing Duanzhou District Zhongying Urban Environmental Management Co., Ltd. (the actual punished subjects were individuals)	Non-compliant operation	Violation of Article 21(3) of the <i>Measures for the Administration of Municipal Domestic Garbage</i>	RMB 6,000 and correction before September 8, 2022	There is no material impact on the production and operation of the listed company.	Provided pre-employment training and strictly followed work requirements
Liling Zhaoyang Environmental Protection Co., Ltd.	Non-compliant operation	Violation of Article 28(4) of the <i>Measures for the Administration of Municipal Domestic Garbage</i>	RMB 50,000	There is no material impact on the production and operation of the listed company.	Improved diversion of rainwater and sewage, inspected and repaired pile surface, conducted temporary and daily cover to reduce rainwater infiltration.
Liling Zhaoyang Environmental Protection Co., Ltd.	Non-compliant operation	Violation of Item 2 of Article 28 of the <i>Measures for the Administration of Municipal Domestic Garbage</i>	RMB 99,000	There is no material impact on the production and operation of the listed company.	Strengthened the inspection of routine equipment to prevent leakage.
Liling Zhaoyang Environmental Protection Co., Ltd.	Non-compliant operation	Violation of Article 42(4) of <i>Environmental Protection Law</i> and Articles 10 and 39 of <i>Law on Prevention and Control of Water Pollution</i>	Administrative penalties of RMB 750,000	There is no material impact on the production and operation of the listed company.	1. Project companies rectified their ways of treatment; 2. The Company conducted inspections from time to time.

Other environmental information to be disclosed

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

Other information related to environmental protection

NA

## **II. Corporate Social Responsibility**

For details, please refer to *the 2022 Corporate Social Responsibility Report* disclosed at Cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

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

The Company donated RMB 437,300 to poverty alleviation endeavors during the reporting period.

## 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
Undertakings made in asset restructuring	De facto controller: He Jianfeng	Undertaking on not to relinquish the control of the listed company	I have no plan to relinquish the control of the listed company within 60 months from the date of completion of this transaction.	January 3, 2019	60 months	It is being properly fulfilled without breach of such undertaking.
	Ningbo Infore Asset Management Co., Ltd.	Undertaking on trading restrictions	1. The shares in the listed company acquired from this transaction shall not be transferred within 36 months from the closing date of issuance. 2. Within 6 months from the completion of this transaction, in case the closing price of the listed company's stock is lower than its issue price for 20 consecutive trading days, or the closing price by the end of the sixth month from the completion of this transaction is lower than the issue price, the lock-up period of Ningbo Infore holding shares in the listed company shall automatically extend for at least 6 months.	January 3, 2019	42 months	The undertaking has been fulfilled and strictly observed by the undertaking parties.
	Counterparties Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking on trading restrictions	The shares in the listed company acquired from this transaction shall not be transferred within 36 months from the closing date of issuance.	January 3, 2019	36 months	The undertaking has been fulfilled and strictly observed by the undertaking parties.
	De facto controllers He Jianfeng, Ningbo Infore, and Infore Group	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and independence of listed companies	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and independence of listed companies	August 15, 2018	Indefinitely	It is being properly fulfilled without breach of such undertaking.
	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 of such undertaking.

	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 Green Oriental Environmental Protection Power Co., Ltd., Funan Green Oriental 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 profit or loss).	October 14, 2015	48 months	Not fulfilled properly. The audited net profit (net profit is the lower of before or after deducting non-recurring profit or loss) 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.
	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Project undertakings	1. From 2016 to 2019, Green Oriental Company signed a new BOT Agreement on Waste Incineration Power Generation (subject to the signing of franchise agreement), with an agreed daily disposal capacity of no less than 6,500 tons (the daily disposal capacity of a single project shall be no less than 500 tons, and at least one shall be more than 2000 tons). 2. Jiujiang Company must 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 RMB5 million.	October 14, 2015	48 months	Not fulfilled properly. The newly signed projects by Green Oriental Company 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 overdue, the specific reasons for not fulfilling it and the next work plan shall be elaborated	The main cause is that the project construction progress was slower than expected. 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 113,460,600 for the unfulfilled performance commitment and supported the Company to enjoy the priority of compensation within RMB 200 million for the 30% of equity interest in Shenzhen Greenland Environmental Protection Co., Ltd. held by the Greenlander Investment Holding Co., Ltd. As Greenlander Investment Holding Co., Ltd. and Zheng Weixian have not carried out the effective judgment, Infore Environment Technology Group Co., Ltd. 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.					

**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 Policy, Accounting Estimates or Corrections of Material Accounting Errors as Compared to the Financial Report for the Prior Year**

Applicable Not Applicable

1. Starting from January 1, 2022, the Company has adopted the regulations about accounting for sales of products or by-products produced by fixed assets before intended use or during the R&D process, as stipulated in the *Interpretation of China Accounting Standards for Business Enterprises No. 15* issued by the MOF, and applied these regulations retrospectively to the sales of trial operation that occurred between the beginning of the earliest period presented in the financial statements and January 1, 2022. Details are set out below:

Financial statement items significantly affected	Dec. 31, 2021/2021 (before retrospective adjustment)	Amounts affected	Dec. 31, 2021/ 2021 (after retrospective adjustment)
Items of balance sheet as at December 31, 2021			
Intangible assets	5,319,721,844.23	30,874,024.17	5,350,595,868.40
Minority interests	350,671,301.45	6,549,735.93	357,221,037.38
Retained profits	3,850,610,683.45	24,324,288.24	3,874,934,971.69
Items of income statement of 2021			
Operating revenue	11,813,537,444.48	52,754,166.97	11,866,291,611.45
Operating cost	9,210,318,426.37	21,880,142.80	9,232,198,569.17

2. Starting from January 1, 2022, the Company has adopted the regulations about judgment on onerous contracts in the *Interpretation of China Accounting Standards for Business Enterprises No. 15* issued by the MOF, 2022. This change in accounting policy has no impact on the Company's financial statements.

3. Starting from November 30, 2022, the Company has adopted the regulations about accounting for income tax consequences of dividends on a financial instrument classified by the issuer as an equity instrument 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.

4. Starting from November 30, 2022, the Company has adopted the regulations about accounting for modifications of share-based payment transactions from cash-settled to equity-settled 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 Report 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 Report.

## VIII. Engagement and Disengagement of Accounting Firm

Incumbent 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)	310
Consecutive years of the domestic audit service provided by the accounting firm	21
Names of the domestic certified public accountants from the accounting firm	Bian Shanshan, and Wei Xiaohui
Consecutive years of audit service provided by domestic certified public accountants from the accounting firm	4 years and 1 year, respectively

Whether the accounting firm was changed during the 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 accounting firm for the Company's internal control audit, 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

No such cases during the reporting period.

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 375 million, which are not expected to incur any provision of a large amount.

## XII. Punishments and Rectifications

Applicable Not Applicable

No such cases during the reporting period.

## XIII. Credit Quality 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 were of good credit quality, 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 (RMB10,000)	As a percentage of similar transactions	Approved transaction limit (RMB10,000)	Over the approved limit	Method of settlement	Available market price for similar transactions	Disclosure date	Disclosure document
Zoomlion Heavy Industry	Shareholder holding more than 5% of the Company's shares	Goods or financial services	Goods or financial services	Market price	--	10,782.4	--	22,061	No	As per contractual terms	--	April 30, 2022	www.cninfo.com.cn
Total				--	--	10,782.4	--	22,061	--	--	--	--	--
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 daily				Before the Company's routine related party transactions in 2022, 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.									

related party transactions to occur during the period	
Reason for any significant difference between the transaction price and the market reference price (if applicable)	N/A

## 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 RMB 10,000)	Range of deposit rate	Opening balance (in RMB 10,000)	Amount of the period		Ending balance (in RMB 10,000)
					Total deposited amount (in RMB 10,000)	Total withdrawn amount (in RMB 10,000)	
Zoomlion Finance Co., Ltd.	Related company to a shareholder holding more than 5% of the Company's shares	0	No interest accrued	0	31	0	31

## 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 23<sup>rd</sup> floor of Yingfeng Business Building at 8 Yixin Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, as the business premises with a construction area of 1,578.68 sqm. The rent payable for 2022 was RMB 1,345,100, and the actual payment was RMB 1,345,100. As at December 31, 2022, the above amounts have been settled.

Items that brought about 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 about 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	Collaterals (if any)	Counter-guarantees (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Buyer's credit business	August 25, 2022	9,762.75	May 14, 2022	9,762.75	Joint and several liability guarantee	N/A	--	1 year	No	No
Buyer's credit business	August 25, 2022	2,935.95	June 08, 2022	2,935.95	Joint and several liability guarantee	N/A	--	2 years	No	No
Buyer's credit business	August 25, 2022	38,980.89	September 18, 2022	38,980.89	Joint and several liability guarantee	N/A	--	1 year	No	No
Buyer's credit business	August 25, 2022	1,115	July 26, 2022	1,115	Joint and several liability	N/A	--	1 year	No	No

					guarantee					
Buyer's credit business	August 25, 2022	2,000.57	July 19, 2022	2,000.57	Joint and several liability guarantee	N/A	--	1 year	No	No
Buyer's credit business	August 25, 2022	21,609.85	June 30, 2021	21,609.85	Joint and several liability guarantee	N/A	--	3 years	No	No
Buyer's credit business	August 25, 2022	4,114.54	September 05, 2022	4,114.54	Joint and several liability guarantee	N/A	--	2 years	No	No
Guangdong Wellkey Electric Material Co., Ltd.	January 30, 2021	14,000	January 01, 2021	0	Joint and several liability guarantee	N/A	--	5 years	Yes	Yes
Guangdong Wellkey Electric Material Co., Ltd.	January 30, 2021	2,000	June 02, 2021	0	Joint and several liability guarantee	N/A	--	2 years	Yes	Yes
Liaoning Donggang Magnetic Wire Co., Ltd.	January 30, 2021	500	July 22, 2022	500	Joint and several liability guarantee	N/A	--	3 years	No	Yes
Liaoning Donggang Magnetic Wire Co., Ltd.	January 30, 2021	1,000	August 22, 2022	1,000	Joint and several liability guarantee	N/A	--	3 years	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	4,000	June 28, 2022	4,000	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	2,000	June 21, 2022	2,000	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	3,000	May 10, 2023	3,000	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	2,000	February 17, 2022	2,000	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Liaoning Donggang Magnetic Wire Co., Ltd.	January 30, 2021	23,500	--	--	--	--	--	--	--	--
Guangdong Wellkey	January 30, 2021	18,000	--	--	--	--	--	--	--	--

Electric Material Co., Ltd.										
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	1,000	--	--	--	--	--	--	--	--
Buyer's credit business	August 25, 2022	24,480.45	--	--	--	--	--	--	--	--
Total approved limit for external guarantee during the reporting period (A1)		105,000			Total actual amount of external guarantee during the reporting period (A2)					93,019.55
Total approved limit for external guarantee at the end of the reporting period (A3)		176,000			Total actual balance of external guarantee at the end of the reporting period (A4)					93,019.55
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	Collaterals (if any)	Counter-guarantees (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	22,000	November 13, 2020	16,766.59	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	22,350	January 4, 2022	11,606.43	Joint and several liability guarantee	N/A	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	30,000	November 8, 2022	18,276.68	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	7,500	March 3, 2021	525	Joint and several liability guarantee	N/A	--	5 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	12,000	March 31, 2022	9,000	Joint and several liability guarantee	N/A	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	10,000	February 28, 2022	1,297.82	Joint and several liability guarantee	N/A	--	3 years	No	Yes

Guangdong Infore Technology Co., Ltd.	April 30, 2022	5,000	June 17, 2020	0	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	April 30, 2022	4,000	March 1, 2021	1,512.72	Joint and several liability guarantee	N/A	--	3 years	No	Yes
Guangdong Infore Technology Co., Ltd.	April 30, 2022	3,000	June 17, 2022	1,313.3	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	April 30, 2022	12,000	February 24, 2022	2,662.3	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	December 26, 2017	15,000	December 26, 2018	4,923.08	Joint and several liability guarantee	N/A	--	5 years	No	Yes
Guangdong Infore Smart Sanitation Technology Co., Ltd.	April 30, 2022	2,000	January 13, 2022	1,400	Joint and several liability guarantee	N/A	--	5 years	No	Yes
Changsha Zhongbiao Environmental Industry Co., Ltd.	April 30, 2022	5,000	September 11, 2021	0	Joint and several liability guarantee	N/A	--	1 year	No	Yes
Shenzhen Green Oriental Environmental Protection Co., Ltd.	February 2, 2016	13,000	August 25, 2016	4,485	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	7,701.21	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Xiantao Green Oriental Environmental Power Generation Co., Ltd.	April 30, 2022	27,870	June 7, 2022	26,900	Joint and several liability guarantee	N/A	--	13 years	No	Yes
Poyang Greenlander Renewable Energy Co., Ltd.	August 21, 2020	28,000	January 21, 2021	27,000	Joint and several liability guarantee	N/A	--	10 years	No	Yes
Maoming Infore Environment Water Treatment	December 26, 2017	15,000	March 20, 2018	10,428.05	Joint and several liability guarantee	N/A	--	15 years	No	Yes

Technology Co., Ltd.										
Lianjiang Greenlander New Energy Co., Ltd.	April 30, 2022	9,963	November 30, 2020	8,278.29	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	2,148.61	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	7,700	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	970	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	12,000	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	13,800	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Biyang Fenghe New Energy Power Co., Ltd.	April 23, 2021	15,000	April 29, 2022	14,422.85	Joint and several liability guarantee	N/A	--	13 years	No	Yes
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	October 24, 2019	10,000	March 25, 2020	5,000	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 Bijiang District Zhongfeng Environmental Industry Co., Ltd.	April 30, 2022	14,300	August 19, 2022	12,350	Joint and several liability guarantee	N/A	--	15 years	No	Yes
Huai' an Yinghe Environment	August 25, 2022	15,000	December 26, 2022	1,595	Joint and several liability guarantee	N/A	--	15 years	No	Yes

Technology Co., Ltd.										
Biyang Fenghe New Energy Power Co., Ltd.	April 23, 2021	9,000	--		--	--	--	--	--	--
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 30, 2022	19,500	--		--	--	--	--	--	--
Guangdong Infore Technology Co., Ltd.	April 30, 2022	3,000	--		--	--	--	--	--	--
Guangdong Infore Smart Sanitation Technology Co., Ltd.	April 30, 2022	6,000	--		--	--	--	--	--	--
Changsha Zhongbiao Environmental Industry Co., Ltd.	April 30, 2022	2,000	--		--	--	--	--	--	--
Anlong Ninghe Environmental Protection Technology Co., Ltd.	April 30, 2022	4,400	--		--	--	--	--	--	--
Xiantao Green Oriental Environmental Power Generation Co., Ltd.	April 30, 2022	130	--		--	--	--	--	--	--
Poyang Greenlander Renewable Energy Co., Ltd.	August 25, 2022	28,000	--		--	--	--	--	--	--
Huaibei Tongying Environmental Sanitation Management Co., Ltd.	August 25, 2022	11,000	--		--	--	--	--	--	--
Huai'an Chenjie Environmental Engineering Co., Ltd.	August 25, 2022	7,000	--		--	--	--	--	--	--
Other holding	August 25,	10,000	--		--	--	--	--	--	--

subsidiaries	2022									
Total approved guarantee limit for subsidiaries during the reporting period (B1)		329,852.5	Total actual guarantee amount for subsidiaries during the reporting period (B2)							228,062.93
Total approved guarantee limit for subsidiaries at the end of the reporting period (B3)		495,934	Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)							228,062.93
Guarantees between subsidiaries										
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collaterals (if any)	Counter-guarantees (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)		434,852.5	Total actual guarantee amount during the reporting period (A2+B2+C2)							321,082.48
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)		671,934	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)							321,082.48
Total actual guarantees (A4+B4+C4) as a percentage of the Company's net assets										18.57%
Of which:										
Balance of debt guarantees provided directly or indirectly for the guaranteed party with a liability-to-asset ratio over 70% (E)										196,271.03
Total of the three types of guarantees above (D+E+F)										196,271.03
Provision of external guarantees in breach of the prescribed procedures (if any)				N/A						

### 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	Entrustment amount	Undue amount	Unrecovered overdue amount	Accrued impairment amount for unrecovered overdue
------	----------------	--------------------	--------------	----------------------------	---

					wealth management
Bank's wealth management product	Own funds	163,320	0	0	0
Total		163,320	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 18<sup>th</sup> meeting of the Ninth Board of Directors.

On May 24, 2022, relevant proposals on the spin-off of the subsidiary Shangfeng for listing on the ChiNext market of SZSE were deliberated and approved by the Company's 2021 Annual General Meeting of Shareholders. For more information, please refer to the announcement published on 30 April 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 the initial public offering of shares 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 Special Blower Industrial Co., Ltd. for IPO and Listing on the ChiNext (Review Letter [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 (Review Letter [2022] No. 011129). Shangfeng is preparing its reply to the letter and advancing its spin-off and listing in an orderly manner.

## Part VII Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share changes

Unit: Share

	Before		Increase/decrease during the period (+/-)					After	
	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	1,139,599,318	35.84%	0	0	0	-1,137,761,178	-1,137,761,178	1,838,140	0.06%
1.1 Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	1,139,599,318	35.84%	0	0	0	-1,137,761,178	-1,137,761,178	1,838,140	0.06%
Including: Shares held by domestic corporations	1,137,761,778	35.78%	0	0	0	-1,137,761,778	-1,137,761,778	0	0.00%
Shares held by domestic individuals	1,837,540	0.06%	0	0	0	600	600	1,838,140	0.06%
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	2,039,872,433	64.16%	33,808	0	0	1,137,761,178	1,137,794,986	3,177,667,419	99.94%
1. RMB-denominated ordinary shares	2,039,872,433	64.16%	33,808	0	0	1,137,761,178	1,137,794,986	3,177,667,419	99.94%
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	3,179,471,751	100.00%	33,808	0	0	0	33,808	3,179,505,559	100.00%

Reasons for share changes

Applicable    Not applicable

1. On December 29, 2021, the Company disclosed *the Prompt Announcement on the Lifting of the Restricted Shares for Material Asset Restructuring*. The assets acquired by the Company's non-public offering of shares were listed on SZSE on January 4, 2019. The shares were issued to eight subscribers, including Ningbo Yingtai Investment Partnership (L.P.), Ningbo Zhongfeng Investment Partnership (L.P.), and Ningbo Liantai Investment Partnership (L.P.) On January 4, 2022, a total of 119,764,396 shares (3.77% of the Company's total shares) placed with three of the aforesaid shareholders, namely, Ningbo Yingtai Investment Partnership (L.P.), Ningbo Zhongfeng Investment Partnership (L.P.), and Ningbo Liantai Investment Partnership (L.P.), became publicly tradable upon the expiration of a 36-month lockup, as the conditions for lifting the sale restrictions were met.

2. On June 30, 2022, the Company disclosed *the Prompt Announcement on the Lifting of the Restricted Shares for Material Asset Restructuring*. The assets acquired by the Company's non-public offering of shares were listed on SZSE on January 4, 2019. The shares were issued to eight subscribers, including Ningbo Infore Asset Management Co., Ltd. On July 4, 2022, a total of 1,017,997,382 shares (32.02% of the Company's total shares) placed with Ningbo Infore Asset Management Co., Ltd. became publicly tradable upon the expiration of a 42-month lockup, the conditions for lifting the sales restrictions were met.

3. Due to a change in the Company's executive positions, Mr. Wang Qingbo, the current Vice President and CFO, directly held 800 shares of Infore Enviro. According to the provisions of SZSE, 600 of these shares were locked up. Therefore, restricted shares increased by 600 during the reporting period.

4. As at November 25, 2022, the second exercise period of the Third Stock Option Incentive Scheme has ended, with a cumulative 16,409,380 options exercised. In particular, 25,000 options were exercised in the second exercise period of the Third Stock Option Scheme, increasing the Company's unrestricted shares by 25,000.

5. As at December 31, 2022, 15,833 shares in total were converted from the Infore Convertible Bonds issued by the Company. In particular, 8,808 shares were converted in 2022, increasing the Company's unrestricted shares by 8,808.

In summary, the Company's total share capital rose to 3,179,505,559 from 3,179,471,751 shares.

Approval of changes in share capital

Applicable Not applicable

1. On April 22, 2021, the Company convened the 13<sup>th</sup> Meeting of the Ninth Board of Directors. Upon discussion, the meeting approved *the Proposal on Matters Related to the Exercise in the 2<sup>nd</sup> Exercise Period of the 3<sup>rd</sup> Stock Option Incentive Scheme*. A total of 231 recipients of the 3<sup>rd</sup> Stock Option Incentive Scheme were deemed fit to exercise their 17,814,000 stock options voluntarily in the 2<sup>nd</sup> exercise period before November 25, 2022.

2. With the approval granted by the CSRC under Document ZH.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. Approved by the SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on the SZSE since December 2, 2020. The Infore Convertible Bonds in this offering have been convertible into the Company's shares since 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 25,000 exercised stock options in the Third Stock Option Incentive Scheme and 8,808 shares converted from the convertible corporate bonds.

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

Applicable Not Applicable

Other information that the Company deems necessary or required to be disclosed by the securities regulatory authorities

Applicable Not Applicable

## 2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholders	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
Ningbo Infore Asset Management Co., Ltd.	1,017,997,382	0	1,017,997,382	0	Restricted shares in private placement	July 4, 2022
Ningbo Yingtai Investment Partnership (Limited Partnership)	40,913,514	0	40,913,514	0	Restricted shares in private placement	January 4, 2022
Ningbo Zhongfeng Investment Partnership (Limited Partnership)	40,141,033	0	40,141,033	0	Restricted shares in private placement	January 4, 2022
Ningbo Liantai Investment Partnership (Limited Partnership)	38,709,849	0	38,709,849	0	Restricted shares in private placement	January 4, 2022
Others	1,837,540	600	0	1,838,140	Locked-up shares of senior management	25% of the total shareholdings are unlocked annually
<b>Total</b>	<b>1,139,599,318</b>	<b>600</b>	<b>1,137,761,778</b>	<b>1,838,140</b>	--	--

## 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 shares, shareholder structure and asset and liability structures

Applicable Not applicable

1. On December 29, 2021, the Company disclosed *the Prompt Announcement on the Lifting of the Restricted Shares for Material Asset Restructuring*. The assets acquired by the Company's non-public offering of shares were listed on SZSE on January 4, 2019. The shares were issued to eight subscribers, including Ningbo Yingtai Investment Partnership (L.P.), Ningbo Zhongfeng Investment Partnership (L.P.), and Ningbo Liantai Investment Partnership (L.P.) The 119,764,396 shares placed with three of the shareholders above, namely, Ningbo Yingtai Investment Partnership (L.P.), Ningbo Zhongfeng Investment Partnership (L.P.), and Ningbo Liantai Investment Partnership (L.P.), not allowed to be transferred within 36 months from the date the issuance was completed, became publicly tradable on January 4, 2022.

2. On June 30, 2022, the Company disclosed *the Prompt Announcement on the Lifting of the Restricted Shares for Material Asset Restructuring*. The assets acquired by the Company's non-public offering of shares were listed on SZSE on January 4, 2019. The shares were issued to eight subscribers, including Ningbo Infore Asset Management Co., Ltd. The 1,017,997,382 shares placed with Ningbo Infore Asset Management Co., Ltd., not allowed to be transferred within 42 months from the date the issuance was completed, became publicly tradable on July 4, 2022.

3. Due to a change in the Company's executive positions, Mr. Wang Qingbo, the current Vice President and CFO, directly held 800 shares of Infore Enviro. According to the provisions of SZSE, 600 of these shares were locked up. The restricted shares increased by 600 in 2022;

4. On April 22, 2021, the Company convened the 13<sup>th</sup> Meeting of the Ninth Board of Directors. Upon discussion, the meeting approved *the Proposal on Matters Related to the Exercise in the Second Exercise Period of the Third Stock Option Incentive Scheme*. A total of 231 recipients of the Third Stock Option Incentive Scheme were deemed fit to exercise their 17,814,000 stock options voluntarily in the second exercise period before November 25, 2022. As at November 25, 2022, a cumulative 16,409,380 options were exercised in the second exercise period of the Third Stock Option Incentive Scheme, as the exercise conditions were met. In particular, 25,000 options were exercised in 2022, adding 25,000 shares to the Company's unrestricted shares.

5. With the approval granted by the CSRC under Document ZHJ.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 was RMB 1,476,189,600. Approved by the SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on the SZSE since December 2, 2020. The Infore Convertible Bonds in this offering have been convertible into the Company's shares since May 10, 2021. On January 4, 2023, the Company disclosed *the Announcement on Results of Conversion of Convertible Bonds and Changes in Share Capital in the Fourth Quarter of 2022*. As at December 31, 2022, 15,833 shares in total were converted from the "Infore Convertible Bonds" issued by the Company. In particular, 8,808 shares were converted in 2022, increasing non-restricted shares by 8,808.

### 3. Existing internal employee shares

Applicable Not Applicable

## III. Controlling Shareholders and De Facto Controller

### 1. Shareholders and their shareholdings

Unit: Share

Name of shareholders	Nature of shareholders	Shareholding ratio	Shareholdings at the end of the reporting period	Increase/decrease during the reporting period	Restricted shares held	Unrestricted shares held	Shares pledged, tagged or frozen	
							Status	Quantity
Shareholders with over 5% of total shares or top 10 shareholders								
Ningbo Infore Asset Management Co., Ltd.	Domestic non-state-owned legal person	32.02%	1,017,997,382	0	0	1,017,997,382	Pledged	610,798,429
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Domestic non-state-owned legal person	12.56%	399,214,659	0	0	399,214,659	-	-
Infore Group Co., Ltd.	Domestic non-state-owned legal person	11.31%	359,609,756	0	0	359,609,756	Pledged	100,000,000
Hongchuang (Shenzhen) Investment Center	Domestic non-state-owned legal person	9.76%	310,423,813	0	0	310,423,813	-	-

(Limited Partnership)								
Infore Environment Technology Group Co., Ltd.—The Second Employee Stock Ownership Plan	Others	2.04%	64,789,616	64,789,616	0	64,789,616	-	-
He Jianfeng	Domestic natural person	2.00%	63,514,690	0	0	63,514,690	-	-
Zara Green Hong Kong Limited	Foreign legal persons	1.72%	54,778,335	0	0	54,778,335	-	-
Chen Liyuan	Domestic natural person	0.98%	31,018,000	0	0	31,018,000	-	-
Guangdong Hengjian Investment Holding Co., Ltd.	State-owned corporation	0.88%	28,059,147	0	0	28,059,147	-	-
Ningbo Yingtai Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	0.80%	25,570,914	-15,342,600	0	25,570,914	-	-
Strategic investor/general legal person 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 Methods for the Acquisition and Management 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 shareholders	Unrestricted shares at the end of the reporting period	Type of shares						
		Type of shares	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 Investment Holding Co., Ltd.	28,059,147	RMB-dominated common shares	28,059,147
Ningbo Yingtai Investment Partnership (Limited Partnership)	25,570,914	RMB-dominated common shares	25,570,914
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 Methods for the Acquisition and Management 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.		

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 the controlling shareholder: Natural person

Type of the controlling shareholder: Legal person

Name of the 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. (The Company shall not engage in financial businesses such as deposit taking, financing guarantee, entrusted wealth management, and fund-raising from the public without the approval of regulatory authorities such as financial regulators.) (Business activities subject to approval under laws shall not be carried out without the approval of relevant authorities.)
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 the de facto controller: Domestic natural person

Type of the de facto controller: Natural person

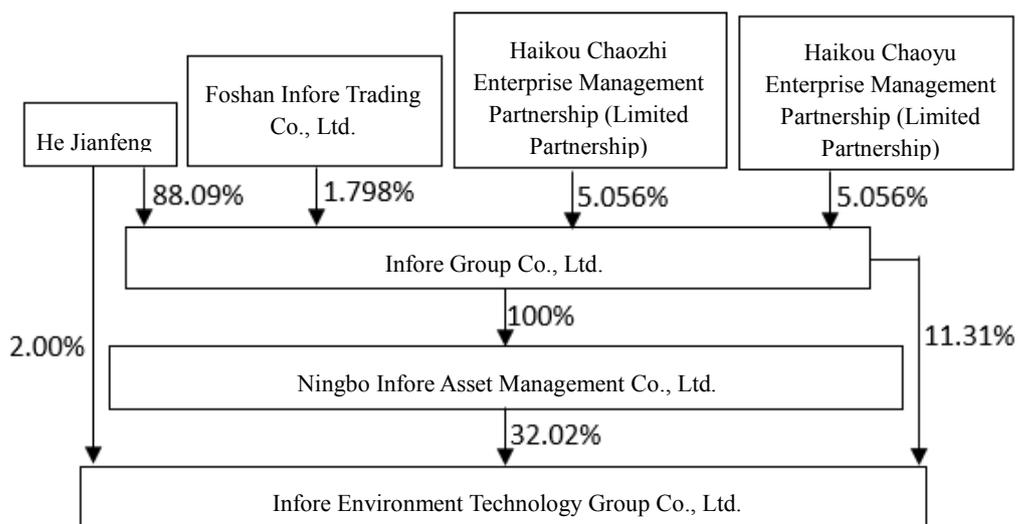
Name of the de facto controller:	Relationship with the de facto controller	Nationality	Residency in other countries or regions or not
He Jianfeng	The de facto controller himself	China	Yes
Main occupation and position	Chairman of the Board and President of Infore Group Co., Ltd.		
Controlling interests in other domestically and overseas listed companies in the past 10 years	Beijing Bainment Pictures Co., Ltd. (Stock code: 300291)		

Change in de facto controller during the reporting period

Applicable Not Applicable

During the reporting period, there was no change in 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 institutional shareholders with a shareholding of more than 10%

Applicable    Not applicable

Name of institutional 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 (the Company shall not engage in national financial regulation and financial credit businesses such as absorbing deposits, fund-raising and collection, entrusted loans, and issuing notes and loans). Sales of second-hand vehicles. Disassembly and recovery of disused machinery equipment. (Business activities subject to approval in accordance with laws shall not be carried out until 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 services. 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 shall be operated by the company's 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**

The progress of share repurchase

Applicable Not Applicable

Progress on 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 bond.

### II. Corporate Bond

Applicable Not Applicable

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

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

Applicable Not Applicable

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

### IV. Convertible Corporate Bonds

Applicable Not applicable

#### 1. Previous adjustments of the conversion price

With the approval granted by the CSRC under Document ZH.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 distribution of the Company's equity interests in 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 will take 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.

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

Applicable Not applicable

Abbreviated name of convertible bond	Commencement and end date of share conversion	Total issued number (sheet)	Total issued amount (RMB)	Accumulated share conversion amount (RMB)	Accumulated share conversion number	The number of shares converted as a percentage of the total issued shares in the Company before start of conversion	Amount unconverted (RMB)	The unconverted amount as a percentage of the total issued amount
Infore Convertible Bonds	2021-05-10	14,761,896	1,476,189,600.00	129,900.00	15,833	0.00%	1,476,059,700.00	99.99%

### 3. Information on top 10 convertible bond holders

No.	Name of convertible bond holders	Nature of convertible bond holders	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 and double-benefit fixed-income pension product -- Industrial and Commercial Bank of China Co., Ltd.	Others	510,449	51,044,900.00	3.46%
2	CITIC Securities - Sany Heavy Industry Co., Ltd. - CITIC Securities Sany Zunxiang Customized No. 1 Single Asset Management Plan	Others	464,080	46,408,000.00	3.14%
3	Industrial and Commercial Bank of China Co., Ltd -- Aegon-industrial Hengyi Bond Securities Investment Fund	Others	447,180	44,718,000.00	3.03%
4	CNPC Enterprise Annuity Program -- Industrial and Commercial Bank of China Limited	Others	444,071	44,407,100.00	3.01%
5	Fullgoal Fuyi aggressive fixed-income pension product -- Industrial and Commercial Bank of China Co., Ltd	Others	316,414	31,641,400.00	2.14%
6	Taiping Pension Insurance Co., Ltd. -- Taiping Jinshi Bond Portfolio	Others	258,723	25,872,300.00	1.75%
7	ICBC Credit Suisse Tianfeng convertible bond fixed income pension product - Bank of China Limited	Others	247,205	24,720,500.00	1.67%
8	Yinhua Kunli No.2 fixed income pension product -- CITIC Bank Co., Ltd.	Others	239,028	23,902,800.00	1.62%
9	PICC Asset stable value fixed income pension product - Industrial and Commercial Bank of China Co., Ltd.	Others	200,000	20,000,000.00	1.35%
10	Basic Pension Insurance Fund Portfolio 102	Others	197,639	19,763,900.00	1.34%

#### 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 23, 2022, 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. (2022)* (X.P.W.H. [2022] Tracking No.0895), maintaining the corporate credit rating of the Company at AA +, maintaining the credit rating of Infore Convertible Bonds at AA +, with a rating outlook as stable. For details, please refer to the *Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by the Company* disclosed by the Company on June 30, 2022 on Cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

The primary sources of funds 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 good credit standing and a reasonable asset structure and can obtain financing from banks and other channels 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	1.67	1.70	-1.76%
Liabilities-to-assets ratio	39.40%	39.10%	0.30%
Quick ratio	1.56	1.55	0.65%
	The reporting period	The prior year	YoY change
Net profit after deducting non-recurring profit and loss	32,475.34	55,705.05	-41.70%
EBITDA/total liabilities	12.30%	14.03%	-1.73%
Interest coverage ratio	3.79	6.02	-37.04%
Cash/interest coverage ratio	14.07	9.46	48.73%

EBITDA/interest coverage ratio	7.39	9.15	-19.23%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage ratio	100.00%	100.00%	0.00%

# Part X Financial Report

## I. Audit Report

Type of audit opinions	Standard unqualified opinion
Signing date of the auditor's report	April 24, 2023
Name of the auditor	Pan-China Certified Public Accountants LLP (Special General Partnership)
No. of the auditor's report	PCCPAAR [2023] No. 4798
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 accompanying financial statements of Infore Environment Technology Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2022, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the 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 attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of 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 (XXVI) 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 2022, the operating revenue amounted to 12,255,992,938.42 yuan, with year-over-year growth of 3.28%.

Sales of environmental and sanitation machinery and ventilation equipment are performance obligations satisfied at a point in time. Revenue 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 collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. The 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.

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, client, project, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;

(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, delivery lists, shipping documents, client acceptance receipts, 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 (X) and section V (I) 3, 9 and 11 of notes to the financial statements for details.

As of December 31, 2022, the book balance of accounts receivable amounted to 6,210,048,763.32 yuan, with provision for bad debts of 584,256,290.95 yuan, and the carrying amount amounted to 5,625,792,472.37 yuan; the book balance of long-term receivables (including those due within one year) amounted to 1,541.22 million yuan, with provision for bad debts of 132.59 million yuan, and the carrying amount amounted to 1,408.64 million yuan. The carrying amount of accounts receivable and long-term receivables (collectively referred to as "receivables") totaled 7,034.43 million yuan.

Based on credit risk features of receivables, the Company's management (the "Management") measures the provision for bad debts 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 overdue days or ages, adjusts them based on historical credit risk loss experience and forward-looking estimations, prepares the comparison table of overdue days or 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 overdue days or 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 overdue days, 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

(6) 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 (XX) and section V (I) 20 of notes to the financial statements for details.

As of December 31, 2022, the cost of goodwill amounted to 6,268,845,549.87 yuan, with provision for impairment of 529,242,870.08 yuan, and the carrying amount amounted to 5,739,602,679.79 yuan, accounting for 19.61% 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. Misstatement 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: Bian Shanshan  
(Engagement Partner)

Hangzhou · China

Chinese Certified Public Accountant: Wei Xiaohui

Date of Report: April 24, 2023

*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, 2022  
 (Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2021
Current assets:			
Cash and bank balances	1	4,728,203,530.46	4,583,245,371.02
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	13,565,706.22	54,402,653.25
Accounts receivable	3	5,625,792,472.37	4,946,704,963.71
Receivables financing	4	107,316,593.41	296,379,694.57
Advances paid	5	192,360,542.24	128,604,382.66
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	385,622,271.00	509,164,126.27
Financial assets under reverse repo			
Inventories	7	881,038,036.95	1,124,149,719.01
Contract assets	8	101,023,854.33	140,367,802.53
Assets held for sale			
Non-current assets due within one year	9	476,505,825.28	739,917,866.53
Other current assets	10	497,450,797.42	492,705,381.17
Total current assets		13,008,879,629.68	13,015,641,960.72
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	11	932,130,871.82	1,017,246,537.53
Long-term equity investments	12	676,829,959.84	603,580,781.31
Other equity instrument investments	13	15,352,971.01	15,702,971.01
Other non-current financial assets			
Investment property	14	27,105,435.03	1,837,703.68
Fixed assets	15	2,268,287,202.01	1,758,052,005.19
Construction in progress	16	41,073,267.68	224,068,633.86
Productive biological assets			
Oil & gas assets			
Right-of-use assets	17	31,859,454.24	25,505,911.86
Intangible assets	18	6,048,114,364.49	5,350,595,868.40
Development expenditures	19	30,338,218.08	15,682,278.17
Goodwill	20	5,739,602,679.79	5,976,192,021.27
Long-term prepayments	21	30,210,935.91	15,733,757.32
Deferred tax assets	22	114,577,132.19	109,565,926.15
Other non-current assets	23	306,929,738.21	233,477,295.83
Total non-current assets		16,262,412,230.30	15,347,241,691.58
Total assets		29,271,291,859.98	28,362,883,652.30

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
Consolidated balance sheet as at December 31, 2022 (continued)  
(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2021
Current liabilities:			
Short-term borrowings	24	440,103,105.44	439,024,733.46
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	25	2,515,229,293.17	2,468,799,189.71
Accounts payable	26	2,771,961,271.66	2,960,061,508.33
Advances received			
Contract liabilities	27	274,289,978.25	210,432,628.98
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	28	409,574,018.72	310,701,572.37
Taxes and rates payable	29	114,968,226.88	139,494,861.08
Other payables	30	657,122,287.53	683,714,082.05
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	31	561,019,099.59	378,610,951.81
Other current liabilities	32	31,616,947.24	62,964,777.60
Total current liabilities		7,775,884,228.48	7,653,804,305.39
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	33	1,922,306,226.32	1,697,742,767.72
Bonds payable	34	1,308,690,556.32	1,254,962,176.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	35	23,255,624.30	18,523,740.10
Long-term payables	36	315,735,814.91	315,735,814.91
Long-term employee benefits payable			
Provisions	37	4,575,049.22	3,129,793.85
Deferred income	38	120,890,710.04	101,635,992.65
Deferred tax liabilities	22	54,207,628.08	32,562,033.97
Other non-current liabilities	39	8,333,333.33	
Total non-current liabilities		3,757,994,942.52	3,424,292,319.20
Total liabilities		11,533,879,171.00	11,078,096,624.59
Equity:			
Share capital	40	3,179,505,559.00	3,175,734,760.00
Other equity instruments	41	266,916,341.80	266,929,289.24
Including: Preferred shares			
Perpetual bonds			
Capital reserve	42	9,662,511,254.48	9,772,795,863.75
Less: Treasury shares	43	94,132,795.17	455,303,777.91
Other comprehensive income	44	-4,630,000.00	-4,280,000.00
Special reserve	45		
Surplus reserve	46	315,124,767.92	296,754,883.56
General risk reserve			
Undistributed profit	47	3,963,306,890.06	3,874,934,971.69
Total equity attributable to the parent company		17,288,602,018.09	16,927,565,990.33
Non-controlling interest		448,810,670.89	357,221,037.38
Total equity		17,737,412,688.98	17,284,787,027.71
Total liabilities & equity		29,271,291,859.98	28,362,883,652.30

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

nfore Environment Technology Group Co., Ltd.  
Parent company balance sheet as at December 31, 2022  
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2021
Current assets:			
Cash and bank balances		632,554,163.45	920,283,773.31
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			2,964,486.88
Accounts receivable			
Receivables financing		118,400,000.00	221,756,340.36
Advances paid		638,924.48	601,403.69
Other receivables	1	4,492,807,441.80	3,884,005,093.84
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		5,244,400,529.73	5,029,611,098.08
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2	17,076,616,871.15	16,956,047,890.72
Other equity instrument investments		15,352,971.01	15,702,971.01
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		593,318.35	1,779,955.11
Intangible assets		1,749,936.60	2,755,338.15
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets			
Total non-current assets		17,094,313,097.11	16,976,286,154.99
Total assets		22,338,713,626.84	22,005,897,253.07

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
Parent company balance sheet as at December 31, 2022 (continued)  
(Expressed in Renminbi Yuan)

Liabilities & Equity	Closing balance	December 31, 2021
Current liabilities:		
Short-term borrowings	20,022,000.00	150,165,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	42,395,262.51	
Accounts payable	1,137,507.93	1,137,507.93
Advances received		
Contract liabilities		
Employee benefits payable	4,221,817.88	3,357,619.13
Taxes and rates payable	6,259,662.49	10,278,606.48
Other payables	1,064,116,084.37	892,387,560.66
Liabilities held for sale		
Non-current liabilities due within one year	311,902,807.73	1,539,297.15
Other current liabilities		
Total current liabilities	1,450,055,142.91	1,058,865,591.35
Non-current liabilities:		
Long-term borrowings	59,871,432.00	300,000,000.00
Bonds payable	1,308,690,556.32	1,254,962,176.00
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		579,712.08
Long-term payables	3,000,000.00	3,000,000.00
Long-term employee benefits payable		
Provisions	4,114,064.16	3,129,793.85
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,375,676,052.48	1,561,671,681.93
Total liabilities	2,825,731,195.39	2,620,537,273.28
Equity:		
Share capital	3,179,505,559.00	3,175,734,760.00
Other equity instruments	266,916,341.80	266,929,289.24
Including: Preferred shares		
Perpetual bonds		
Capital reserve	15,324,654,061.79	15,433,256,911.67
Less: Treasury shares	94,132,795.17	455,303,777.91
Other comprehensive income	-4,630,000.00	-4,280,000.00
Special reserve		
Surplus reserve	280,904,378.50	262,534,494.14
Undistributed profit	559,764,885.53	706,488,302.65
Total equity	19,512,982,431.45	19,385,359,979.79
Total liabilities & equity	22,338,713,626.84	22,005,897,253.07

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
 Consolidated income statement for the year ended December 31, 2022  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		12,255,992,938.42	11,866,291,611.45
Including: Operating revenue	1	12,255,992,938.42	11,866,291,611.45
Interest income			
Premiums earned			
Revenue from handling charges and commission			
II. Total operating cost		11,359,383,512.75	10,931,753,295.05
Including: Operating cost	1	9,469,510,831.27	9,232,198,569.17
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	74,685,022.05	54,143,815.44
Selling expenses	3	762,970,847.95	738,833,571.05
Administrative expenses	4	609,601,680.23	585,353,407.57
R&D expenses	5	340,775,707.34	262,619,127.29
Financial expenses	6	101,839,423.91	58,604,804.53
Including: Interest expenses		170,568,834.86	149,868,429.63
Interest income		86,389,951.68	107,324,690.38
Add: Other income	7	119,564,678.48	83,541,172.51
Investment income (or less: losses)	8	-41,466,125.62	239,933,995.59
Including: Investment income from associates and joint ventures		8,548,481.77	36,885,135.08
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)	9		-73,074,674.05
Credit impairment loss	10	-104,837,162.42	-98,375,820.02
Assets impairment loss	11	-312,998,494.66	-230,940,495.92
Gains on asset disposal (or less: losses)	12	532,796.72	-1,161,842.22
III. Operating profit (or less: losses)		557,405,118.17	854,460,652.29
Add: Non-operating revenue	13	12,798,235.90	10,028,024.42
Less: Non-operating expenditures	14	13,947,988.82	11,786,454.06
IV. Profit before tax (or less: total loss)		556,255,365.25	852,702,222.65
Less: Income tax expenses	15	96,963,243.68	53,503,488.11
V. Net profit (or less: net loss)		459,292,121.57	799,198,734.54
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		459,292,121.57	792,171,037.03
2. Net profit from discontinued operations (or less: net loss)			7,027,697.51
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		418,794,179.13	752,792,198.66
2. Net profit attributable to non-controlling shareholders (or less: net loss)		40,497,942.44	46,406,535.88
VI. Other comprehensive income after tax	16	-350,000.00	-4,280,000.00
Items attributable to the owners of the parent company		-350,000.00	-4,280,000.00
(I) Not to be reclassified subsequently to profit or loss		-350,000.00	-4,280,000.00
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	-4,280,000.00
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		458,942,121.57	794,918,734.54
Items attributable to the owners of the parent company		418,444,179.13	748,512,198.66
Items attributable to non-controlling shareholders		40,497,942.44	46,406,535.88
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.13	0.24
(II) Diluted EPS (yuan per share)		0.13	0.24

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
Parent company income statement for the year ended December 31, 2022  
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	818,861.05	487,932.74
Less: Operating cost	1	818,861.05	487,932.74
Taxes and surcharges		24,479.22	227,340.60
Selling expenses		188,548.41	562,853.92
Administrative expenses		37,210,341.13	24,147,760.09
R&D expenses			
Financial expenses		-26,702,758.90	-17,684,273.22
Including: Interest expenses		17,704,428.72	23,111,838.20
Interest income		105,355,828.68	83,393,551.31
Add: Other income		134,351.98	184,301.81
Investment income (or less: losses)	2	192,483,839.36	697,535,882.88
Including: Investment income from associates and joint ventures		25,737,537.83	24,398,494.78
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)			-73,120,883.39
Credit impairment loss		304,725.02	-11,011,665.82
Assets impairment loss			
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		182,202,306.50	606,333,954.09
Add: Non-operating revenue		1,496,537.14	1,877,643.88
Less: Non-operating expenditures			36,656.80
III. Profit before tax (or less: total loss)		183,698,843.64	608,174,941.17
Less: Income tax expenses			-32,354,461.28
IV. Net profit (or less: net loss)		183,698,843.64	640,529,402.45
(I) Net profit from continuing operations (or less: net loss)		183,698,843.64	640,529,402.45
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax		-350,000.00	-4,280,000.00
(I) Not to be reclassified subsequently to profit or loss		-350,000.00	-4,280,000.00
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	-4,280,000.00
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		183,348,843.64	636,249,402.45
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
 Consolidated cash flow statement for the year ended December 31, 2022  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		11,979,875,703.49	11,921,988,281.60
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 charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		178,294,936.92	26,261,970.67
Other cash receipts related to operating activities	1	2,097,066,618.34	2,924,238,760.42
Subtotal of cash inflows from operating activities		14,255,237,258.75	14,872,489,012.69
Cash payments for goods purchased and services received		7,399,369,111.76	9,223,061,869.14
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 charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		2,062,334,468.26	1,604,759,059.51
Cash payments for taxes and rates		734,988,426.49	628,578,908.13
Other cash payments related to operating activities	2	2,396,062,964.53	2,606,870,455.78
Subtotal of cash outflows from operating activities		12,592,754,971.04	14,063,270,292.56
Net cash flows from operating activities		1,662,482,287.71	809,218,720.13
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			56,196,352.10
Cash receipts from investment income		24,671,510.32	42,698,349.08
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		16,999,998.22	17,760,470.09
Net cash receipts from the disposal of subsidiaries & other business units		115,100,000.00	445,597,313.96
Other cash receipts related to investing activities	3	5,401,861,000.00	4,850,116,524.23
Subtotal of cash inflows from investing activities		5,558,632,508.54	5,412,369,009.46
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,083,515,734.97	1,734,581,869.14
Cash payments for investments		130,189,561.55	10,130,000.00
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		83,807,513.74	
Other cash payments related to investing activities	4	5,398,900,000.00	4,789,881,717.72
Subtotal of cash outflows from investing activities		6,696,412,810.26	6,534,593,586.86
Net cash flows from investing activities		-1,137,780,301.72	-1,122,224,577.40
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		57,744,844.02	96,777,104.58
Including: Cash received by subsidiaries from non-controlling shareholders as investments		34,345,285.00	17,943,815.00
Cash receipts from borrowings		2,033,074,142.02	2,571,966,000.32
Other cash receipts related to financing activities	5	290,555,211.59	233,079,996.55
Subtotal of cash inflows from financing activities		2,381,374,197.63	2,901,823,101.45
Cash payments for the repayment of borrowings		1,732,314,139.87	2,180,619,133.00
Cash payments for distribution of dividends or profits and for interest expenses		451,503,767.45	491,122,899.60
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		11,792,867.41	339,454.75
Other cash payments related to financing activities	6	263,396,824.36	454,152,599.63
Subtotal of cash outflows from financing activities		2,447,214,731.68	3,125,894,632.23
Net cash flows from financing activities		-65,840,534.05	-224,071,530.78
IV. Effect of foreign exchange rate changes on cash & cash equivalents		3,056,908.33	-2,001,825.46
V. Net increase in cash and cash equivalents		461,918,360.27	-539,079,213.51
Add: Opening balance of cash and cash equivalents		4,118,746,885.72	4,657,826,099.23
VI. Closing balance of cash and cash equivalents		4,580,665,245.99	4,118,746,885.72

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
Parent company cash flow statement for the year ended December 31, 2022  
*(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		728,741.14
Receipts of tax refund		
Other cash receipts related to operating activities	622,328,508.84	1,467,056,243.50
Subtotal of cash inflows from operating activities	622,328,508.84	1,467,784,984.64
Cash payments for goods purchased and services received		1,743,599.35
Cash paid to and on behalf of employees	20,656,924.48	16,185,831.90
Cash payments for taxes and rates	24,479.22	383,530.02
Other cash payments related to operating activities	727,589,122.93	1,235,268,785.97
Subtotal of cash outflows from operating activities	748,270,526.63	1,253,581,747.24
Net cash flows from operating activities	-125,942,017.79	214,203,237.40
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	115,100,000.00	549,259,519.99
Cash receipts from investment income	221,911,743.60	509,652,357.10
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	1,416,859,323.47	2,165,423,619.03
Subtotal of cash inflows from investing activities	1,753,871,067.07	3,224,335,496.12
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		513,101.79
Cash payments for investments	96,546,250.00	436,550,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	1,441,321,272.72	3,012,636,177.10
Subtotal of cash outflows from investing activities	1,537,867,522.72	3,449,699,278.89
Net cash flows from investing activities	216,003,544.35	-225,363,782.77
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	23,399,559.02	78,833,289.58
Cash receipts from borrowings	96,200,000.00	650,000,000.00
Other cash receipts related to financing activities	228,995,320.75	580,000,000.00
Subtotal of cash inflows from financing activities	348,594,879.77	1,308,833,289.58
Cash payments for the repayment of borrowings	155,585,856.00	800,000,000.00
Cash payments for distribution of dividends or profits and for interest expenses	340,633,373.24	393,783,090.74
Other cash payments related to financing activities	181,368,993.06	447,594,655.11
Subtotal of cash outflows from financing activities	677,588,222.30	1,641,377,745.85
Net cash flows from financing activities	-328,993,342.53	-332,544,456.27
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-238,931,815.97	-343,705,001.64
Add: Opening balance of cash and cash equivalents	870,283,773.31	1,213,988,774.95
VI. Closing balance of cash and cash equivalents	631,351,957.34	870,283,773.31

Legal representative: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
 Consolidated statement of changes in equity for the year ended December 31, 2022  
 (Expressed in Renminbi Yuan)

Items	Current period cumulative											Total equity	
	Equity attributable to parent company										Non-controlling interest		
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
	Prefe red share s	Perpe tual b onds	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: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2022 (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		
	Prefe-rrred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	3,163,062,146.00			266,939,831.65	9,707,741,876.49	8,920,597.83			232,701,943.56		3,558,688,885.55	350,806,096.48	17,271,020,181.90
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	3,163,062,146.00			266,939,831.65	9,707,741,876.49	8,920,597.83			232,701,943.56		3,558,688,885.55	350,806,096.48	17,271,020,181.90
III. Current period increase (or less: decrease)	12,672,614.00			-10,542.41	65,053,987.26	446,383,180.08	-4,280,000.00		64,052,940.00		316,246,086.14	6,414,940.90	13,766,845.81
(I) Total comprehensive income							-4,280,000.00				752,792,198.66	46,406,535.88	794,918,734.54
(II) Capital contributed or withdrawn by owners	12,672,614.00			-10,542.41	65,053,987.26	446,383,180.08						-39,652,140.23	-408,319,261.46
1. Ordinary shares contributed by owners	12,665,589.00				66,167,700.58							17,943,815.00	96,777,104.58
2. Capital contributed by holders of other equity instruments	7,025.00			-10,542.41	52,079.08								48,561.67
3. Amount of share-based payment included in equity					10,348,242.29							388,939.63	10,737,181.92
4. Others					-11,514,034.69	446,383,180.08						-57,984,894.86	-515,882,109.63
(III) Profit distribution									64,052,940.00		-436,546,112.52	-339,454.75	-372,832,627.27
1. Appropriation of surplus reserve									64,052,940.00		-64,052,940.00		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-372,493,172.52	-339,454.75	-372,832,627.27
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									7,434,025.58				7,434,025.58
2. Current period use									-7,434,025.58				-7,434,025.58
(VI) Others													
IV. Balance at the end of current period	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

Legal representative: Ma Gang      Officer in charge of accounting: Wang Qingbo      Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2022

(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
		Preferr ed 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: Ma Gang    Officer in charge of accounting: Wang Qingbo    Head of accounting department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.  
 Parent company statement of changes in equity for the year ended December 31, 2022 (continued)  
 (Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
I. Balance at the end of prior year	3,163,062,146.00			266,939,831.65	15,356,688,889.72	8,920,597.83			198,481,554.14	502,505,012.72	19,478,756,836.40
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,163,062,146.00			266,939,831.65	15,356,688,889.72	8,920,597.83			198,481,554.14	502,505,012.72	19,478,756,836.40
III. Current period increase (or less: decrease)	12,672,614.00			-10,542.41	76,568,021.95	446,383,180.08	-4,280,000.00		64,052,940.00	203,983,289.93	-93,396,856.61
(I) Total comprehensive income							-4,280,000.00			640,529,402.45	636,249,402.45
(II) Capital contributed or withdrawn by owners	12,672,614.00			-10,542.41	76,568,021.95	446,383,180.08					-357,153,086.54
1. Ordinary shares contributed by owners	12,665,589.00				66,167,700.58	446,383,180.08					-367,549,890.50
2. Capital contributed by holders of other equity instruments	7,025.00			-10,542.41	52,079.08						48,561.67
3. Amount of share-based payment included in equity					10,348,242.29						10,348,242.29
4. Others											
(III) Profit distribution									64,052,940.00	-436,546,112.52	-372,493,172.52
1. Appropriation of surplus reserve									64,052,940.00	-64,052,940.00	
2. Appropriation of profit to owners										-372,493,172.52	-372,493,172.52
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	3,175,734,760.00			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

Legal representative: Ma Gang      Officer in charge of accounting: Wang Qingbo      Head of accounting department: Wu Shanshan

# Infore Environment Technology Group Co., Ltd.

## Notes to Financial Statements

For the year ended December 31, 2022

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. It is headquartered in Shaoxing City, Zhejiang Province. The Company currently holds a business license with unified social credit code of 913300006096799222. As of December 31, 2022, it has registered capital of 3,179,474,144.00 yuan, and total share capital of 3,179,505,559.00 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 industry and commerce. According to the records in China Securities Depository and Clearing Corporation Limited, as of December 31, 2022, the Company has restricted outstanding shares of 1,838,140 shares, and unrestricted outstanding shares of 3,177,667,419 shares, totaling 3,179,505,559 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, and 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 second meeting of the tenth session of the Board of Directors dated April 24, 2023.

The Company has brought 247 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 VI and 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) 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.

(VI) 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.

(VII) 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.

(VIII) 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.

(IX) 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.

### (X) 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 condition 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 to 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

##### (1) Measurement and accounting treatment

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.

(2) Financial instruments with expected credit risk assessed on a collective basis and expected credit losses measured using three-stage model

Items	Basis for determination of portfolio	Method for measuring expected credit loss
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 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 12-month or lifetime expected credit loss rate.
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 calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
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 the balance	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

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis using simplified approach

1) Specific portfolios and method for measuring expected credit loss

Items	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 overdue days/ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable – Portfolio grouped with government subsidies for new energy vehicles	Nature of the balance	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company

Items	Basis for determination of portfolio	Method for measuring expected credit loss
		prepares the comparison table of overdue days/ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
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.
Long-term receivables – Portfolio grouped with ages	Nature of the balance	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.

2)Accounts receivable – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

a. Parent company

Ages	Expected credit loss rate of accounts receivable (%)
1-180 days (inclusive, the same hereinafter)	0
180 days - 1 year	2
1-2 years	10
2-3 years	30
3-5 years	50
Over 5 years	80

b. Ventilation equipment manufacturing industry and environmental integrated industry

Ages	Expected credit loss rate of accounts receivable (%)
Within 1 year (inclusive, the same hereinafter)	5
1-2 years	10
2-3 years	30
3-5 years	50
Over 5 years	100

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.

(XI) 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 dispatching inventories:

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

### 3. Basis for determining net realizable value

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.

### 4. Inventory system

Perpetual inventory method is adopted.

### 5. 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.

### (XII) Contract costs

Assets related to contract costs include costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered.

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 fulfil 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.

### (XIII) Non-current assets or disposal groups held for sale

#### 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. Measurement 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: a. 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 b. 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.

## (XIV) 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) 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

1) Disposal of a subsidiary in stages not qualified as “bundled transaction” resulting in the Company’s loss of control

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.

2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, 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.

(XV) 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.

(XVI) 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	3-35	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

(XVII) 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 was 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.

(XVIII) 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 part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

## (XIX) 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	Amortization period (years)
Franchise	Contractual term
Land use right	35-50
Patented technology	Economic life cycle
Software	3-10
Other	5

3. 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.

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.

(XX) 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.

(XXI) 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.

(XXII) 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.

#### (XXIII) 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.

#### (XXIV) 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 fulfils 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 fulfils 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.

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

Pursuant to CASBEs on financial instruments and the “Regulations on Accounting Treatments of Perpetual Bonds” (Cai Kuai [2019] No. 2), 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 cancellation 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.

(XXVI) 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) 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.

(4) For revenue recognition method of PPP business with BOT models, please refer to section III (XXXIII) of notes to the financial statements for details.

#### (XXVII) 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.

### (XXVIII) 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.

### (XXIX) 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 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.

### (XXX) 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: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) 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”.

(XXXI) Work safety fund

The Company accrues 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 Ministry of Finance (MOF) and 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.

(XXXII) 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.

(XXXIII) 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).

### (XXXIV) Significant changes in accounting policies

Changes in accounting policies arising from changes in CASBEs

1. The Company has adopted the regulations about accounting for sales of products or by-products produced by fixed assets before intended use or during the R&D process as stipulated the “Interpretation of China Accounting Standards for Business Enterprises No. 15” issued by the MOF since January 1, 2022. Details on retroactive adjustments on trial sales occurring between the beginning of the earliest period presented in the financial statements in which the Company adopts the above regulations and January 1, 2022 are as follows:

Financial statement items significantly affected	Dec. 31, 2021/ Year 2021 (before retroactive adjustments)	Amounts affected	Dec. 31, 2021/ Year 2021 (after retroactive adjustments)
Items of balance sheet as of December 31, 2021			
Intangible assets	5,319,721,844.23	30,874,024.17	5,350,595,868.40
Non-controlling interest	350,671,301.45	6,549,735.93	357,221,037.38
Undistributed profit	3,850,610,683.45	24,324,288.24	3,874,934,971.69
Items of income statement of 2021			
Operating revenue	11,813,537,444.48	52,754,166.97	11,866,291,611.45
Operating cost	9,210,318,426.37	21,880,142.80	9,232,198,569.17

2. The Company has adopted the regulations about judgment on onerous contracts in the “Interpretation of China Accounting

Standards for Business Enterprises No. 15” issued by the MOF since January 1, 2022. Such change in accounting policies has no impact on the Company’s financial statements.

3. The Company has adopted the regulations about accounting for income tax consequences of dividends on a financial instrument classified by the issuer as an equity instrument in the “Interpretation of China Accounting Standards for Business Enterprises No. 16” issued by the MOF since November 30, 2022. Such change in accounting policies has no impact on the Company’s financial statements.

4. The Company has adopted the regulations about accounting for modifications of share-based payment transactions from cash-settled to equity-settled in the “Interpretation of China Accounting Standards for Business Enterprises No. 16” issued by the MOF since November 30, 2022. 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%
Shangfeng Industrial Company	15%
Zoomlion Environmental Company	15%
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd. (the “Huaqingyuan Company”)	15%
Fengyun IoT Technology Co., Ltd.	15%
Zhejiang Yolsh Electric Drive Technology Co., Ltd. (the “Yolsh Company”)	15%
Guangdong Infore Intelligent Sanitation Technology 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., Yolsh Company	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2020 to 2022.
2	Shangfeng Industrial Company, Infore Technology Company, Huaqingyuan Company,	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2022 to 2024.

No.	Entities	Preferential policies
	Guangdong Infore Intelligent Sanitation Technology Co., Ltd., Lianjiang Company	
3	Funan Green Oriental Environmental Energy Co., Ltd. (the "Funan Company"), Hanshou Zoomlion Environmental Industry Co., Ltd., Cili County Zoomlion Huabao Environmental Industry Co., Ltd., etc.	Pursuant to the "Law of the People's Republic of China on Enterprise Income Tax" and its implementation regulations, the "Notice of MOF, State Taxation Administration (STA) and National Development and Reform Commission (NDRC) on Publishing the Catalog of Enterprise Income Tax Preferences for 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.
4	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 MOF and STA on the Implementation of the Tax Relief Policy for Small Enterprises with Meager Profit and Individually-owned Businesses" (No. 12, 2021), from January 1, 2021 to December 31, 2022, the enterprise income tax for the portion of the taxable income within 1 million yuan is levied at 20% based on 12.5% of that portion of income; pursuant to the "Announcement of MOF and STA on Further Implementation of the Tax Relief Policy for Small Enterprises with Meager Profit" (Announcement No. 13, 2022), from January 1, 2022 to December 31, 2024, the enterprise income tax for the portion of the taxable income exceeding 1 million yuan but within 3 million yuan is levied at 20% based on 25% of that portion of income.
5	Huaqingyuan Company, Foshan Shunde District Huaying Environmental Water Co., Ltd., Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd., Foshan Shunde District Huabo Environmental Protection 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.
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 2022, the subsidiary Zoomlion Environmental Company is entitled to enjoy the VAT refund upon collection policy for sale of its self-developed and self-produced software products, and the VAT refunds received in the current period amount to 14,240,650.62 yuan.

(2) Pursuant to the "Announcement of MOF and STA on Clarifying Extra VAT Deduction Policy for Life Service Industry" (Announcement No. 87, 2019 of MOF and STA), eligible taxpayers can apply to their competent tax authorities for extra tax credit. In 2022, the subsidiaries Zoomlion Environmental Company, Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd., Infore Technology Company, and Infore Zoomlion City Environmental Service Co., Ltd. are engaged in life services, and extra tax credit they enjoy in the current period amounts to 17,344,728.48 yuan, 59,918.88 yuan, 34,500.00 yuan, and 21,376.76 yuan respectively.

(3) Pursuant to Article 5 of the "Notice of MOF and STA on Printing and Distributing the 'VAT Preferential Catalog of Products and Services for Comprehensive Utilization of Resources'" (Cai Shui [2015] No. 78), since July 1, 2015, enterprises rendering

sewage treatment services are entitled to enjoy 70% VAT refund upon collection. In 2022, the subsidiaries Huaqingyuan Company, Foshan Shunde District Huaying Environmental Water Co., Ltd., and Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd. received VAT refund upon collection of 1,518,783.05 yuan, 524,860.77 yuan, and 978,122.98 yuan respectively.

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 No. 40, 2021 of MOF and STA), since March 1, 2022, enterprises rendering sewage treatment services are entitled to enjoy VAT refund upon collection policy or VAT exemption policy. 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 since March 1, 2022.

(4) Pursuant to Article 2 of the “Notice of MOF and STA on Printing and Distributing the ‘VAT Preferential Catalog of Products and Services for Comprehensive Utilization of Resources’” (Cai Shui [2015] No. 78), 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 subsidiary Lianjiang Company received VAT refund upon collection of 1,560,533.72 yuan.

(5) 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 2022, the subsidiary Shenzhen Dingzhu Environmental Technology Co., Ltd. meets the condition and is exempt from VAT.

### 3. Urban land use tax

Pursuant to the “Several Opinions on Deepening the Reform of Optimal Allocation of Resource Factors in Manufacturing Enterprises” issued by the Office of the People’s Government of Zhejiang Province (Zhe Zheng Ban Fa [2019] No. 62), the Company’s subsidiary Shangfeng Industrial Company meets the conditions of tax incentives and enjoys 100% exemption for land use tax in 2022.

## 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	84,414.54	89,806.02
Cash in bank	4,590,418,271.45	4,190,857,415.70
Other cash and bank balances	137,700,844.47	392,298,149.30
Total	4,728,203,530.46	4,583,245,371.02
Including: Deposited overseas	3,949,867.33	4,464,479.35

##### (2) Other remarks

1) At the balance sheet date, cash in bank included funds frozen due to lawsuits of 1,100,000.00 yuan and engineering escrow accounts not available for separate use of 9,107,818.42 yuan, which was with use restrictions.

2) At the balance sheet date, other cash and bank balances included deposits for notes of 46,878,240.34 yuan, deposits for letters of guarantee of 87,619,095.60 yuan, engineering deposits of 927,865.56 yuan, ETC deposits of 3,000.00 yuan, deposits for buyer’s credit of 901,432.50 yuan and deposits for land reclamation of 1,000,832.05 yuan, which were with use restrictions.

#### 2. Notes receivable

## (1) Details

## 1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	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

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	57,247,027.23	100.00	2,844,373.98	4.97	54,402,653.25
Including: Bank acceptance	6,412,054.79	11.20			6,412,054.79
Trade acceptance	50,834,972.44	88.80	2,844,373.98	5.60	47,990,598.46
Total	57,247,027.23	100.00	2,844,373.98	4.97	54,402,653.25

## 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	6,474,284.28		
Trade acceptance portfolio	8,637,341.02	1,545,919.08	17.90
Subtotal	15,111,625.30	1,545,919.08	10.23

## (2) Changes in provision for bad debts

## 1) Details

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Trade acceptance portfolio	2,844,373.98	-1,298,454.90						1,545,919.08
Total	2,844,373.98	-1,298,454.90						1,545,919.08

2) No provision for bad debts collected or reversed in the current period.

## (3) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance		2,732,733.00
Trade acceptance		5,422,499.62
Subtotal		8,155,232.62

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.

(4) Notes receivable transferred to accounts receivable due to non-performance of issuer

Items	Amount transferred
Trade acceptance	10,308,511.28
Subtotal	10,308,511.28

3. Accounts receivable

(1) Details

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	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

(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	5,544,902.60	0.10	5,544,902.60	100.00	
Receivables with provision made on a collective basis	5,418,868,812.39	99.90	472,163,848.68	8.71	4,946,704,963.71
Total	5,424,413,714.99	100.00	477,708,751.28	8.81	4,946,704,963.71

2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Jilin Yongle Environmental Protection Technology Co., Ltd.	9,196,000.00	4,598,000.00	50.00	Expected credit losses.
Changchun Kunhong Construction Machinery Co., Ltd.	6,680,359.67	3,340,179.84	50.00	Expected credit losses.
Jiangsu Provincial Construction Group Co., Ltd.	4,564,000.00	2,282,000.00	50.00	Expected credit losses
Maanshan Ruiheng Material Trading Co., Ltd.	2,137,100.00	2,137,100.00	100.00	Expected to be irrecoverable.
Kunming Jialize Characteristic Town Real Estate Co., Ltd.	1,330,000.00	1,330,000.00	100.00	Expected to be irrecoverable.
Others	2,794,795.10	2,794,795.10	100.00	Expected to be irrecoverable.
Subtotal	26,702,254.77	16,482,074.94	61.73	

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	5,637,281,540.29	560,509,940.46	9.94
Portfolio grouped with commercial factoring receivable	470,296,266.41	7,264,275.55	1.54
Portfolio grouped with government grants receivable for new energy vehicles	75,768,701.85		
Subtotal	6,183,346,508.55	567,774,216.01	9.18

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	4,234,275,752.50	211,713,787.59	5.00
1-2 years	808,922,667.80	80,892,266.78	10.00
2-3 years	325,458,501.17	97,637,550.35	30.00
3-5 years	196,716,566.15	98,358,283.07	50.00
Over 5 years	71,908,052.67	71,908,052.67	100.00
Subtotal	5,637,281,540.29	560,509,940.46	9.94

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	456,307,495.83		6,844,612.44	1.50
Special-mention	13,988,770.58		419,663.11	3.00
Subtotal	470,296,266.41		7,264,275.55	1.54

(2) Age analysis

Ages	Closing book balance
Within 1 year	4,708,241,417.53
1-2 years	892,266,330.70
2-3 years	336,117,089.17
3-5 years	199,203,953.15
Over 5 years	74,219,972.77
Total	6,210,048,763.32

(3) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others [Note]	Reversal	Write-off	Others	
Receivables with provision made on an individual basis	5,544,902.60	10,937,172.34						16,482,074.94
Receivables with provision made on a collective	472,163,848.68	98,799,645.29		3,554,130.25		6,743,408.21		567,774,216.01

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others [Note]	Reversal	Write-off	Others	
basis								
Total	477,708,751.28	109,736,817.63		3,554,130.25		6,743,408.21	584,256,290.95	

Note: Other increase refers to balance transferred in due to business combination of Yolsh Company and Lianjiang Company in the current period.

(4) Accounts receivable written off in the current period

1) Accounts receivable actually written off in the current period totaled 6,732,408.21 yuan.

2) Significant accounts receivable written off in the current period

Debtors	Nature of receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether arising from related party transactions
Shenzhen Sustained Way Environmental Industry Co., Ltd.	Payments for goods	3,268,000.00	Expected to be irrecoverable.	Approval of the Management.	No
Shenzhen Jieya Environmental Protection Industry Co., Ltd.	Payments for goods	573,432.50	Expected to be irrecoverable.	Approval of the Management.	No
Jinan Lijie Cleaning Co., Ltd.	Payments for goods	483,700.00	Expected to be irrecoverable.	Approval of the Management.	No
Xiamen Xiang'an Municipal Group Environmental Engineering Co., Ltd.	Payments for goods	450,000.00	Expected to be irrecoverable.	Approval of the Management.	No
Shenzhen EIT Intelligent City Operation Group Co., Ltd.	Payments for goods	390,000.00	Expected to be irrecoverable.	Approval of the Management.	No
Shenzhen SYS Environmental Industry Group Co., Ltd.	Payments for goods	325,500.00	Expected to be irrecoverable.	Approval of the Management.	No
Chengdu Shiyang Environmental Sanitation Service Co., Ltd	Payments for goods	230,400.00	Expected to be irrecoverable.	Approval of the Management.	No
Subtotal		5,721,032.50			

(5) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
No. 1	200,788,348.94	3.23	8,569,313.68
No. 2	112,174,999.99	1.81	1,682,625.00
No. 3	97,577,518.13	1.57	5,742,670.82
No. 4	96,146,633.46	1.55	11,195,690.69
No. 5	75,768,701.85	1.22	
Subtotal	582,456,202.37	9.38	27,190,300.19

(6) Accounts receivable derecognized due to financial assets transfer

Items	Amount derecognized	Gains or losses related to derecognition	Ways of financial assets transfer
Sales of ventilation equipment	6,864,481.85	-401,852.13	Factoring of accounts receivable without recourse right.
Sales of sanitation vehicles	727,566,841.07	-65,516,521.10	Factoring of accounts receivable without recourse right.
Subtotal	734,431,322.92	-65,918,373.23	

#### 4. Receivables financing

##### (1) Details

Items	Closing balance		Opening balance	
	Carrying amount	Accumulated provision for credit impairment	Carrying amount	Accumulated provision for credit impairment
Bank acceptance	107,316,593.41		296,379,694.57	
Total	107,316,593.41		296,379,694.57	

##### (2) Pledged notes at the balance sheet date

Items	Closing balance of pledged notes
Bank acceptance	42,293,141.00
Subtotal	42,293,141.00

##### (3) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	128,363,287.12
Subtotal	128,363,287.12

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				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	186,619,989.22	97.01		186,619,989.22	124,131,454.89	96.52		124,131,454.89
1-2 years	4,515,793.00	2.35		4,515,793.00	3,969,968.37	3.09		3,969,968.37
2-3 years	1,175,026.94	0.61		1,175,026.94	67,855.05	0.05		67,855.05
Over 3 years	49,733.08	0.03		49,733.08	435,104.35	0.34		435,104.35
Total	192,360,542.24	100.00		192,360,542.24	128,604,382.66	100.00		128,604,382.66

2) No unsettled significant advances paid 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	9,352,256.00	4.86
No. 2	6,600,000.00	3.43
No. 3	5,940,000.00	3.09
No. 4	4,133,064.10	2.15
No. 5	3,116,814.17	1.62

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Subtotal	29,142,134.27	15.15

6. Other receivables

(1) Details

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	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

(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	541,370,425.50	100.00	32,206,299.23	5.95	509,164,126.27
Total	541,370,425.50	100.00	32,206,299.23	5.95	509,164,126.27

2) Other receivables with provision made on a collective basis

a. Parent company

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with performance compensation	113,460,620.00		
Portfolio grouped with ages	33,439,539.20	1,664,734.56	4.98
Including: 1-180 days	27,553,285.28		
1-2 years	829,381.49	82,938.15	10.00
2-3 years	4,763,199.03	1,428,959.71	30.00
3-5 years	273,673.40	136,836.70	50.00
Over 5 years	20,000.00	16,000.00	80.00
Subtotal	146,900,159.20	1,664,734.56	1.13

b. Ventilation equipment manufacturing industry and environmental integrated industry

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	278,475,534.95	38,088,688.59	13.68

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Including: Within 1 year	168,395,746.55	8,420,041.44	5.00
1-2 years	57,254,890.72	5,725,489.07	10.00
2-3 years	22,546,852.80	6,764,055.84	30.00
3-5 years	26,197,885.28	13,098,942.64	50.00
Over 5 years	4,080,159.60	4,080,159.60	100.00
Subtotal	278,475,534.95	38,088,688.59	13.68

(2) 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	10,946,143.63	4,064,577.60	17,195,578.00	32,206,299.23
Opening balance in the current period				
--Transferred to stage 2	-2,879,332.17	2,879,332.17		
--Transferred to stage 3		-2,731,005.18	2,731,005.18	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	353,229.98	1,595,522.63	3,099,831.78	5,048,584.39
Provision recovered in the current period				
Provision reversed in the current period				
Provision written off in the current period			75,000.00	75,000.00
Other changes [Note]			2,573,539.53	2,573,539.53
Closing balance	8,420,041.44	5,808,427.22	25,524,954.49	39,753,423.15

Note: Other increase refers to balance transferred in due to business combination of Yolsh Company and Lianjiang Company in the current period.

(3) Other receivables actually written off in the current period totaled 75,000.00 yuan.

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable and petty cash	189,730,555.74	108,556,330.04
Security deposits	115,535,012.45	129,986,238.82
Performance compensation	113,460,620.00	163,460,620.00
Call loans receivable		13,046,550.18
Equity transfer payments		115,100,000.00
Debt transfer payments		9,000,000.00
Others	6,649,505.96	2,220,686.46
Total	425,375,694.15	541,370,425.50

## (5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
No. 1	Performance compensation and temporary advance payment receivable	113,792,911.19	[Note 1]	26.75	166,145.60
No. 2	Temporary advance payment receivable and petty cash	9,960,076.90	1-180 days	2.34	
No. 3	Security deposits	8,675,600.00	[Note 2]	2.04	2,135,180.00
No. 4	Temporary advance payment receivable and petty cash	7,323,619.46	1-180 days	1.72	
No. 5	Temporary advance payment receivable and petty cash	7,190,173.17	Within 1 year	1.69	359,508.66
Subtotal		146,942,380.72		34.54	2,660,834.26

Note 1: It includes 113,460,620.00 yuan as performance compensation with age of 1 to 2 years and 332,291.19 yuan as temporary advance payment receivable with age of 3 to 5 years.

Note 2: It includes 1,870,000.00 yuan as security deposits with age within 1 year and 6,805,600.00 yuan as security deposits with age of 2 to 3 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	179,291,553.12	10,856,535.28	168,435,017.84	147,473,632.02	10,760,156.11	136,713,475.91
Work in process	177,447,500.50	2,633,928.18	174,813,572.32	181,227,151.81	2,023,841.04	179,203,310.77
Goods on hand	543,123,849.45	16,365,369.64	526,758,479.81	809,403,199.63	18,453,429.33	790,949,770.30
Materials on consignment for further processing	710,664.71		710,664.71	2,741,520.48		2,741,520.48
Cost to fulfill a contract	10,320,302.27		10,320,302.27	14,541,641.55		14,541,641.55
Total	910,893,870.05	29,855,833.10	881,038,036.95	1,155,387,145.49	31,237,426.48	1,124,149,719.01

## (2) Provision for inventory write-down

## 1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	10,760,156.11	5,916,565.11		5,820,185.94		10,856,535.28
Work in process	2,023,841.04	2,419,415.75		1,809,328.61		2,633,928.18
Goods on hand	18,453,429.33	8,449,741.13		10,537,800.82		16,365,369.64
Total	31,237,426.48	16,785,721.99		18,167,315.37		29,855,833.10

## 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

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 expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made at the beginning of the period were sold in the current period.

(3) Cost to fulfill a contract

Items	Opening balance	Increase	Carried forward	Closing balance
Kitchen delivery project of Futian District, Shenzhen City	7,541,198.74	1,713,298.79	9,254,497.53	
MVR concentrated solution project of Liling City	2,382,149.87	404,351.39	2,786,501.26	
Leachate full-scale quantitative treatment emergency operation project of Qingyuan City	1,242,114.60	175,849.38	1,417,963.98	
Township sewage delivery project phase II of Hanshou County	907,876.13	4,740.90	4,128.08	908,488.95
Leachate delivery project of Xi'an Chanba Transfer Station	769,578.05	362,875.63	14,601.20	1,117,852.48
Leachate delivery project of Jin'an District, Fuzhou City	449,012.13		449,012.13	
Leachate delivery project of Fuzhou Qingliangshan Transfer Station		2,063,811.25	4,634.80	2,059,176.45
Well-point equipment sales of Leiyang City		1,815,112.42		1,815,112.42
Equipment sales of Yongshun County, Xiangxi Tujia and Miao Autonomous Prefecture - township sewage (Wanping)		1,450,156.90		1,450,156.90
Others	1,249,712.03	9,812,255.53	8,092,452.49	2,969,515.07
Subtotal	14,541,641.55	17,802,452.19	22,023,791.47	10,320,302.27

8. Contract assets

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposits receivable	116,355,489.32	15,331,634.99	101,023,854.33	154,503,581.34	14,135,778.81	140,367,802.53
Total	116,355,489.32	15,331,634.99	101,023,854.33	154,503,581.34	14,135,778.81	140,367,802.53

(2) No significant changes in carrying amount of contract assets in the current period.

(3) Details on provision for impairment of contract assets

1) Details

Items	Opening balance	Increase		Decrease			Closing balance
		Accrual	Others	Reversal	Write-off	Others	
On a collective basis	14,135,778.81	1,195,856.18					15,331,634.99
Total	14,135,778.81	1,195,856.18					15,331,634.99

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	116,355,489.32	15,331,634.99	13.18
Subtotal	116,355,489.32	15,331,634.99	13.18

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	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	

(Continued)

Items	Opening balance				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	549,703,610.72	12,319,023.60	27,555,680.53	509,828,906.59	4.75
Payments for finance lease	170,788,078.94	4,223,522.86	2,561,821.18	164,002,734.90	4.75
Factoring of receivables financing	83,062,917.65	15,730,748.85	1,245,943.76	66,086,225.04	4.75
Total	803,554,607.31	32,273,295.31	31,363,445.47	739,917,866.53	

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 and excess input VAT credits	482,764,023.99		482,764,023.99	477,804,757.55		477,804,757.55
Cost to obtain a contract	9,306,113.04		9,306,113.04	14,900,623.62		14,900,623.62
Listing expenses of subsidiary spun off	5,380,660.39		5,380,660.39			
Total	497,450,797.42		497,450,797.42	492,705,381.17		492,705,381.17

(2) Costs to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Costs to obtain a contract	14,900,623.62	40,082,864.75	45,677,375.33		9,306,113.04
Subtotal	14,900,623.62	40,082,864.75	45,677,375.33		9,306,113.04

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	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	

(Continued)

Items	Opening balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	784,543,617.37	38,122,001.69	105,634,590.61	640,787,025.07	4.75
Guaranteed collection amount for BOT projects	165,505,733.94	21,853,615.22	8,275,286.70	135,376,832.02	4.75
Payments for finance lease	58,523,840.64	1,784,539.32	877,857.61	55,861,443.71	4.75
Factoring of receivables financing	212,483,560.05	24,075,069.92	3,187,253.40	185,221,236.73	4.75
Total	1,221,056,752.00	85,835,226.15	117,974,988.32	1,017,246,537.53	

(2) Changes in provision for bad debts

1) Details

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Provision made on a collective basis	117,974,988.32	-7,716,606.86						110,258,381.46
Total	117,974,988.32	-7,716,606.86						110,258,381.46

2) 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	221,372,398.91	11,068,619.95	5.00
Payments due	418,401,085.26	92,183,401.63	22.03
Subtotal	639,773,484.17	103,252,021.58	16.14

3) 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	40,885,220.88	682,107.05	1.67
Portfolio grouped with factoring of receivables financing	421,616,855.59	6,324,252.83	1.50
Subtotal	462,502,076.47	7,006,359.88	1.51

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	676,829,959.84		676,829,959.84	603,580,781.31		603,580,781.31
Total	676,829,959.84		676,829,959.84	603,580,781.31		603,580,781.31

## (2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Lianjiang Company	44,578,478.42	208,271,314.25		1,283,929.81	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	30,205,115.36			-573,592.29	
Guangdong Shunkong Environmental Investment Co., Ltd.	195,130,199.37			28,071,555.60	
Guangdong Tianshu New Energy Technology Co., Ltd.	2,688,700.75			-2,688,700.75	
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	19,550,920.59			2,409,925.57	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	19,433,725.73	11,843,311.55		142,662.64	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	5,429,199.88			-535,617.37	
Guangdong Liangke Environmental Engineering Co., Ltd.	34,109,839.80			-1,414,239.82	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	2,136,327.10			225,424.74	
Shenzhen Yingmei City Housekeeper Co., Ltd.	30,000.00			-1,834.71	
Foshan Yingtong Electrical Materials Co., Ltd.	250,288,274.31			-21,355,020.22	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.		96,346,250.00		1,040,896.22	
Beijing Xingyun Zhixing Technology Co., Ltd.		10,000,000.00		-517,922.14	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]					
Total	603,580,781.31	326,460,875.80		6,087,467.28	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Associates						
Lianjiang Company [Note 1]	51,330.46	2,543,348.57		251,641,704.37		
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					29,631,523.07	
Guangdong Shunkong		5,165,442.07			218,036,312.90	

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Environmental Investment Co., Ltd.						
Guangdong Tianshu New Energy Technology Co., Ltd.						
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					21,960,846.16	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					31,419,699.92	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.					4,893,582.51	
Guangdong Liangke Environmental Engineering Co., Ltd.					32,695,599.98	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.					2,361,751.84	
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,165.29	
Foshan Yingtong Electrical Materials Co., Ltd.					228,933,254.09	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.					97,387,146.22	
Beijing Xingyun Zhixing Technology Co., Ltd.					9,482,077.86	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]						
Total	51,330.46	7,708,790.64		251,641,704.37	676,829,959.84	

Note 1: The Company acquired 50% of equity of Lianjiang Company through its subsidiary Guangdong Infore Environmental Investment Co., Ltd. in February 2022 and included Lianjiang Company into the consolidation scope since March 2022. Since then, the Company changed the accounting method for long-term equity investments in Lianjiang Company from equity method to cost 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	Closing balance	Opening balance	Dividend income	Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings	
				Amount	Reasons
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00	800,000.00	414,960.00		
Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.	270,000.00	270,000.00			
Shenzhen Infore Environmental Protection Industry M&A Fund [Note]	14,282,971.01	14,632,971.01			
Subtotal	15,352,971.01	15,702,971.01	414,960.00		

Note: As of December 31, 2022, 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	2,528,684.43	2,528,684.43
Increase	26,905,180.23	26,905,180.23
1) Transferred in from fixed assets	26,905,180.23	26,905,180.23
Decrease	362,764.00	362,764.00
1) Disposal	362,764.00	362,764.00
Closing balance	29,071,100.66	29,071,100.66
Accumulated depreciation and amortization		
Opening balance	690,980.75	690,980.75
Increase	1,388,918.95	1,388,918.95
1) Accrual or amortization	118,676.59	118,676.59
2) Transferred in from fixed assets	1,270,242.36	1,270,242.36
Decrease	114,234.07	114,234.07
1) Disposal	114,234.07	114,234.07
Closing balance	1,965,665.63	1,965,665.63
Carrying amount		
Closing balance	27,105,435.03	27,105,435.03
Opening balance	1,837,703.68	1,837,703.68

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Shangyu Wanda real estate	1,470,497.16	In processing.
Subtotal	1,470,497.16	

15. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Cost						
Opening balance	1,234,214,194.53	147,773,153.57	781,618,637.79	63,065,547.32	34,399,532.35	2,261,071,065.56
Increase	342,986,037.45	18,836,436.00	415,794,459.71	8,694,113.65	3,562,521.63	789,873,568.44
1) Acquisition	3,645,851.54	14,375,711.91	294,827,428.84	6,368,917.72	3,562,521.63	322,780,431.64
2) Transferred in from construction in progress	339,340,185.91	3,039,068.79	62,325,777.62			404,705,032.32
3) Business combination		1,401,645.46	36,101,829.37	2,325,195.93		39,828,670.76

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
4) Transferred in from inventories		20,009.84	22,539,423.88			22,559,433.72
Decrease	27,801,393.99	2,457,504.94	23,402,702.68	5,444,440.54	89,652.25	59,195,694.40
1) Disposal/ Scrapping	896,213.76	2,457,504.94	20,508,595.90	5,444,440.54	89,652.25	29,396,407.39
2) Transferred out into intangible assets			2,894,106.78			2,894,106.78
3) Transferred out into investment property	26,905,180.23					26,905,180.23
Closing 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
Accumulated depreciation						
Opening balance	162,890,147.66	44,876,760.79	262,836,971.23	15,024,913.91	17,390,266.78	503,019,060.37
Increase	50,428,941.64	22,384,289.60	157,794,175.67	7,033,369.62	509,506.92	238,150,283.45
1) Accrual	50,428,941.64	21,202,568.76	140,020,345.68	5,328,021.03	509,506.92	217,489,384.03
2) Business combination		1,181,720.84	17,453,188.23	1,705,348.59		20,340,257.66
3) Others			320,641.76			320,641.76
Decrease	1,364,011.96	1,960,750.57	10,882,856.32	3,455,727.39	44,259.99	17,707,606.23
1) Disposal/ Scrapping	93,769.60	1,960,750.57	10,755,095.90	3,455,727.39	44,259.99	16,309,603.45
2) Transferred out into intangible assets			127,760.42			127,760.42
3) Transferred out into investment property	1,270,242.36					1,270,242.36
Closing 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
Provision for impairment						
Opening balance						
Increase						
Decrease						
Closing balance						
Carrying amount						
Closing 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
Opening balance	1,071,324,046.87	102,896,392.78	518,781,666.56	48,040,633.41	17,009,265.57	1,758,052,005.19

(2) No fixed assets temporarily idle at the balance sheet date.

(3) No fixed assets leased out under operating leases at the balance sheet date.

(4) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Integration project plant	300,293,498.89	In processing.
Employee dormitory in Lueryuan	141,972,601.77	In processing.

Items	Carrying amount	Reasons for unsettlement
Bottom renovation workshop in Lueryuan	21,647,559.63	In processing.
Lueryuan Exhibition Center	26,765,381.16	In processing.
Staff canteen in Lueryuan	23,701,199.56	In processing.
Subtotal	514,380,241.01	

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
Integrated construction of intelligent equipment and intelligent sanitation services				189,748,878.58		189,748,878.58
Equipment to be installed	16,211,018.08		16,211,018.08	5,468,920.80		5,468,920.80
Piecemeal projects	24,862,249.60		24,862,249.60	28,850,834.48		28,850,834.48
Total	41,073,267.68		41,073,267.68	224,068,633.86		224,068,633.86

2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Closing balance
Integrated construction of intelligent equipment and intelligent sanitation services	300,000,000.00	189,748,878.58	147,501,302.90	337,250,181.48		
Equipment to be installed		5,468,920.80	47,603,237.91	12,661,983.80	24,199,156.83	16,211,018.08
Piecemeal projects		28,850,834.48	50,815,966.29	54,792,867.04	11,684.13	24,862,249.60
Total		224,068,633.86	245,920,507.10	404,705,032.32	24,210,840.96	41,073,267.68

(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
Integrated construction of intelligent equipment and intelligent sanitation services						Self-raised
Equipment to be installed						Self-raised
Piecemeal projects						Self-raised
Total						

17. Right-of-use assets

(1) Details

Items	Buildings and structures	Other equipment	Total
Cost			
Opening balance	28,646,420.80	2,789,202.39	31,435,623.19

Items	Buildings and structures	Other equipment	Total
Increase	18,533,774.47		18,533,774.47
1) Leased in	12,740,668.64		12,740,668.64
2) Business combination	5,793,105.83		5,793,105.83
Decrease	330,555.41	2,789,202.39	3,119,757.80
1) Disposal	330,555.41	2,789,202.39	3,119,757.80
Closing balance	46,849,639.86		46,849,639.86
Accumulated depreciation			
Opening balance	4,608,299.09	1,321,412.24	5,929,711.33
Increase	10,436,979.07	489,263.38	10,926,242.45
1) Accrual	6,574,908.51	489,263.38	7,064,171.89
2) Business combination	3,862,070.56		3,862,070.56
Decrease	55,092.54	1,810,675.62	1,865,768.16
1) Disposal	55,092.54	1,810,675.62	1,865,768.16
Closing balance	14,990,185.62		14,990,185.62
Carrying amount			
Closing balance	31,859,454.24		31,859,454.24
Opening balance	24,038,121.71	1,467,790.15	25,505,911.86

## 18. Intangible assets

### (1) Details

Items	Land use right	Software	Franchise	Patented technology	Total
Cost					
Opening balance	587,639,227.37	42,482,834.75	5,680,343,377.63	434,557,655.81	6,745,023,095.56
Increase	69,926,700.00	28,203,758.40	1,101,341,090.79	24,821,938.40	1,224,293,487.59
1) Acquisition	69,926,700.00	3,857,244.58	843,596,123.76	260,000.00	917,640,068.34
2) Transferred in from construction in process		24,210,840.96			24,210,840.96
3) Business combination		135,672.86	254,850,860.25	18,578,729.79	273,565,262.90
4) Transferred in from fixed assets			2,894,106.78		2,894,106.78
5) Internal research and development				5,983,208.61	5,983,208.61
Decrease		317,311.32	6,437,730.28		6,755,041.60
1) Disposal		317,311.32	6,437,730.28		6,755,041.60
Closing balance	657,565,927.37	70,369,281.83	6,775,246,738.14	459,379,594.21	7,962,561,541.55
Accumulated amortization					
Opening balance	72,559,037.10	15,226,121.11	1,038,620,552.82	223,148,413.09	1,349,554,124.12

Items	Land use right	Software	Franchise	Patented technology	Total
Increase	12,506,507.53	8,487,398.02	454,508,759.62	47,992,191.82	523,494,856.99
1) Accrual	12,506,507.53	8,377,643.38	404,599,253.49	33,486,365.77	458,969,770.17
2) Business combination		109,754.64	49,781,745.71	14,505,826.05	64,397,326.40
3) Transferred in from fixed assets			127,760.42		127,760.42
Decrease		212,547.43	6,164,663.54		6,377,210.97
1) Disposal		212,547.43	6,164,663.54		6,377,210.97
Closing balance	85,065,544.63	23,500,971.70	1,486,964,648.90	271,140,604.91	1,866,671,770.14
Provision for impairment					
Opening balance			24,687,522.85	20,185,580.19	44,873,103.04
Increase				2,902,303.88	2,902,303.88
1) Business combination				2,902,303.88	2,902,303.88
Decrease					
Closing balance			24,687,522.85	23,087,884.07	47,775,406.92
Carrying amount					
Closing balance	572,500,382.74	46,868,310.13	5,263,594,566.39	165,151,105.23	6,048,114,364.49
Opening balance	515,080,190.27	27,256,713.64	4,617,035,301.96	191,223,662.53	5,350,595,868.40

(2) No land use right with certificate of titles being unsettled at the balance sheet date.

## 19. Development expenditures

### (1) Details

Items	Opening balance	Increase		Decrease			Closing balance
		Internal development expenditures	Others	Recognized as intangible assets	Transferred to profit or loss	Others [Note]	
Development expenditures	15,682,278.17	23,461,855.88		5,983,208.61		2,822,707.36	30,338,218.08
Total	15,682,278.17	23,461,855.88		5,983,208.61		2,822,707.36	30,338,218.08

Note: Other decrease refers to provision for impairment made in the current period.

### (2) Other remarks

Development expenditures of 2022 mainly refer to expenditures for development of environmental protection equipment, automated production line, etc., and the supporting documents for capitalization include project proposal, project schedule and periodic summary report.

## 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

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	528,229,356.55	5,186,198,959.44	5,714,428,315.99	233,232,278.15	5,481,196,037.84
Green Oriental Company	78,074,688.12		78,074,688.12	78,074,688.12		78,074,688.12
Foshan Infore Environmental Water Treatment Co., Ltd.	316,465,481.91		316,465,481.91	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			
Lianjiang Company	46,032,017.84	1,013,513.53	45,018,504.31			
Total	6,268,845,549.87	529,242,870.08	5,739,602,679.79	6,209,424,299.42	233,232,278.15	5,976,192,021.27

(2) Cost

Investees or events resulting in goodwill	Opening balance	Due to business combination in the current period	Decrease due to disposal of subsidiaries	Closing balance
Zoomlion Environmental Company	5,714,428,315.99			5,714,428,315.99
Green Oriental Company	78,074,688.12			78,074,688.12
Foshan Infore Environmental Water Treatment Co., Ltd.	316,465,481.91			316,465,481.91
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	6,209,424,299.42	59,421,250.45		6,268,845,549.87

(3) Provision for impairment

Investees or events resulting in goodwill	Opening balance	Increase	Decrease due to disposal of subsidiaries	Closing balance
Zoomlion Environmental Company [Note 1]	233,232,278.15	294,997,078.40		528,229,356.55
Lianjiang Company [Note 2]		1,013,513.53		1,013,513.53
Total	233,232,278.15	296,010,591.93		529,242,870.08

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 6,884,864.15 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 52,899,507.95 yuan. Provision for impairment of 288,112,214.25 yuan was made 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 475,329,848.60 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 1,013,513.53 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 1,013,513.53 yuan.

(4) Impairment test process

1) Related information of asset group or asset group portfolios which include goodwill

Asset groups or asset group portfolios	Legal entities	Carrying amount of goodwill allocated to the asset groups or asset group portfolios	Carrying amount of asset groups or asset group portfolios	Carrying amount of asset groups or asset group portfolios that include goodwill
Sanitation vehicles and equipment manufacturing and sales asset group	Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment), Changsha Zhongbiao Environmental Industry Co., Ltd., etc.	10,684,300,240.09	1,497,825,670.20	12,182,125,910.29
Urban-rural sanitation integrated operation asset group portfolio	Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Huaian Chenjie Environmental Engineering Co., Ltd., Biyang County Fenghe New Energy Power Co., Ltd., Lianjiang Company	352,487,404.73	4,367,010,686.04	4,719,498,090.77
Water governance operation asset group	Foshan Infore Environmental Water Treatment Co., Ltd., etc.	316,465,481.91	148,814,220.56	465,279,702.47
Ventilation equipment manufacturing and sales asset group	Shangfeng Industrial Company	159,547,374.49	149,261,344.26	308,808,718.75
Electrical equipment manufacturing and sales asset group	Yolsh Company	19,127,475.16	28,249,030.31	47,376,505.47

Note 1: Goodwill amortized to sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group portfolio included the portion attribution to non-controlling shareholders.

Note 2: 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 cost of original goodwill of Zoomlion Environmental Company of 5.714 billion was re-allocated to the sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group portfolio based on the gross profit ratio contributed by the two businesses, in amount of 5.636 billion yuan and 78 million yuan, respectively.

Note 3: The Company acquired Lianjiang Company through business combination not under common control. 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.

2) Impairment test process, method and conclusion of goodwill impairment loss

a. Determination method of recoverable amount

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, which is based on the budget approved by the Management. The revenue growth rate of the product production and sales asset group in 2022 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.

The recoverable amount of groups and asset group portfolios is calculated based on the discounted expected future operating cash flows of operating long-term assets excluding non-operating assets and liabilities, initial working capital, surplus assets and interest-bearing liabilities.

b. Key parameter information for adopting future cash flow discount method

Asset groups or asset group portfolios	Forecast period	Forecast period growth rate	Stable period growth rate	Profit margin	Pre-tax discount rate
Sanitation vehicles and equipment manufacturing and sales asset group	5 years	[Note 1]	0.00%	14.12%-14.80 %	11.21%
Urban-rural sanitation integrated operation asset group portfolio	[Note 1]	[Note 1]	[Note 1]	[Note 1]	8.86%-9.96%
Water governance operation asset group	[Note 1]	[Note 1]	[Note 1]	[Note 1]	9.80%
Ventilation equipment manufacturing and sales asset group	5 years	[Note 2]	0.00%	10.04%-10.31%	11.59%
Electrical equipment manufacturing and sales asset group	5 years	[Note 3]	0.00%	5.24%-10.14%	13.68%

Note 1: Please refer to the determination method of recoverable amount for details.

Note 2: The revenue growth rate of ventilation equipment manufacturing and sales asset group during the forecast period from 2023 to 2027 is 4.77%, 4.00%, 3.00%, 2.00% and 1.00% respectively.

Note 3: The revenue growth rate of electrical equipment manufacturing and sales asset group during the forecast period from 2023 to 2027 is 128.86%, 20.00%, 25.00%, 30.00% and 35.00% respectively.

c. Conclusion of goodwill impairment test

Asset group or asset group portfolios	Recoverable amount asset group or asset group portfolios that include goodwill	Carrying amount of asset group or asset group portfolios that include goodwill	Goodwill impairment loss attributable to the Company
Sanitation vehicles and equipment manufacturing and sales asset group	11,617,200,000.00	12,182,125,910.29	288,112,214.25
Urban-rural sanitation integrated operation asset group portfolio	4,927,567,225.59	4,719,498,090.77	
Water governance operation asset group	479,400,000.00	465,279,702.47	
Ventilation equipment manufacturing and sales asset group	786,909,446.86	308,808,718.75	
Electrical equipment manufacturing and sales asset group	48,436,242.27	47,376,505.47	

Note 1: 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 [2023] 000545 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd.

Note 2: 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 [2023] 000550 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd. and the appraisal report numbered Jun Rui Ping Bao Zi [2023] 016 issued by Shenzhen Junrui Assets Appraisals LLP.

Note 3: The present value of estimated future cash flows (recoverable amount) of water governance operation asset group was based on the appraisal report numbered Jun Rui Ping Bao Zi [2023] 017 issued by Shenzhen Junrui Assets Appraisals LLP.

#### 21. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Expenditures on improvement of leased-in fixed assets	11,253,726.52	20,965,713.65	6,159,422.60	278,437.52	25,781,580.05
Others	4,480,030.80	2,310,429.06	2,361,104.00		4,429,355.86
Total	15,733,757.32	23,276,142.71	8,520,526.60	278,437.52	30,210,935.91

#### 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	668,318,234.13	102,350,161.93	636,152,868.76	97,253,128.24
Unrealized profit from internal transactions	22,214,585.93	3,332,187.89	22,789,085.85	7,986,502.74
Deductible losses	47,115,916.60	8,894,782.37	47,114,527.25	4,326,295.17
Total	737,648,736.66	114,577,132.19	706,056,481.86	109,565,926.15

##### (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	24,481,935.20	3,672,290.28	27,522,123.27	4,128,318.49
Assets appraisal appreciation due to business combination not under common control	448,250,679.76	50,535,337.80	361,902,254.82	28,433,715.48
Total	472,732,614.96	54,207,628.08	389,424,378.09	32,562,033.97

##### (3) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	510,065,399.73	381,701,381.09
Deductible losses	596,581,457.35	430,013,174.82
Unrealized profit from internal transactions	343,937,402.32	313,377,877.13
Subtotal	1,450,584,259.40	1,125,092,433.04

##### (4) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
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Maturity years	Closing balance	Opening balance	Remarks
Year 2022		6,812,010.93	
Year 2023	24,742,029.97	43,809,247.32	
Year 2024	82,954,604.70	93,695,529.33	
Year 2025	206,033,354.21	214,803,545.16	
Year 2026	97,279,157.08	70,892,842.08	
Year 2027	185,572,311.39		
Subtotal	596,581,457.35	430,013,174.82	

23. Other non-current assets

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets	154,548,259.36	17,968,552.02	136,579,707.34	177,652,059.17	19,320,439.53	158,331,619.64
Advances for long-term assets	93,266,692.04		93,266,692.04	48,695,481.45		48,695,481.45
Receivables for agent construction	8,518,174.25		8,518,174.25	8,518,174.25		8,518,174.25
Cost to obtain a contract	68,565,164.58		68,565,164.58	17,932,020.49		17,932,020.49
Total	324,898,290.23	17,968,552.02	306,929,738.21	252,797,735.36	19,320,439.53	233,477,295.83

(2) Contract assets

1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposit receivable	154,548,259.36	17,968,552.02	136,579,707.34	177,652,059.17	19,320,439.53	158,331,619.64
Subtotal	154,548,259.36	17,968,552.02	136,579,707.34	177,652,059.17	19,320,439.53	158,331,619.64

2) No significant changes in carrying amount of contract assets in the current period.

3) Details on provision for impairment of contract assets

a. Details

Items	Opening balance	Increase		Decrease			Closing balance
		Accrual	Others	Reversal	Write-off	Others	
On a collective basis	19,320,439.53	-1,351,887.51					17,968,552.02
Subtotal	19,320,439.53	-1,351,887.51					17,968,552.02

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 ages	154,548,259.36	17,968,552.02	11.63
Subtotal	154,548,259.36	17,968,552.02	11.63

(3) Cost to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Cost to obtain a contract	17,932,020.49	64,824,178.55	14,191,034.46		68,565,164.58
Subtotal	17,932,020.49	64,824,178.55	14,191,034.46		68,565,164.58

24. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	140,139,583.33	150,165,000.00
Guaranteed borrowings	281,942,622.11	276,091,575.54
Mortgaged borrowings	18,020,900.00	6,959,699.59
Guaranteed and mortgaged borrowings		4,005,800.00
Mortgaged and pledged borrowings		1,802,658.33
Total	440,103,105.44	439,024,733.46

25. Notes payable

Items	Closing balance	Opening balance
Trade acceptance	222,877,645.46	187,465,744.62
Bank acceptance	2,292,351,647.71	2,281,333,445.09
Total	2,515,229,293.17	2,468,799,189.71

26. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Payments for goods	2,547,048,086.70	2,688,599,026.21
Payments for engineering and equipment	164,908,990.42	158,035,096.31
Others	60,004,194.54	113,427,385.81
Total	2,771,961,271.66	2,960,061,508.33

(2) No significant accounts payable with age over one year at the balance sheet date.

27. Contract liabilities

(1) Details

Items	Closing balance	Opening balance
Payments for goods	247,747,809.30	210,432,628.98
Rebate for customers	26,542,168.95	
Total	274,289,978.25	210,432,628.98

(2) No significant changes in the carrying amount of contract liabilities in the current period.

28. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	309,821,227.12	2,044,442,686.63	1,948,865,833.01	405,398,080.74
Post-employment benefits - defined contribution plan	656,757.53	100,746,200.60	99,411,265.32	1,991,692.81
Termination benefits	223,587.72	18,160,542.17	16,199,884.72	2,184,245.17
Total	310,701,572.37	2,163,349,429.40	2,064,476,983.05	409,574,018.72

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	298,907,271.54	1,891,746,076.66	1,801,219,758.13	389,433,590.07
Employee welfare fund	589,365.95	52,609,348.34	52,431,388.23	767,326.06
Social insurance premium	354,306.41	55,738,677.77	55,259,224.48	833,759.70
Including: Medicare premium	333,668.77	50,699,785.65	50,265,374.19	768,080.23
Occupational injuries premium	20,637.64	5,038,892.12	4,993,850.29	65,679.47
Housing provident fund	1,505,062.18	32,305,406.40	32,003,543.19	1,806,925.39
Trade union fund and employee education fund	8,465,221.04	12,043,177.46	7,951,918.98	12,556,479.52
Subtotal	309,821,227.12	2,044,442,686.63	1,948,865,833.01	405,398,080.74

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	644,163.94	96,600,105.01	95,648,740.85	1,595,528.10
Unemployment insurance premium	12,593.59	4,146,095.59	3,762,524.47	396,164.71
Subtotal	656,757.53	100,746,200.60	99,411,265.32	1,991,692.81

29. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	66,918,012.44	55,281,814.33
Enterprise income tax	36,440,528.78	64,521,114.98
Individual income tax withheld for tax authorities	3,778,293.58	5,611,096.21
Urban maintenance and construction tax	1,991,056.41	5,322,911.41
Housing property tax	2,606,954.11	3,075,518.72
Land use tax	157,193.04	165,374.75
Stamp duty	1,661,333.48	1,713,517.40
Education surcharge	845,859.65	2,282,093.47
Local education surcharge	562,045.06	1,519,623.59
Others	6,950.33	1,796.22
Total	114,968,226.88	139,494,861.08

30. Other payables

(1) Details

Items	Closing balance	December 31, 2021
Factoring of accounts receivable with recourse right [Note]	66,789,887.39	49,479,996.55
Temporary receipts payable	297,006,996.69	175,580,442.10
Employee stock ownership plan		180,075,747.64
Security deposits	129,748,015.42	114,857,152.31
Others	163,577,388.03	163,720,743.45
Total	657,122,287.53	683,714,082.05

Note: The balance refers to the factoring of accounts receivable with recourse right 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 significant other payables with age over one year at the balance sheet date.

### 31. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	555,746,357.94	373,296,214.00
Lease liabilities due within one year	4,673,226.74	5,314,737.81
Long-term payables due within one year	599,514.91	
Total	561,019,099.59	378,610,951.81

### 32. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	31,616,947.24	27,205,068.15
Rebate for customers		35,759,709.45
Total	31,616,947.24	62,964,777.60

### 33. Long-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	18,800,000.00	300,000,000.00
Guaranteed borrowings	70,029,166.64	171,964,611.10
Pledged borrowings	454,467,547.52	293,820,000.00
Guaranteed and mortgaged borrowings	150,000,000.00	49,230,775.77
Guaranteed and pledged borrowings	1,229,009,512.16	738,727,380.85
Guaranteed, pledged and mortgaged borrowings		144,000,000.00
Total	1,922,306,226.32	1,697,742,767.72

### 34. Bonds payable

#### (1) Details

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Convertible corporate bonds	1,308,690,556.32	1,254,962,176.00
Total	1,308,690,556.32	1,254,962,176.00

(2) Current period movements (not including other financial instruments such as preferred shares/perpetual bonds classified as financial liabilities)

Bonds	Issuing date	Maturity	Par value	Amount outstanding
Infore convertible bonds	11/4/2020	6 years	100.00	1,476,189,600.00
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	1,254,962,176.00		8,084,435.38	53,086,819.12	7,380,303.50	62,552.09	18.59	1,308,690,556.32
Subtotal	1,254,962,176.00		8,084,435.38	53,086,819.12	7,380,303.50	62,552.09	18.59	1,308,690,556.32

(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, 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, 2022, a total of 1,299 Infore convertible bonds had been converted to the Company’s ordinary A shares, with a total of 15,833 shares converted. In the current period, capital reserve (share premium) of 66,691.53 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.

### 35. Lease liabilities

Items	Closing balance	Opening balance
Unpaid lease payments	24,948,023.12	20,701,888.38
Less: Unrecognized financing expenses	1,692,398.82	2,178,148.28
Total	23,255,624.30	18,523,740.10

### 36. Long-term payables

(1) Details

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Special payables	315,735,814.91	315,735,814.91
Total	315,735,814.91	315,735,814.91

(2) 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			176,015,774.58	Special government funds for PPP projects.
Special funds for Tongshan Sewage Treatment Project	136,720,040.33			136,720,040.33	Special government funds for PPP projects.
Subtotal	315,735,814.91			315,735,814.91	

37. Provisions

Items	Closing balance	Opening balance
Credit guarantees	4,575,049.22	3,129,793.85
Total	4,575,049.22	3,129,793.85

38. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	101,635,992.65	37,339,750.00	18,085,032.61	120,890,710.04	Government grants related to assets/income
Total	101,635,992.65	37,339,750.00	18,085,032.61	120,890,710.04	

(2) Details of government grants

Items	Opening balance	Increase	Grants included into other income [Note]	Other decrease	Closing balance	Related to assets/income
Investment plan on the construction of ecological civilization of 2020 within the central budget	2,200,000.00	880,000.00	94,189.60		2,985,810.40	Related to assets
No. 2 Sewage Treatment Plant and supporting pipe network projects in Daban Town, Bahrain Right Banner	7,660,000.00				7,660,000.00	Related to assets
Special subsidies for Xiantao waste power generation project	9,936,051.24		726,531.48		9,209,519.76	Related to assets
Shouxian domestic waste incineration power plant project	13,034,666.58		1,002,666.73		12,031,999.85	Related to assets
Urban sewage and garbage treatment	4,456,150.42		441,822.07		4,014,328.35	Related to assets

Items	Opening balance	Increase	Grants included into other income [Note]	Other decrease	Closing balance	Related to assets/income
facilities and sewage pipe network engineering projects						
Development, demonstration and application of time of flight mass spectrometry for soft ionization-high resolution on-line detection of atmospheric VOCS	354,166.67		141,666.72		212,499.95	Related to assets
Research and application of water quality and environment monitoring technology	1,400,000.00		466,666.68		933,333.32	Related to assets
R&D and application project of water quality comprehensive toxicity rapid monitoring instrument based on electrochemically active microorganisms		2,320,000.00	890,000.00		1,430,000.00	Related to assets
Urban and rural domestic waste transfer, kitchen waste resource utilization and harmless treatment projects	10,847,931.04		388,620.69		10459310.35	Related to assets
Xiantao sludge harmless treatment plant	17,700,000.00		610,344.83		17,089,655.17	Related to assets
Subsidies for enterprise technological transformation	714,285.72		142,857.14		571,428.58	Related to assets
Subsidies for key projects of enterprise intelligent transformation of 2018 and 2020	1,527,957.44		203,061.88		1,324,895.56	Related to assets
Funds for provincial "Kunpeng Action" plan	1,055,749.60	800,000.00	360,917.96		1,494,831.64	Related to assets
Incremental tax incentives for technological transformation	7,586,240.00		948,280.00		6,637,960.00	Related to assets
The second batch of awards for rental housing in the high-tech zone	5,743,156.33		165,270.68		5,577,885.65	Related to assets
The third batch of municipal subsidies for technological transformation of industrial enterprises	4,562,500.00		500,000.00		4,062,500.00	Related to assets
The fifth batch of special funds for raising manufacturing power in Hunan Province	1,000,000.00		297,520.66		702,479.34	Related to assets
Special funds for air pollution prevention and control	800,000.00		100,000.00		700,000.00	Related to assets
Special subsidies for construction and application of industrial	416,444.76		94,781.44		321,663.32	Related to assets

Items	Opening balance	Increase	Grants included into other income [Note]	Other decrease	Closing balance	Related to assets/income
Internet platform						
The third batch of special funds for raising manufacturing power in Hunan Province of 2021	416,444.76		94,781.44		321,663.32	Related to assets
The fourth batch of special funds for raising manufacturing power in Hunan Province of 2021	129,558.22		13,381.99		116,176.23	Related to assets
Special funds for provincial modern service industry of Hi-tech District	94,689.87		28,569.01		66,120.86	Related to assets
Integrated construction of intelligent equipment and intelligent sanitation services of Infore Zoomlion		30,400,000.00	304,680.09		30,095,319.91	Related to assets
The second batch of subsidized loans for industrial technology transformation in Changsha of 2021		1,939,750.00	68,421.52		1,871,328.48	Related to assets
The fifth batch of special funds for raising manufacturing power in Hunan Province of 2022		1,000,000.00			1,000,000.00	Related to assets
Central special construction supporting funds for Kaili PPP Project	10,000,000.00			10,000,000.00		Related to income
<b>Total</b>	<b>101,635,992.65</b>	<b>37,339,750.00</b>	<b>8,085,032.61</b>	<b>10,000,000.00</b>	<b>120,890,710.04</b>	

Note: Please refer to section V (IV) 3 of notes to the financial statements for details on government grants included into profit or loss.

### 39. Other non-current liabilities

Items	Closing balance	Opening balance
Central special construction funds	8,333,333.33	
<b>Total</b>	<b>8,333,333.33</b>	

### 40. Share capital

#### (1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total share	3,175,734,760.00	3,770,799.00				3,770,799.00	3,179,505,559.00

#### (2) Other remarks

Current increase was due to:

1) the subscription of 3,761,991 shares by a total of 107 equity incentive targets according to the “Proposal on Matters Related to the Second Exercise Period of the Phase III Stock Option Incentive Plan” implemented by the Company in the current period. As of December 31, 2022, the Company had actually received payments for subscription of 23,399,331.66 yuan from equity incentive targets, with share capital increased by 3,761,991 yuan, capital reserve (share premium) increased by 19,637,568.02 yuan and

financial expenses increased by 227.36 yuan.

2) conversion of convertible corporate bonds with par value of 71,600 yuan into the Company's ordinary A shares of 8,808 shares, with capital premium (share premium) recognized at 66,691.53 yuan.

#### 41. Other equity instruments

(1) Please refer to section V (I) 34 of notes to financial statements for basic information of convertible corporate bonds outstanding at the balance sheet date.

(2) Current period movements of convertible corporate 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	14,761,313	266,929,289.24			716	12,947.44	14,760,597	266,916,341.80
Total	14,761,313	266,929,289.24			716	12,947.44	14,760,597	266,916,341.80

Note: As of December 31, 2022, convertible corporate bonds with par value of 71,600 yuan had been converted into ordinary A shares, with other equity instruments decreased by 12,947.44 yuan accordingly.

#### 42. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	9,718,763,486.07	19,704,259.55	133,857,421.38	9,604,610,324.24
Other capital reserve	54,032,377.68	3,868,552.56		57,900,930.24
Total	9,772,795,863.75	23,572,812.11	133,857,421.38	9,662,511,254.48

(2) Other remarks

1) Current increase of capital premium (share premium) was mainly due to:

a. increase of capital premium (share premium) of 19,637,568.02 yuan. Please refer to section V (I) 40 of notes to the financial statements for details;

b. conversion of convertible corporate bonds with par value of 71,600 yuan into the Company's ordinary A shares of 8,808 shares, resulting in the recognition of capital premium (share premium) of 66,691.53 yuan;

2) Current decrease of capital premium (share premium) was mainly due to:

a. completion of the Company's phase II employee stock ownership plan in 2022 through transfer of shares in the Company's repurchase special security account and centralized bidding in secondary market, and 46,410,852 shares was transferred from the Company's repurchase special security account, resulting in the decrease of capital reserve of 132,175,661.99 yuan.

b. difference of -1,681,759.39 yuan between the consideration for acquisition of 5% of equity of the subsidiary Liling Zhaoyang Environmental Protection Co., Ltd. dated April 30, 2022 and the proportionate share in net assets continuously calculated from the acquisition date or combination date while acquiring long-term equity investments.

3) Current increase of other capital reserve was due to stock option incentive expenses of 4,039,069.40 yuan recognized based on the equity incentive plan, with 3,868,552.56 yuan included in capital reserve – other capital reserve and 170,516.84 yuan included in non-controlling interest. Please refer to section XI of notes to the financial statements for details.

#### 43. Treasury shares

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
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Treasury shares	455,303,777.91		361,170,982.74	94,132,795.17
Total	455,303,777.91		361,170,982.74	94,132,795.17

(2) Other remarks

Pursuant to the 17th extraordinary meeting of the ninth session of the Board of Directors dated March 17, 2022 and the “Proposal on the ‘Phase II Employee Stock Ownership Plan (Revised Draft)’ and its Summary” deliberated and approved by shareholders’ meeting of 2021 dated May 24, 2022 and related proposals, the phase II employee stock ownership plan was planned to acquire shares of the Company through acquisition of repurchased shares, purchase from the secondary market (including but not limited to centralized bidding and block trading) and other method permitted by laws and regulations. In 2022, 46,410,852 shares were transferred from the Company’s repurchase special security account, which resulted in the decrease of treasury shares of 361,170,982.74 yuan.

#### 44. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative						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	Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	
OCI not to be reclassified subsequently to profit or loss	-4,280,000.00	-350,000.00			-350,000.00			-4,630,000.00
Including: Changes in fair value of other equity instrument investments	4,280,000.00	350,000.00			-350,000.00			4,630,000.00
Total	4,280,000.00	350,000.00			-350,000.00			4,630,000.00

#### 45. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund		8,693,981.54	8,693,981.54	

#### 46. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	296,754,883.56	18,369,884.36		315,124,767.92
Total	296,754,883.56	18,369,884.36		315,124,767.92

(2) Other remarks

Current increase of 18,369,884.36 yuan was due to the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in the current period.

47. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Opening balance	3,874,934,971.69	3,558,688,885.55
Add: Net profit attributable to owners of the parent company	418,794,179.13	752,792,198.66
Less: Appropriation of statutory surplus reserve	18,369,884.36	64,052,940.00
Dividend payable on ordinary shares	312,052,376.40	372,493,172.52
Closing balance	3,963,306,890.06	3,874,934,971.69

(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	12,206,399,059.56	9,429,679,886.47	11,808,597,210.09	9,196,610,154.21
Other operations	49,593,878.86	39,830,944.80	57,694,401.36	35,588,414.96
Total	12,255,992,938.42	9,469,510,831.27	11,866,291,611.45	9,232,198,569.17
Including: Revenue from contracts with customers	12,253,033,163.91	9,467,213,554.61	11,865,905,141.65	9,232,078,451.86

(2) Breakdown of revenue from contracts with customers by main categories

1) Breakdown of revenue by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Intelligent sanitation	10,242,746,845.76	8,023,297,059.91	9,237,262,348.48	7,255,659,678.83
Other businesses	2,010,286,318.15	1,443,916,494.70	2,628,642,793.17	1,976,418,773.03
Subtotal	12,253,033,163.91	9,467,213,554.61	11,865,905,141.65	9,232,078,451.86

2) Breakdown of revenue by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Domestic	12,234,221,595.20	9,451,301,571.85	11,823,070,767.91	9,196,686,878.55
Overseas	18,811,568.71	15,911,982.76	42,834,373.74	35,391,573.31
Subtotal	12,253,033,163.91	9,467,213,554.61	11,865,905,141.65	9,232,078,451.86

3) Breakdown of revenue by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	6,705,692,980.49	7,936,363,900.72
Recognized over time	5,547,340,183.42	3,929,541,240.93
Subtotal	12,253,033,163.91	11,865,905,141.65

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
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Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	27,686,507.84	20,078,805.96
Education surcharge	12,075,573.31	8,704,420.76
Housing property tax	9,759,719.80	6,991,844.08
Land use tax	8,282,959.61	8,241,902.89
Local education surcharge	7,807,835.47	5,684,439.06
Stamp duty	7,540,686.80	3,049,851.77
Vehicle and vessel use tax	1,481,678.21	1,380,035.94
Environmental protection tax	50,061.01	10,786.17
Others		1,728.81
Total	74,685,022.05	54,143,815.44

### 3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	340,290,000.65	320,344,321.96
Marketing expenses and agency fees	221,534,865.64	203,886,678.86
Business entertainment	47,320,675.86	45,787,322.29
Office expenses	39,159,155.49	52,439,230.50
Expenses for tendering and bidding	33,479,432.56	27,560,842.44
Vehicle usage fees	27,886,649.81	34,084,353.47
Business travelling expenses	22,889,790.05	29,426,404.02
Depreciation and amortization	8,871,711.08	1,634,177.49
After-sales service expenses	8,427,436.37	6,529,791.01
Share-based payments	789,290.58	2,009,420.94
Others	12,321,839.86	15,131,028.07
Total	762,970,847.95	738,833,571.05

### 4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	325,720,014.09	308,636,988.29
Depreciation and amortization	92,377,339.97	90,950,246.67
Office expenses	49,435,534.41	57,223,541.20
Business entertainment	47,088,220.88	44,724,844.78
Agency consulting fees	38,554,467.66	30,647,767.32
Vehicle usage fees	15,346,887.97	10,477,269.96
Business travelling expenses	9,732,527.31	13,652,785.76
Repair fees	2,863,363.74	2,929,951.84

Items	Current period cumulative	Preceding period comparative
Share-based payments	1,905,828.75	4,002,420.59
Others	26,577,495.45	22,107,591.16
Total	609,601,680.23	585,353,407.57

#### 5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	248,961,357.20	159,381,200.38
Direct inputs	40,506,455.35	58,423,533.28
Other expenses	50,336,437.55	41,705,479.82
Share-based payments	971,457.24	3,108,913.81
Total	340,775,707.34	262,619,127.29

#### 6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenses	170,568,834.86	149,868,429.63
Interest income	-86,389,951.68	-107,324,690.38
Gains and losses on foreign exchange	-3,056,908.33	2,001,825.46
Others	20,717,449.06	14,059,239.82
Total	101,839,423.91	58,604,804.53

#### 7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets [Note]	8,085,032.61	4,481,738.05	8,085,032.61
Government grants related to income [Note]	93,590,019.49	76,124,682.16	72,183,009.21
Refund of handling fees for withholding individual income tax	429,102.26	748,344.55	429,102.26
Extra deduction of input VAT	17,460,524.12	2,186,407.75	17,460,524.12
Total	119,564,678.48	83,541,172.51	98,157,668.20

Note: Please refer to section V (IV) 3 of notes to the financial statements for details on government grants included into other income.

#### 8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	8,548,481.77	36,885,135.08
Investment income from disposal of long-term equity investments		8,040,787.90
Gains from fair value remeasurement at the time of obtaining control [Note]	51,896,314.25	
Investment income from financial products	19,091,108.25	29,170,261.66

Items	Current period cumulative	Preceding period comparative
Performance compensation	-50,000,000.00	163,460,620.00
Losses from debt restructuring	-5,380,200.00	
Gains of factoring of accounts receivable without recourse right	-65,918,373.23	
Others	296,543.34	2,377,190.95
Total	-41,466,125.62	239,933,995.59

Note: It mainly refers to the combination of Lianjiang Company achieved in stages. For the equity of the acquiree held before the purchase date, it is remeasured at the fair value of the equity on the purchase date, with the difference between the fair value and its carrying amount recognized as current investment income.

#### 9. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets		-73,146,774.32
Gains or losses on ineffective portion of outstanding fair value hedges		72,100.27
Total		-73,074,674.05

#### 10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-103,391,907.05	-95,707,579.99
Credit guarantee loss	-1,445,255.37	-2,668,240.03
Total	-104,837,162.42	-98,375,820.02

#### 11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-15,053,708.82	-21,599,097.67
Impairment loss of goodwill	-296,010,591.93	-194,617,014.59
Impairment loss of other non-current assets (quality guarantee reserve)	2,080,536.79	-10,144,746.27
Impairment loss of contract assets	-1,192,023.34	-5,154,976.05
Impairment loss of non-current assets due within one year (quality guarantee reserve)		575,338.66
Impairment loss of development expenditures	-2,822,707.36	
Total	-312,998,494.66	-230,940,495.92

#### 12. 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	301,250.20	-2,254,626.67	301,250.20
Gains on disposal of intangible assets	10,073.29		10,073.29
Gains on disposal of construction in progress		1,092,784.45	
Gains on disposal of right-of-use assets	221,473.23		221,473.23

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Total	532,796.72	-1,161,842.22	532,796.72

13. 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	8,797.04	883,148.89	8,797.04
Penalty and confiscatory income	9,298,430.37	5,865,087.13	9,298,430.37
Others	3,491,008.49	3,279,788.40	3,491,008.49
Total	12,798,235.90	10,028,024.42	12,798,235.90

14. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on damage or retirement of non-current assets	2,913,020.22	1,424,842.60	2,913,020.22
Donation expenditures	2,302,553.92	2,446,175.58	2,302,553.92
Local water conservancy construction special fund	409,764.78	3,814,764.68	
Penalty and confiscatory expenses	6,695,894.28	3,454,356.96	6,695,894.28
Others	1,626,755.62	646,314.24	1,626,755.62
Total	13,947,988.82	11,786,454.06	13,538,224.04

15. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	110,132,217.76	102,531,906.08
Deferred income tax expenses	-13,168,974.08	-49,028,417.97
Total	96,963,243.68	53,503,488.11

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	556,255,365.25	852,702,222.65
Income tax expenses based on tax rate applicable to the parent company	139,063,841.31	213,175,555.66
Effect of different tax rate applicable to subsidiaries	-14,174,894.59	-120,536,448.40
Effect of prior income tax reconciliation	2,488,907.40	-16,697,363.73
Effect of non-taxable income	-10,408,754.85	-14,748,654.06
Effect of non-deductible costs, expenses and losses	10,640,861.01	5,653,209.37
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-3,001,651.62	-37,647,884.38
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	20,910,057.40	57,511,538.80
Effect of extra deduction	-49,866,353.99	-33,206,465.15

Items	Current period cumulative	Preceding period comparative
Difference between deferred and current income tax rates	1,311,231.61	
Income tax expenses	96,963,243.68	53,503,488.11

16. Other comprehensive income, net of income tax

Please refer to section V (I) 44 of notes to the financial statements for details.

(III) Notes to items of the consolidated cash flow statement

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	385,183,093.29	528,970,066.36
Receipts of government grants	112,106,818.35	64,060,624.96
Receipts of security deposits	109,630,599.89	123,421,879.05
Recovery of petty cash and temporary advance payment receivable	76,785,785.58	47,474,118.30
Temporary receipts payable	152,028,816.71	77,741,104.34
Receipts of interest income	48,011,644.19	34,375,977.08
Receipts of factoring payment and principal of finance lease	1,128,899,220.36	1,177,976,505.96
Receipt of principal and interest of time deposits	67,760,782.25	714,576,527.78
Recovery of current accounts from Foshan Yingtong Electrical Materials Co., Ltd.		99,092,452.39
Others	16,659,857.72	56,549,504.20
Total	2,097,066,618.34	2,924,238,760.42

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	130,498,826.74	386,586,903.23
Operating period expenses	807,025,083.75	564,282,900.37
Payments for security deposits	64,966,788.26	64,552,986.72
Payments for petty cash and temporary advance payment receivable	120,806,495.16	75,087,728.42
Payments for factoring and principal of finance lease	1,181,778,621.41	1,322,074,716.14
Temporary receipts payable	80,648,317.53	120,319,766.85
Time deposits		50,000,000.00
Others	10,338,831.68	23,965,454.05
Total	2,396,062,964.53	2,606,870,455.78

3. Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	5,398,900,000.00	4,730,043,650.04

Items	Current period cumulative	Preceding period comparative
Receipts of special government funds for PPP projects		60,000,000.00
Receipts of futures margin		12,531,843.01
Receipts of principal and interest of call loans	2,961,000.00	47,541,031.18
Total	5,401,861,000.00	4,850,116,524.23

#### 4. Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Purchase of financial products	5,398,900,000.00	4,728,990,700.00
Payments of margin for futures trading		23,440,407.33
Payments for equity exchange deposit to Property Rights Exchange Center		36,000,000.00
Net cash outflows from disposal of subsidiaries		1,450,610.39
Total	5,398,900,000.00	4,789,881,717.72

#### 5. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Receipts of payments for employee stock ownership plan	228,995,320.75	180,000,000.00
Factoring of accounts receivable with recourse right	17,309,890.84	49,479,996.55
Receipts of call loans	44,250,000.00	3,600,000.00
Total	290,555,211.59	233,079,996.55

#### 6. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Repurchase of treasury shares		446,383,180.08
Payments for factoring service fees and handling fees	14,049,209.58	1,059,316.17
Payments for rents	6,227,752.76	6,345,974.18
Recovery of call loans	57,303,692.00	
Prepaid IPO listing expenses	5,703,500.00	
Payments for employee stock ownership plan	180,112,670.02	
Others		364,129.20
Total	263,396,824.36	454,152,599.63

#### 7. Supplementary information to the cash flow statement

##### (1) 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	459,292,121.57	799,198,734.54

Supplementary information	Current period cumulative	Preceding period comparative
Add: Provision for assets impairment loss	417,835,657.08	329,316,315.94
Depreciation of fixed assets, oil and gas assets, productive biological assets	217,634,741.39	169,587,581.86
Depreciation of right-of-use assets	7,064,171.89	5,929,711.33
Amortization of intangible assets	458,736,681.20	364,198,624.40
Amortization of long-term prepayments	8,520,526.60	12,295,429.49
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-614,542.02	1,161,842.22
Fixed assets retirement loss (Less: gains)	2,904,223.18	541,693.71
Losses on changes in fair value (Less: gains)		73,074,674.05
Financial expenses (Less: gains)	177,688,052.22	133,836,548.78
Investment losses (Less: gains)	-24,239,932.54	-240,822,713.67
Decrease of deferred tax assets (Less: increase)	-4,814,568.19	-14,295,043.84
Increase of deferred tax liabilities (Less: decrease)	-8,354,405.89	-44,875,587.45
Decrease of inventories (Less: increase)	226,633,956.56	-51,110,526.14
Decrease of operating receivables (Less: increase)	-409,725,335.43	632,657,980.48
Increase of operating payables (Less: decrease)	129,881,870.69	-1,398,299,495.83
Others [Note]	4,039,069.40	36,822,950.26
Net cash flows from operating activities	1,662,482,287.71	809,218,720.13
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	4,580,665,245.99	4,118,746,885.72
Less: Cash at the beginning of the period	4,118,746,885.72	4,657,826,099.23
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	461,918,360.27	-539,079,213.51

Note: Others refer to share-based payments and unrealized finance income of long-term receivables.

(2) Net cash payments for acquisition of subsidiaries in the current period

Items	Current period cumulative
Cash and cash equivalents paid in the current period as consideration for business combination in the current period	94,000,002.00
Including: Yolsh Company	10,000,002.00
Lianjiang Company	84,000,000.00
Less: Cash and cash equivalents held by subsidiaries on the purchase date	10,192,488.26

Items	Current period cumulative
Including: Yolsh Company	5,299,149.95
Lianjiang Company	4,893,338.31
Net cash payments for acquisition of subsidiaries in the current period	83,807,513.74

(3) Net cash receipts from disposal of subsidiaries in the current period

Items	Current period cumulative
Cash and cash equivalents received in the current period for subsidiary disposal in the current period	
Less: Cash and cash equivalents held by subsidiaries at the loss-of-control date	
Add: Cash and cash equivalents received in the current period for subsidiary disposal in prior periods	115,100,000.00
Including: Foshan Yingtong Electrical Materials Co., Ltd.	115,100,000.00
Net cash receipts from disposal of subsidiaries in the current period	115,100,000.00

(4) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	4,580,665,245.99	4,118,746,885.72
Including: Cash on hand	84,414.54	89,806.02
Cash in bank on demand for payment	4,580,210,453.03	4,118,371,038.72
Other cash and bank balances on demand for payment	370,378.42	286,040.98
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	4,580,665,245.99	4,118,746,885.72
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

On December 31, 2022, balance of cash and bank balances amounted to 4,728,203,530.46 yuan, while balance of cash and cash equivalents amounted to 4,580,665,245.99 yuan. The difference of 147,538,284.47 yuan included deposit for notes of 46,878,240.34 yuan, deposit for letters of guarantee of 87,619,095.60 yuan, engineering deposits of 927,865.56 yuan, ETC deposits of 3,000.00 yuan, deposits for buyer's credit of 901,432.50 yuan, deposits for land reclamation of 1,000,832.05 yuan, funds frozen due to lawsuits of 1,100,000.00 yuan and engineering escrow accounts that are not available for separate use of 9,107,818.42 yuan, which was not cash and cash equivalents.

(5) Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	1,631,967,302.20	498,785,469.51
Including: Payments for goods	1,463,149,825.79	411,289,567.42
Payments for acquisition of long-term assets, such as fixed assets	168,817,476.41	87,495,902.09

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	147,538,284.47	Deposits, escrow accounts, frozen due to litigation preservation
Accounts receivable	276,390,131.13	Pledged
Notes receivable – bank acceptance	2,732,733.00	Endorsed or discounted but undue
Notes receivable – trade acceptance	5,422,499.62	Endorsed or discounted but undue
Receivables financing	42,293,141.00	Pledged
Long-term receivables and non-current assets due within one year	66,716,222.75	Factoring financing with recourse right
Fixed assets	477,655,980.05	Mortgaged
Intangible assets	47,082,404.81	Mortgaged
100% equity of Funan Company	69,631,957.01	Pledged [Note]
100% equity of Poyang Green Oriental Renewable Energy Co., Ltd.	80,733,192.59	
50% equity of Lianjiang Company	68,922,363.62	
100% equity of Biyang County Fenghe New Energy Power Co., Ltd.	105,525,597.14	
25% equity of Lianjiang Company	34,461,181.81	Frozen due to litigation preservation
Total	1,425,105,689.00	

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

## 2. 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			
Including: USD	4,694,035.77	6.9646	32,692,081.52
EUR	3,015,012.99	7.4229	22,380,139.92
HKD	2,719,595.11	0.8933	2,429,414.31
Accounts receivable			
Including: EUR	1,061,170.00	7.4229	7,876,958.79

## 3. Government grants

### (1) Details

#### 1) Government grants related to assets

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Xiantao sludge harmless treatment plant	17,700,000.00		610,344.83	17,089,655.17	Other income	Pursuant to the documents numbered Xian Fa Gai Huan Zi [2019] 116 and [2019] 150.
Investment plan on the construction of ecological civilization of 2020 within the central budget	2,200,000.00	880,000.00	94,189.60	2,985,810.40	Other income	Pursuant to the document numbered Zhu Fa Gai Tou Zi [2020] 204.
No. 2 Sewage Treatment Plant and supporting pipe network projects in Daban Town, Bahrain Right	7,660,000.00			7,660,000.00	Other income	Pursuant to the document numbered Chi Cai Zhi Zi Huan [2019] 814.

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Banner						
Special subsidies for Xiantao waste power generation project	9,936,051.24		726,531.48	9,209,519.76	Other income	Pursuant to the documents numbered E Cai Jian Fa [2015] 199 and Huai Fa Gai Zi Huan [2016] 188.
Shouxian domestic waste incineration power plant project	13,034,666.58		1,002,666.73	12,031,999.85	Other income	Pursuant to the documents numbered Huai Fa Gai Zi Huan [2016] 188 and Cai Jian [2017] 569.
Urban sewage and garbage treatment facilities and sewage pipe network engineering projects	4,456,150.42		441,822.07	4,014,328.35	Other income	Pursuant to the document numbered Fa Gai Huan Zi [2015] 431.
Development, demonstration and application of time of flight mass spectrometry for soft ionization-high resolution on-line detection of atmospheric VOCS	354,166.67		141,666.72	212,499.95	Other income	Pursuant to the document numbered Shun Ke Fa [2021] 29.
Research and application of water quality and environment monitoring technology	1,400,000.00		466,666.68	933,333.32	Other income	Pursuant to the document numbered Fo Ke [2021] 27.
R&D and application project of water quality comprehensive toxicity rapid monitoring instrument based on electrochemically active microorganisms		2,320,000.00	890,000.00	1,430,000.00		Pursuant to the document numbered Yue Ke Zi Zi [2022] 145.
Urban and rural domestic waste transfer, kitchen waste resource utilization and harmless treatment projects	10,847,931.04		388,620.69	10,459,310.35	Other income	Pursuant to the document numbered Xian Fa Gai Huan Zi [2020] 84.
Subsidies for enterprise technological transformation	714,285.72		142,857.14	571,428.58	Other income	Pursuant to the document numbered Chang Gao Xin Guan Fa [2017] 33.
Subsidies for key projects of enterprise intelligent transformation of 2018 - 2020	1,527,957.44		203,061.88	1,324,895.56	Other income	Pursuant to the document numbered Qu Wei Ban [2019] 36.
Funds for provincial "Kunpeng Action" plan	1,055,749.60	800,000.00	360,917.96	1,494,831.64	Other income	Pursuant to the document numbered Zhe Wei Ban Fa [2020] 8.
Incremental tax incentives for technological transformation	7,586,240.00		948,280.00	6,637,960.00	Other income	Pursuant to the document numbered Xiang Gong Xin Tou Zi [2019] 57.
The second batch of awards for rental housing in the high-tech zone	5,743,156.33		165,270.68	5,577,885.65	Other income	Pursuant to the document numbered Chang Zhu Zu Tong [2020] 5.

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
The third batch of municipal subsidies for technological transformation of industrial enterprises	4,562,500.00		500,000.00	4,062,500.00	Other income	Pursuant to the document numbered Chang Gong Xin Tou Zi Fa [2020] 72.
The fifth batch of special funds for raising manufacturing power in Hunan Province	1,000,000.00		297,520.66	702,479.34	Other income	Pursuant to the document numbered Xiang Cai Qi Zhi [2019] 72.
Special funds for air pollution prevention and control	800,000.00		100,000.00	700,000.00	Other income	Pursuant to the document numbered Chang Cai Zi Huan Zhi [2019] 41.
Special subsidies for construction and application of industrial Internet platform	416,444.76		94,781.44	321,663.32	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2021] 62.
The third batch of special funds for raising manufacturing power in Hunan Province of 2021	416,444.76		94,781.44	321,663.32	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2021] 54.
The fourth batch of special funds for raising manufacturing power in Hunan Province of 2021	129,558.22		13,381.99	116,176.23	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2021] 55.
Special funds for provincial modern service industry of Hi-tech District	94,689.87		28,569.01	66,120.86	Other income	Pursuant to the document numbered Chang Fa Gai Fu Wu [2020] 284.
Integrated construction of intelligent equipment and intelligent sanitation services of Infore Zoomlion		30,400,000.00	304,680.09	30,095,319.91	Other income	Special funds for the integration of advanced manufacturing and modern service industries of 2021 from National Development and Reform Commission.
The second batch of subsidized loans for industrial technology transformation in Changsha of 2021		1,939,750.00	68,421.52	1,871,328.48	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 15.
The fifth batch of special funds for raising manufacturing power in Hunan Province of 2022		1,000,000.00		1,000,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 53.
Subtotal	91,635,992.65	37,339,750.00	8,085,032.61	120,890,710.04		

2) Government grants related to income and used to compensate future relevant costs, expenses or losses

Items	Opening balance of deferred income	Increase	Amounts carried forward	Decrease	Closing balance of deferred income	Amounts carried forward presented under	Remarks
Central special construction supporting funds for Kaili PPP Project	10,000,000.00			10,000,000.00		Other non-current liabilities	Pursuant to the "Agreement on the Appropriation of Central Special Construction Funds for PPP Project Phase II of Kaili Municipal Domestic

Items	Opening balance of deferred income	Increase	Amounts carried forward	Decrease	Closing balance of deferred income	Amounts carried forward presented under	Remarks
							Waste Collection and Transportation System”.
Subtotal	10,000,000.00			10,000,000.00			

2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amount	Presented under	Remarks
VAT refund	18,822,951.14	Other income	
Enterprise supporting funds	15,420,000.00	Other income	Pursuant to the document numbered Yong Mei Bao Jing [2019] 10.
Subsidies for new energy vehicles	9,558,600.00	Other income	Pursuant to the document numbered Chang Zheng Ban Han [2019] 11.
Subsidies for energy conservation and emission reduction of 2022	7,300,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 16.
Subsidies for “Kunpeng Action” plan	6,200,000.00	Other income	Pursuant to the document numbered Zhe Wei Ban Fa [2020] 8.
Subsidies for stabilizing employment	3,850,018.51	Other income	Pursuant to the document numbered Ren She Bu Fa [2022] 31.
Realization of industrial policies of Hi-tech District of 2021	3,600,000.00	Other income	Pursuant to the “Notice on Applying for Supporting Items under Changsha Hi-tech District Policy in 2021”.
Funds for ecological torch plan of Changsha intelligent vehicle industry	2,703,100.00	Other income	Pursuant to the document numbered Chang Zheng Ban Fa [2020] 12.
Special funds for raising manufacturing power in Hunan Province	2,500,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 45.
Subsidies for sludge treatment	2,584,059.14	Other income	Pursuant to the document numbered Shun Guan [2010] 238.
Awards for purchasing local auxiliary products	2,100,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 50.
Promotion and application of new energy vehicles in 2020 and previous years	2,000,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 54.
R&D fund awards	1,692,000.00	Other income	Pursuant to the document numbered Xiang Ke Ji [2021] 13.
Subsidies for stabilizing employment and entrepreneurship	1,411,493.00	Other income	Pursuant to the document numbered Yue Ren She Gui [2021] 12.
Subsidies for strong cluster chains	1,000,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
The second batch of awards for talent and science and technology	1,000,000.00	Other income	Pursuant to the document numbered Chang Ke Fa [2021] 3.
Subsidies for talent policy	2,000,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
Capital market supporting awards	1,000,000.00	Other income	Pursuant to the document numbered Qu Wei [2016] 53.
Awards for enterprises above designated scale	950,000.00	Other income	Pursuant to the documents numbered Fo Gong Xin Han [2021] 517, [2022] 439, [2021] 382, and Shun Jing Han [2022] 234, [2021] 629.
Awards for enterprise cultivation	600,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
Awards for military-civilian integration policy	468,551.00	Other income	Pursuant to the document “Notice on Carrying Out the Implementation of Military-civilian Integration Policy in Shangyu District in 2021”.
Subsidies for high-level talents	359,982.22	Other income	Pursuant to the document numbered Yu Qu Ren Ling [2017] 2.
Subsidies for stabilizing employment of Hi-tech District	269,000.00	Other income	Pursuant to the document numbered Chang Gao Xin Guan Fa [2022] 4.

Items	Amount	Presented under	Remarks
The second batch of subsidies and awards for accredited hi-tech enterprises in Changsha of 2020	200,000.00	Other income	Pursuant to the document numbered Chang Ke Fa [2019] 51.
Provincial air quality ecological compensation funds	200,000.00	Other income	Pursuant to the document numbered E Cai Huan Fa [2021] 31.
Awards for Changsha green manufacturing system construction project of 2021	200,000.00	Other income	Pursuant to the document numbered Chang Cai Qi Zhi [2022] 43.
Awards for frontrunner of average benefit per mu	200,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
Subsidies for vocational skill enhancement	186,960.00	Other income	Pursuant to the document numbered Shao Shi Ren She Fa [2020] 9.
Subsidies for talent program	150,000.00	Other income	Pursuant to the document numbered Fo Zu Tong [2022] 49.
Awards for academician workstations	150,000.00	Other income	Pursuant to the document numbered Shao Shi Ke Xie [2021] 10.
Awards for acceleration of scientific and technological innovation and modern service industry	130,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
Industrial and trade economic development incentives	101,200.00	Other income	Pursuant to the document numbered Cao Gong Wei [2019] 166.
Awards for accreditation projects under scientific and technological innovation policy	90,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2021] 57.
Subsidies for employment and internship of college students	34,665.20	Other income	Pursuant to the document numbered Qu Wei [2019] 52.
Enterprise supporting funds	30,000.00	Other income	Pursuant to the document numbered Zhu Fa Gai Tou Zi [2020] 204.
Other piecemeal subsidies	4,527,439.28	Other income	
Subtotal	93,590,019.49		

(2) In the current period, government grants included into profit or loss totaled 101,675,052.10 yuan.

## VI. Changes in the consolidation scope

(I) Business combination not under common control

1. Business combination not under common control in the current period

(1) Basic information

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method
Yolsh Company	4/30/2022	50,000,002.00	70.00	Business combination not under common control
Lianjiang Company	9/17/2015	43,750,000.00	35.00	Business combination not under common control
	2/28/2022	120,000,000.00	50.00	

(Continued)

Acquirees	Acquisition date	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end
Yolsh Company	4/30/2022	The equity transfer is completed and relevant handover procedures are finished	49,388,868.87	-8,190,158.87
Lianjiang Company	2/28/2022		42,873,081.36	2,537,111.74

2. Combination costs and goodwill

(1) Details

Items	Yolsh Company	Lianjiang Company
Combination costs	50,000,002.00	240,000,000.00
Cash	50,000,002.00	120,000,000.00
Acquisition-date fair value of equity held before the acquisition date		120,000,000.00
Total combination costs	50,000,002.00	240,000,000.00
Less: Share of fair value of net identifiable assets acquired	36,610,769.39	193,967,982.16
Goodwill	13,389,232.61	46,032,017.84

3. Acquisition-date identifiable assets and liabilities of acquirees

(1) Details

Items	Yolsh Company [Note]		Lianjiang Company	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets				
Cash and bank balances	5,299,149.95	5,299,149.95	4,893,338.31	4,893,338.31
Notes receivable	271,130.00	271,130.00		
Accounts receivable	15,757,462.39	15,757,462.39	29,888,953.53	29,888,953.53
Receivables financing	840,948.31	840,948.31		
Advances paid	562,705.85	562,705.85	66,217.14	66,217.14
Other receivables	7,910,153.57	7,910,153.57	4,615,314.47	4,615,314.47
Inventories	20,099,445.54	20,099,445.54	3,094,224.43	3,094,224.43
Contract assets	34,495.56	34,495.56		
Other current assets			3,492,951.91	3,492,951.91
Fixed assets	17,428,908.65	17,428,908.65	2,186,840.34	2,186,840.34
Construction in progress	4,454,334.01	4,454,334.01	3,796,874.62	3,796,874.62
Right-of-use assets	1,931,035.27	1,931,035.27		
Intangible assets	1,196,518.08	1,196,518.08	325,069,114.54	205,069,114.54
Long-term prepayments	512,670.00	512,670.00	2,798,988.13	2,798,988.13
Deferred tax assets			196,637.85	196,637.85
Other non-current assets	655,300.17	655,300.17	9,551.32	9,551.32
Liabilities				
Short-term borrowings	15,534,884.77	15,534,884.77		
Accounts payable	21,185,688.75	21,185,688.75	36,364,819.11	36,364,819.11
Contract liabilities	2,412,975.42	2,412,975.42		
Employee benefits payable	1,897,556.15	1,897,556.15	986,052.40	986,052.40
Taxes and rates payable	209,143.28	209,143.28	4,660,003.12	4,660,003.12
Other payables	41,383,842.93	41,383,842.93	25,979,380.96	25,979,380.96
Other current liabilities	313,686.80	313,686.80		

Items	Yolsh Company [Note]		Lianjiang Company	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Lease liabilities	1,217,134.58	1,217,134.58		
Long-term payables	2,368,245.54	2,368,245.54		
Long-term borrowings			88,150,768.84	88,150,768.84
Deferred tax liabilities			30,000,000.00	
Capital increase by shareholders [Note]	61,870,000.00			
Net assets	52,301,099.13	-9,568,900.87	193,967,982.16	103,967,982.16
Less: Non-controlling interest				
Net assets acquired	52,301,099.13	-9,568,900.87	193,967,982.16	103,967,982.16

Note: On April 30, 2022, the Company's subsidiary Guangdong Infore Environmental Investment Co., Ltd. acquired part of the equity of Yolsh Company at a consideration of 2 yuan, and increased its capital by 61.87 million yuan together with original shareholders after the acquisition, which were considered as a bundled transaction, and these two transactions as a whole are considered as one transaction for obtaining the control in the accounting treatment.

#### 4. Gains/Losses on fair value remeasurement of equity held before the acquisition date

Acquirees	Acquisition-date carrying amount of equity held before the acquisition date	Acquisition-date fair value of equity held before the acquisition date	Gains/Losses on fair value remeasurement of equity held before the acquisition date	Determination method and major assumptions on acquisition-date fair value of equity held before the acquisition date	Changes in other comprehensive income/equity related to equity held before the acquisition date transferred to investment income/ retained earnings
Lianjiang Company	32,103,685.75	84,000,000.00	51,896,314.25	Purchase price	

#### (II) Changes in the consolidation scope due to other reasons

##### 1. Entities brought into the consolidation scope

No.	Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
1	Shaodong Tongying Environmental Sanitation Management Co., Ltd.	Set up	1/7/2022	283,200.00	100.00
2	Xiangyin County Yingsheng Environmental Protection Co., Ltd.	Set up	1/24/2022	500,000.00	100.00
3	Shengzhou Yinglia Environmental Sanitation Management Co., Ltd.	Set up	1/19/2022	100,000.00	100.00
4	Guilin Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	1/28/2022	[Note]	100.00
5	Guiyang Yinglian Environmental Equipment Co., Ltd.	Set up	2/11/2022	[Note]	100.00
6	Taicang Zhongying Environmental Technology Co., Ltd.	Set up	2/21/2022	[Note]	100.00
7	Baoding Yinghe Environmental Sanitation Management Co., Ltd.	Set up	2/28/2022	500,000.00	100.00
8	Wenshui County Yingsheng Environmental Sanitation Service Co., Ltd.	Set up	2/16/2022	500,000.00	100.00
9	Maoming Yinghe Urban Environmental Sanitation Service Co., Ltd.	Set up	1/4/2022	7,000,000.00	100.00
10	Wushan County Tongying Environmental Sanitation Service Co., Ltd.	Set up	2/14/2022	500,000.00	100.00

No.	Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
11	Harbin Tongying Environmental Sanitation Management Co., Ltd.	Set up	3/23/2022	200,000.00	100.00
12	Pengshui County Yingchuang Environmental Sanitation Service Co., Ltd.	Set up	3/11/2022	500,000.00	100.00
13	Bengbu Tongying Environmental Sanitation Management Co., Ltd.	Set up	1/29/2022	200,000.00	100.00
14	Daye Tongying Environmental Service Co., Ltd.	Set up	4/11/2022	100,000.00	100.00
15	Urumqi Lianying Urban Environmental Service Co., Ltd.	Set up	6/2/2022	2,000,000.00	100.00
16	Baoting Tongying Environmental Sanitation Service Co., Ltd.	Set up	6/8/2022	100,000.00	100.00
17	Zhaoqing Duanzhou District Zhongying Urban Environmental Management Co., Ltd.	Set up	5/25/2022	[Note]	100.00
18	Zhanjiang Development Zone Zhongying Urban Environmental Service Co., Ltd.	Set up	6/10/2022	1,000,000.00	100.00
19	Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	Set up	5/27/2022	100,000.00	100.00
20	Xingguo County Yinghe Environmental Sanitation Management Co., Ltd.	Set up	6/9/2022	300,000.00	100.00
21	Huaibei Tongying Environmental Sanitation Management Co., Ltd.	Set up	4/12/2022	33,000,000.00	100.00
22	Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.	Set up	6/21/2022	[Note]	100.00
23	Shaoyang Tongying Environmental Sanitation Service Co., Ltd.	Set up	5/10/2022	100,000.00	100.00
24	Jianli Yinglian Environmental Sanitation Management Co., Ltd.	Set up	4/29/2022	100,000.00	100.00
25	Suzhou Gusu District Zhongying Environmental Industry Co., Ltd.	Set up	6/9/2022	[Note]	100.00
26	Guangzhou Zengcheng District Yinghe Urban Environmental Service Co., Ltd.	Set up	5/24/2022	[Note]	100.00
27	Baishan Yingyuan Environmental Service Engineering Co., Ltd.	Set up	6/9/2022	200,000.00	100.00
28	Shenzhen Longhua District Yinglian Urban Service Co., Ltd.	Set up	7/5/2022	3,000,000.00	100.00
29	Guzhang County Yinglian Environmental Sanitation Management Co., Ltd.	Set up	6/28/2022	7,200,000.00	100.00
30	Changshu Zhongying Environmental Sanitation Service Co., Ltd.	Set up	4/26/2022	[Note]	100.00
31	Suining Anju Yinglian Environmental Sanitation Service Co., Ltd.	Set up	7/7/2022	200,000.00	100.00
32	Jieyang Yingdong Urban Environmental Management Co., Ltd.	Set up	7/7/2022	[Note]	100.00
33	Tongdao Yinglian Jiamei Environmental Industry Co., Ltd.	Set up	7/5/2022	2,652,000.00	51.00
34	Heyang Yinglian Urban Environmental Service Co., Ltd.	Set up	7/19/2022	1,000,000.00	100.00
35	Ninghai County Tongying Environmental Sanitation Management Co., Ltd.	Set up	8/10/2022	100,000.00	100.00
36	Zhanjiang Potou District Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	8/24/2022	[Note]	100.00
37	Liaoyang Yinglian Urban Environmental Sanitation	Set up	8/10/2022	3,000,000.00	100.00

No.	Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
	Management Co., Ltd.				
38	Linqing Yinglian Urban Environmental Service Co., Ltd.	Set up	8/3/2022	1,000,000.00	100.00
39	Zhanjiang Xiashan District Yinghe Urban Environmental Management Co., Ltd.	Set up	8/8/2022	[Note]	100.00
40	Haicheng Zhongying Environmental Sanitation Management Co., Ltd.	Set up	9/8/2022	8,000,000.00	100.00
41	Foshan Shunde District Yingjia Urban Environmental Service Co., Ltd.	Set up	9/5/2022	1,680,000.00	70.00
42	Xiamen Yingsheng Environmental Service Co., Ltd.	Set up	9/8/2022	500,000.00	100.00
43	Nanfeng Yingniang Environmental Sanitation Management Co., Ltd.	Set up	9/15/2022	255,000.00	51.00
44	Tengchong Yinglian Environmental Protection Technology Co., Ltd.	Set up	9/22/2022	200,000.00	100.00
45	Chuzhou Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	10/20/2022	500,000.00	100.00
46	Fuyang Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	10/14/2022	300,000.00	100.00
47	Changsha Zhiying Environmental Sanitation Management Co., Ltd.	Set up	10/9/2022	300,000.00	60.00
48	Foshan Shunde District Yingzhi Smart City Environmental Service Co., Ltd.	Set up	12/14/2022	[Note]	100.00
49	Pingdingshan Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	11/10/2022	[Note]	100.00
50	Chenzhou Zhongying Environmental Service Co., Ltd.	Set up	11/21/2022	600,000.00	100.00
51	Zhenfeng Yinglian Environmental Sanitation Management Co., Ltd.	Set up	12/6/2022	[Note]	100.00
52	Linfen Yaodu District Yingsheng Environmental Sanitation Management Co., Ltd.	Set up	12/12/2022	[Note]	100.00
53	Fuyang Zhiying Environmental Sanitation Management Co., Ltd.	Set up	11/24/2022	300,000.00	100.00
54	Chengdu Yinggang Urban Environmental Sanitation Service Co., Ltd.	Set up	12/7/2022	[Note]	100.00
55	Foshan Shunde District Yingteng Smart City Environmental Service Co., Ltd.	Set up	12/9/2022	1,500,000.00	100.00
56	Qingyang County Yinghe Environmental Sanitation Management Co., Ltd.	Set up	11/30/2022	[Note]	100.00
57	Changsha Fenglan Environmental Protection Technology Co., Ltd.	Set up	1/26/2022	[Note]	100.00
58	Changsha Infore Environmental Industry Co., Ltd.	Set up	1/6/2022	[Note]	100.00
59	Hubei Fenghe New Materials Co., Ltd.	Set up	9/26/2022	[Note]	100.00
60	Heyang Zhongying Environmental Sanitation Management Co., Ltd.	Set up	9/19/2022	[Note]	100.00
61	Lanling County Lianying Environmental Sanitation Service Co., Ltd.	Set up	11/4/2022	1,000,000.00	100.00
62	Pingdingshan Yinghe Environmental Sanitation Management Co., Ltd.	Set up	11/30/2022	[Note]	100.00
63	Shenzhen Infore City Service Intelligent Technology Co., Ltd.	Set up	3/25/2022	[Note]	100.00

No.	Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
64	Guangdong Infore Mobile Charging Technology Co., Ltd.	Set up	1/12/2022	[Note]	100.00
65	Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	Set up	8/12/2022	200,000.00	100.00
66	Changfeng County Yinghe Environmental Sanitation Management Co., Ltd.	Set up	12/16/2022	[Note]	100.00

Note: As of December 31, 2022, these companies' registered capitals have not been contributed.

## 2. Entities excluded from the consolidation scope

Entities	Equity disposal method	Equity disposal date
Zoomlion Heavy (Ningxia) Environmental Industry Co., Ltd.	Cancellation	3/14/2022
Guangdong Yinglian Urban Environmental Management Co., Ltd.	Cancellation	6/15/2022
Dali County Zoomlion Environmental Industry Co., Ltd.	Cancellation	6/17/2022
Kunming Zhongfeng Environmental Sanitation Equipment Co., Ltd.	Cancellation	7/26/2022
Changsha Fenglan Environmental Protection Technology Co., Ltd.	Cancellation	7/25/2022
Foshan Yinghe Investment Co., Ltd.	Cancellation	11/18/2022

## VII. Interest in other entities

### (I) Interest in significant subsidiaries

#### 1. Significant subsidiaries

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shangfeng Industrial Company	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Fan equipment manufacturing and others	60.20		Business combination not under common control
Green Oriental Company	Shenzhen, Guangdong	Shenzhen, Guangdong	Environmental monitoring and solid waste treatment	70.00		Business combination not under common control
Funan Company	Funan, Anhui	Funan, Anhui	Environmental monitoring and solid waste treatment		70.00	Business combination not under common control
Xiantao Green Oriental Environmental Power Generation Co., Ltd. (the "Xiantao Company")	Xiantao, Hubei	Xiantao, Hubei	Environmental monitoring and solid waste treatment		70.00	Business combination not under common control
Shouxian Green Oriental New Energy Co., Ltd. (the "Shouxian Company")	Shouxian, Anhui	Shouxian, Anhui	Environmental monitoring and solid waste treatment		70.00	Business combination not under common control
Xiantao Yinghe Environmental Protection Co., Ltd.	Xiantao, Hubei	Xiantao, Hubei	Environmental monitoring and solid waste treatment	74.88	5.70	Set up
Infore Technology Company	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment	100.00		Set up
Foshan Infore Environmental Water Treatment Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment	100.00		Business combination not under common control

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Huaqingyuan Company	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Foshan Shunde District Huaying Environmental Water Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Foshan Shunde Huabo Environmental Water Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Zoomlion Environmental Company	Changsha, Hunan	Changsha, Hunan	Smart sanitation	100.00		Business combination under common control
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Smart sanitation		100.00	Set up
Fujian Nan'an Infore Urban Environmental Service Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Smart sanitation		80.00	Set up
Zhangjiajie Zoomlion Environmental Industry Co., Ltd.	Zhangjiajie, Hunan	Zhangjiajie, Hunan	Smart sanitation		90.00	Set up
Cili County Zoomlion Huabao Environmental Industry Co., Ltd.	Cili, Hunan	Cili, Hunan	Smart sanitation		60.00	Set up
Hanshou Zoomlion Environmental Industry Co., Ltd.	Hanshou, Hunan	Hanshou, Hunan	Smart sanitation		90.00	Set up
Longhui County Zoomlion Environmental Industry Co., Ltd.	Longhui, Hunan	Longhui, Hunan	Smart sanitation		100.00	Set up
Shimen Zoomlion Environmental Industry Co., Ltd.	Shimen, Hunan	Shimen, Hunan	Smart sanitation		90.00	Set up
Ningbo Infore Finance Lease Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Finance lease	99.31	0.69	Set up

(II) 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
Liling Zhaoyang Environmental Protection Co., Ltd.	April 2022	85.00%	90.00%

2. Effect of transactions on non-controlling interest and equity attributable to parent company

Items	Liling Zhaoyang Environmental Protection Co., Ltd.
Acquisition costs	
Cash	12,000,000.00
Total acquisition costs	12,000,000.00
Less: Share in subsidiaries' net assets based on acquired net assets proportion	10,318,240.61

Items	Liling Zhaoyang Environmental Protection Co., Ltd.
Balance	1,681,759.39
Including: Capital reserve adjusted	1,681,759.39

(III) Interest in joint ventures or associates

1. Significant 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/ March to December 2021
	Foshan Yingtong Electrical Materials Co., Ltd.	Foshan Yingtong Electrical Materials Co., Ltd.
Current assets	1,089,506,862.74	1,217,742,853.56
Non-current assets	201,274,064.95	207,896,682.32
Total assets	1,290,780,927.69	1,425,639,535.88
Current liabilities	691,609,958.01	785,232,779.36
Non-current liabilities	520,544.08	543,576.58
Total liabilities	692,130,502.09	785,776,355.94
Non-controlling interest	68,425,663.17	72,189,124.88
Equity attributable to owners of parent company	530,224,762.44	567,674,055.06
Proportionate share in net assets	259,810,133.60	278,160,286.98
Adjustments		
Others	-30,876,879.51	-27,872,012.67
Carrying amount of investments in associates	228,933,254.09	250,288,274.31
Operating revenue	2,238,921,694.12	2,995,793,551.09
Net profit	-44,464,542.43	13,526,119.01

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	447,896,705.75	353,292,507.00
Net profit	31,671,037.49	31,596,860.77
Other comprehensive income		
Total comprehensive income	31,671,037.49	31,596,860.77

## VIII. 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, 6, 8, 11, and 23 of the notes to the financial statements for details on the reconciliation statement of opening balance and closing balance of provision for losses 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

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, 2022, 9.38% (December 31, 2021: 6.62%) of the total accounts receivable 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	2,918,155,689.70	3,064,480,800.96	795,179,666.92	725,728,644.01	1,543,572,490.03
Held-for-trading financial liabilities					
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

(Continued)

Items	December 31, 2021				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,510,063,715.18	2,890,446,695.70	903,057,645.84	823,095,870.05	1,164,293,179.81
Held-for-trading financial liabilities					
Notes payable	2,468,799,189.71	2,468,799,189.71	2,468,799,189.71		
Accounts payable	2,960,061,508.33	2,960,061,508.33	2,960,061,508.33		
Other payables	683,714,082.05	683,714,082.05	683,714,082.05		
Lease liabilities	23,838,477.91	26,991,613.43	5,689,725.04	9,207,622.33	12,094,266.06

Items	December 31, 2021				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Long-term payables	315,735,814.91	315,735,814.91			315,735,814.91
Bonds payable	1,254,962,176.00	1,573,618,113.60	7,380,948.00	11,809,516.80	1,554,427,648.80
Subtotal	10,217,174,964.09	10,919,367,017.73	7,028,703,098.97	844,113,009.18	3,046,550,909.58

(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. 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, 2022, balance of borrowings with interest accrued at floating interest rate totaled 1,755,696,317.89 yuan (December 31, 2021: 1,287,312,619.35 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) 2 of notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

## IX. 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			107,316,593.41	107,316,593.41
2. Other equity instrument investments			15,702,971.01	15,702,971.01
Total assets at recurring fair value measurement			123,019,564.42	123,019,564.42

(II) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. For receivables financing, the Company uses specific valuation techniques to determine its fair value based on its par value.
2. For other equity instrument investments, the Company uses specific valuation techniques to determine its fair value.

## X. 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% equity of the Company, and indirectly holds 32.02% 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% equity of the Company, and indirectly holds 43.33% 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 current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Associate of the Company
Guangdong Shunkong Environmental Investment Co., Ltd.	Associate of the Company
Guangdong Tianshu New Energy Technology Co., Ltd.	Associate of the Company
Shenzhen Yingmei City Housekeeper Co., Ltd.	Associate of the Company
China Urban Institute (Beijing) Environmental Technology Co., Ltd.	Associate of the Company
Lianjiang Company	[Note 1]
Shantou Zoomlion Ruikang Environmental Sanitation 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
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Chongqing Sanfeng Urban Environmental Service Co., Ltd. [Note 2]	Associate of the Company’s subsidiary Zoomlion Environmental Company
Yichun Development Investment Lianfeng Environmental Industry Co., Ltd. [Note 3]	Associate of the Company’s subsidiary Zoomlion Environmental Company
Guangdong Liangke Environmental Engineering Co., Ltd.	Associate of Guangdong Infore Environmental Investment Co., Ltd.
Foshan Yingtong Electrical Materials Co., Ltd.	Associate of Guangdong Infore Environmental Investment Co., Ltd.
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	Associate of the Company’s subsidiary Zoomlion Environmental Company
Beijing Xingyun Zhixing Technology Co., Ltd.	Associate of Guangdong Infore Environmental Investment Co., Ltd.

Note 1: In March 2022, the Company acquired 50% of the equity of Lianjiang Company, and it was changed from an associate to a subsidiary after then. Transactions with it from January 1, 2021 to February 28, 2022 are disclosed as related party transactions.

Note 2: Zoomlion Environmental Company disposed all the equity of Chongqing Sanfeng Urban Environmental Service Co., Ltd. in July 2020, and it was still disclosed as a related party one year after its disposal. Transactions with it from January to July 2021 were disclosed.

Note 3: Zoomlion Environmental Company disposed all the equity of Yichun Development Investment Lianfeng Environmental Industry Co., Ltd. in October 2020, and it was still disclosed as a related party one year after its disposal. Transactions with it from January to October 2021 were disclosed.

4. Other related parties of the Company

Related parties	Relationships with the Company
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Related parties	Relationships with the Company
Ningbo Infore Asset Management Co., Ltd.	Shareholder holding more than 5% of the Company's shares, which is also under the control of the actual controller
Zoomlion Heavy Industry Co., Ltd.	Shareholder holding more than 5% of the Company's shares
Guangdong Infore Material Technology Co., Ltd.	Controlled by the actual controller
Foshan Shunde District Yinghai Investment Co., Ltd.	Controlled by the actual controller
Shenzhen Infore Smart Technology Co., Ltd.	Controlled by the actual controller
Midea Group Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Electric Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Refrigeration Equipment Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Building Technologies Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea HVAC Equipment Co., Ltd.	Controlled by immediate family of the actual controller
Wuhu Welling Motor Sales Co., Ltd.	Controlled by immediate family of the actual controller
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Anhui Meizhi Precision Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Controlled by immediate family of the actual controller
Foshan Welling Washing Motor Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Meizhi Precision Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Welling Motor Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Ande Zhilian Technology Co., Ltd.	Controlled by immediate family of the actual controller
Foshan Shunde District Midea Hotel Management Co., Ltd.	Controlled by immediate family of the actual controller
Chongqing Midea General Refrigeration Equipment Co., Ltd.	Controlled by immediate family of the actual controller
Wuxi Feiling Electronics Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Midea Kitchen and Bathroom Appliance Manufacturing Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Bomei Property Service Co., Ltd.	Controlled by immediate family of the actual controller
Ningbo Midea Property Management Co., Ltd.	Controlled by immediate family of the actual controller
Guangdong Weiqi Electrical Materials Co., Ltd. [Note]	Controlled by the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Liaoning Donggang Magnet Wire Co., Ltd. [Note]	Controlled by the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Anhui Weiqi Electrical Materials Co., Ltd. [Note]	Controlled by the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Zoomlion Hengtong Machinery Co., Ltd.	Associate of the Company's shareholder Zoomlion Heavy Industry Co., Ltd.
Qianxi Jinjiang Sanitation Service Co., Ltd.	Investee of the Company's subsidiary Zoomlion Environmental Company
Green Oriental Investment Holdings Co., Ltd.	Non-controlling shareholder of the subsidiary
Jin Taotao	Board Secretary

Note: The Company disposed 51% of the equity of the former subsidiary Foshan Yingtong Electrical Materials Co., Ltd. (parent

company of Anhui Weiqi Electrical Materials Co., Ltd., Guangdong Weiqi Electrical Materials Co., Ltd., and Liaoning Donggang Magnet Wire Co., Ltd.) in February 2021, and it was changed from a subsidiary to an associate after then. Transactions with it from March 1, 2021 to December 31, 2022 are disclosed as related party transactions.

(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 transaction	Current period cumulative	Preceding period comparative
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Materials	9,239,400.36	4,255,866.47
Guangdong Shunkong Environmental Investment Co., Ltd.	Labor services	9,909,911.14	10,008,420.70
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Materials	10,847,784.36	17,487,345.13
Guangdong Tianshu New Energy Technology Co., Ltd.	Materials	7,638,710.54	4,008,257.44
Guangdong Liangke Environmental Engineering Co., Ltd.	Labor services	1,415,094.34	825,471.70
Zoomlion Heavy Industry Co., Ltd.	Materials	105,493,871.91	165,728,113.90
Ande Zhilian Technology Co., Ltd.	Labor services		74,500.00
Foshan Shunde District Midea Hotel Management Co., Ltd.	Labor services	180,887.93	875,868.89
Ningbo Midea Property Management Co., Ltd.	Labor services	516,713.84	101,650.94
Subtotal		145,242,374.42	203,365,495.17

(2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Lianjiang Company	Goods and labor services		2,071,112.39
Guangdong Tianshu New Energy Technology Co., Ltd.	Goods and factoring	90,942,152.84	36,664,775.29
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	65,565.12	70,430.81
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	589,792.61	3,516,958.41
Chongqing Sanfeng Urban Environmental Service Co., Ltd.	Goods		3,499,292.04
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Goods		49,417.06
Guangdong Liangke Environmental Engineering Co., Ltd.	Goods and factoring	781,333.30	-9,569,059.05
Zoomlion Heavy Industry Co., Ltd.	Goods	1,995,580.83	4,446,362.79
Guangdong Midea HVAC Equipment Co., Ltd.	Goods	543,008.85	
Guangdong Bomei Property Service Co., Ltd.	Goods and labor services	3,118,410.25	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	Goods and labor services	6,862,177.99	
Guangdong Infore Material Technology Co., Ltd.	Goods		222,817.99
Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	Goods and labor services		18,308,649.75
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Goods and labor services		4,253,728.91

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Anhui Meizhi Precision Manufacturing Co., Ltd.	Goods		74,788,944.90
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Goods		8,273,640.64
Foshan Welling Washing Motor Manufacturing Co., Ltd.	Goods		4,739,447.22
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Goods		8,689,087.00
Guangdong Meizhi Precision Manufacturing Co., Ltd.	Goods		67,835,355.54
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Goods and labor services		64,391,718.91
Guangdong Welling Motor Manufacturing Co., Ltd.	Goods		143,985.09
Wuxi Feiling Electronics Co., Ltd.	Goods		434,430.62
Qianxi Jinjiang Sanitation Service Co., Ltd.	Goods		19,276.10
Yichun Development Investment Lianfeng Environmental Industry Co., Ltd.	Goods		48,038,229.26
Anhui Weiqi Electrical Materials Co., Ltd.	Goods and factoring	416,492.94	877,546.38
Guangdong Weiqi Electrical Materials Co., Ltd.	Factoring	1,873,184.56	1,824,062.44
Liaoning Donggang Magnet Wire Co., Ltd.	Factoring	124,354.60	1,947,698.76
Foshan Yingtong Electrical Materials Co., Ltd.	Factoring	233,830.19	
Subtotal		107,545,884.08	345,537,909.25

## 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	988,266.74	

### (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		1,256,323.04		63,604.54
Shenzhen Infore Smart Technology Co., Ltd.	Office building	840,509.43			

(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

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		1,211,475.03	3,095,959.57	17,392.41
Shenzhen Infore Smart Technology Co., Ltd.	Office building	460,904.20			

### 3. Related party guarantees

The Company and its subsidiaries as guaranteed parties

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature	Remarks
Anhui Weiqi Electrical Materials Co., Ltd.	40,000,000.00	6/28/2022	6/28/2023	No	None
Anhui Weiqi Electrical Materials Co., Ltd.	20,000,000.00	6/21/2022	6/21/2023	No	None
Anhui Weiqi Electrical Materials Co., Ltd.	30,000,000.00	5/10/2022	5/10/2023	No	None
Anhui Weiqi Electrical Materials Co., Ltd.	20,000,000.00	2/17/2022	2/17/2023	No	None
Liaoning Donggang Magnet Wire Co., Ltd.	5,000,000.00	7/22/2022	7/21/2023	No	[Note]
Liaoning Donggang Magnet Wire Co., Ltd.	10,000,000.00	8/22/2022	8/21/2023	No	

Note: These guaranteed loans were also provided with mortgaged guarantee by Liaoning Donggang Magnet Wire Co., Ltd. with its buildings and structures with cost of 30,603,925.53 yuan and net value of 8,306,077.76 yuan, and its land use right with cost of 9,747,692.64 yuan and net value of 6,536,721.11 yuan.

### 4. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	6,500,407.42	9,318,141.11

### 5. Special agreement on continued implementation of sales contract signed in the name of Zoomlion Heavy Industry Co., Ltd.

Since June 1, 2017, the sanitation business of Zoomlion Heavy Industry Co., Ltd. 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 Co., Ltd., Zoomlion Environmental Company invoiced Zoomlion Heavy Industry Co., Ltd., which will then issue the invoice of the same amount to end customers. The tax-excluded amount of income from such transactions in 2022 is -3,077,570.96 yuan. Zoomlion Environmental Company related such transactions directly to end customers.

### 6. Temporary call loans between related parties

In 2022, Infore Group lent temporary funds to the Company and its subsidiaries, totaling 1.00 billion yuan, which were usually returned within one working day. Therefore, the two parties have not settled the interest on the funds occupied.

### (III) Balance due to or from related parties

#### 1. Balance 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 Shunkong Environmental Investment Co., Ltd.	4,158,567.88	890,025.90	4,202,907.51	420,290.75
	Guangdong Tianshu New Energy Technology Co., Ltd.	200,788,348.94	8,569,313.68	46,417,357.14	1,431,117.86
	Lianjiang Company			378,000.00	18,900.00
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	10,711.00	535.55	7,095.00	354.75
	Guangdong Liangke Environmental Engineering Co., Ltd.	30,000,000.00	450,000.00		
	Zoomlion Heavy Industry Co., Ltd.	665,051.93	126,337.58	365,661.93	36,566.19
	Guangdong Midea Electric Co., Ltd.	54,018.62	54,018.62	54,018.62	54,018.62
	Guangdong Midea Refrigeration Equipment Co., Ltd.	42,819.11	42,819.11	42,819.11	42,819.11
	Guangdong Midea Building Technologies Co., Ltd.	33,413.42	33,413.42	33,413.42	33,413.42
	Guangdong Midea HVAC Equipment Co., Ltd.	233,371.88	51,798.38	42,241.88	42,241.88
	Zoomlion Hengtong Machinery Co., Ltd.			850,000.00	85,000.00
	Guangdong Weiqi Electrical Materials Co., Ltd.	112,174,999.99	1,682,625.00	73,000,000.00	1,136,107.50
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	4,017,898.31	401,789.83	4,502,500.00	225,125.00
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.			55,841.28	2,792.06
	Anhui Weiqi Electrical Materials Co., Ltd.	30,586,839.62	458,802.59	34,300,000.00	530,355.75
	Liaoning Donggang Magnet Wire Co., Ltd.	31,300,000.00	469,500.00	31,000,000.00	485,227.50
	Foshan Yingtong Electrical Materials Co., Ltd.	20,486,000.00	307,290.00		
	Guangdong Bomei Property Service Co., Ltd.	903,500.08	45,175.00		
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	3,762,921.52	188,146.08		
Subtotal		439,218,462.30	13,771,590.74	195,251,855.89	4,544,330.39
Notes receivable	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.			300,000.00	
	Guangdong Midea Kitchen and Bathroom Appliance Manufacturing Co., Ltd.			749,469.98	
	Wuhu Welling Motor Sales Co., Ltd.			111,985.59	
Subtotal			1,161,455.57		
Receivables financing	Zoomlion Heavy Industry Co., Ltd.	200,000.00			
Subtotal		200,000.00			
Advances paid	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.			18,333.33	
	Guangdong Tianshu New Energy Technology Co., Ltd.			32,200.00	
	Shenzhen Yingmei City Housekeeper Co., Ltd.			3,710.00	
	Chongqing Midea General Refrigeration Equipment Co., Ltd.	31,500.00			

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Zoomlion Heavy Industry Co., Ltd.	85,768.19			
Subtotal		117,268.19		54,243.33	
Other receivables	Guangdong Shunkong Environmental Investment Co., Ltd.	1,730,000.00	865,000.00	1,730,000.00	865,000.00
	Lianjiang Company			12,245,069.06	1,562,903.45
	Zoomlion Heavy Industry Co., Ltd.	7,190,173.17	359,508.66	1,160,821.56	58,041.08
	Foshan Shunde District Yinghai Investment Co., Ltd.	205,228.40	102,614.20	205,228.40	61,568.52
	Jin Taotao			1,000,000.00	20,000.00
	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		9,776,986.87	1,511,713.95	16,341,119.02	2,567,513.05
Contract assets	Zoomlion Heavy Industry Co., Ltd.	162,550.00	8,127.50		
Subtotal		162,550.00	8,127.50		
Long-term receivables and non-current assets due within one year	Guangdong Tianshu New Energy Technology Co., Ltd.	5,137,500.01	77,062.50	8,666,666.67	137,425.00
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	3,456,000.00	651,050.00	3,376,732.97	378,762.50
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	7,531,548.45	983,685.27	16,598,713.91	1,656,232.00
Subtotal		16,125,048.46	1,711,797.77	28,642,113.55	2,172,419.50

## 2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	6,033,821.63	750,887.68
	Guangdong Shunkong Environmental Investment Co., Ltd.	993,522.02	310,000.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	6,037,232.82	2,239,549.66
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	7,253,459.78	367,363.53
	Guangdong Liangke Environmental Engineering Co., Ltd.	875,000.00	825,471.70
	Zoomlion Heavy Industry Co., Ltd.	55,248,477.35	88,865,189.93
	Midea Group Co., Ltd.	587,507.93	587,507.93
	Foshan Shunde District Midea Hotel Management Co., Ltd.	80,789.37	105,413.51
Subtotal		77,109,810.90	94,051,383.94
Notes payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	3,002,040.00	668,890.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	520,000.00	2,644,400.00

Items	Related parties	Closing balance	Opening balance
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.		5,184,750.00
	Zoomlion Heavy Industry Co., Ltd.	59,153,632.35	75,448,044.94
Subtotal		62,675,672.35	83,946,084.94
Contract liabilities	Guangdong Tianshu New Energy Technology Co., Ltd.	1,681.42	
	Guangdong Liangke Environmental Engineering Co., Ltd.	987,079.67	987,079.70
	Zoomlion Heavy Industry Co., Ltd.	6,145,050.10	6,081,760.12
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	78,180.53	
Subtotal		7,211,991.72	7,068,839.82
Other payables	Zoomlion Heavy Industry Co., Ltd.	363,559.20	104,612.82
	Green Oriental Investment Holdings Co., Ltd.	21,875,000.00	21,875,000.00
	Guangdong Bomei Property Service Co., Ltd.	5,000.00	5,000.00
	Zoomlion Hengtong Machinery Co., Ltd.	4,300.00	
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,700.00	2,700.00
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	403,654.00	
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.		100,000.00
Subtotal		22,654,213.20	22,087,312.82

## XI. Share-based payment

### (I) Overall information

#### 1. Details

Total equity instruments granted in current period	
Total equity instruments vested in current period	3,761,991.00
Total equity instruments expired in current period	5,504,620.00
The range of exercise prices of stock options outstanding at the end of the period and the remaining contractual life	Phase III stock options: the exercise price is 6.12 yuan/share; after 12 months from the date of grant, if the exercise conditions are met, the incentive targets can exercise by three installments respectively at 30%, 30%, 40% within the next 36 months; as of the report date, the first installment of phase III has expired due to failure in meeting the performance indicators; in the second installment of phase III, 16,409,380.00 shares have been vested, while the rest has due and expired; and the third installment of phase III is still in the vesting period.
The range of exercise prices of other equity instruments at the end of the period and the remaining contractual life	

#### 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 32nd 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 suitable 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 period of the phase III stock option incentive plan, the 19.143 million stock options granted but not yet exercised in the first 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.

According 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 on August 20, 2020, it is agreed to revise the performance appraisal indicators of phase III stock option incentive plan.

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 II and Phase III Stock Option Incentive Plans" deliberated and approved by the 13th meeting of the ninth session of the Board of Directors and the 12th 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 holding subsidiaries due to personal reasons were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the "Phase III Stock Option Incentive Plan (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 13th meeting of the ninth session of the Board of Directors and the 12th 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 14th meeting of the ninth session of the Board of Directors and the 13th 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 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 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 19th meeting of the ninth session of the Board of Directors and the 18th 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 21st meeting of the ninth session of the Board of Directors and the 19th 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 suitable 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.

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

Determination method for grant-date fair value of equity instruments	Stock options: Fair value of the stock options at the grant date 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 with the Company by then will fully exercise their rights
Reasons for significant difference between the estimates in current period and preceding period	None
Capital reserve accumulated due to equity-settled share-based payment	63,871,094.05
Total expenses incurred due to equity-settled share-based payment	4,039,069.40

## XII. Commitments and contingencies

### (I) Significant commitments

As of December 31, 2022, 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, Green Oriental Investment Holdings Co., Ltd., 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 the 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 Green Oriental Investment Holdings Co., Ltd. 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 Green Oriental Investment Holdings Co., Ltd.

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 Green Oriental Investment Holdings Co., Ltd. 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 Green Oriental Investment Holdings Co., Ltd. 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 Green Oriental Investment Holdings Co., Ltd.'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, Green Oriental Investment Holdings Co., Ltd. and Shenzhen Yongsheng Electric Power Equipment Co., Ltd. filed an appeal to the Shenzhen Intermediate People's Court.

As of December 31, 2022, the Company has accrued other payables of 21,875,000.00 yuan due to Green Oriental Investment Holdings Co., Ltd.

## 2. Contingent liabilities incurred by providing debt guarantees for other entities and the financial effect

(1) Please refer to section X 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, 2022, the Company's maximum exposure to these guarantees is 154,811,847.71 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, 2022, the Company's maximum exposure to these guarantees is 302,693,073.88 yuan.

## **XIII. 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 2022” deliberated and approved by the second meeting of the tenth session of the Board of Directors on April 24, 2023, the Company intends to distribute cash dividends of 1.1 yuan (tax inclusive) per 10 shares based on the existing total share capital of 3,166,940,177 shares (net of shares in the Company’s special account for repurchase), with cash dividends distributed totaling 348,363,419.47 yuan.

#### XIV. 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 intelligent sanitation 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	Intelligent sanitation	Other businesses	Inter-segment offsetting	Total
Operating revenue	9,910,820,445.84	2,409,994,016.00	64,821,523.42	12,255,992,938.42
Operating cost	7,708,213,679.79	1,826,058,429.24	64,761,277.76	9,469,510,831.27
Total assets	16,529,487,408.40	31,653,128,611.19	18,911,324,159.61	29,271,291,859.98
Total liabilities	8,411,563,383.89	10,573,528,529.35	7,451,212,742.24	11,533,879,171.00

##### (II) Leases

###### 1. The Company as lessee

(1) Please refer to section V (I) 25 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	10,884,849.01	14,170,570.16
Expense relating to leases of low-value assets (excluding short-term leases)		
Total	10,884,849.01	14,170,570.16

###### (3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	1,337,799.45	1,106,627.08
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	17,112,601.77	20,516,544.34
Gains or losses arising from sale and leaseback transactions		

(2) Please refer to section VIII (II) of the notes to the financial statements for details on maturity analysis of lease payments and related liquidity risk management.

###### 2. The Company as lessor

###### (1) Operating lease

###### 1) Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	1,855,150.51	386,469.80
Including: Income relating to variable lease payments not included in the measurement of the lease liability		

2) Assets leased out under operating leases

Items	Closing balance	December 31, 2021
Investment property	27,105,435.03	1,837,703.68
Subtotal	27,105,435.03	1,837,703.68

Please refer to section V (I) 21 of notes to the financial statements for details on fixed assets leased out under operating leases.

3) 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, 2021
Within 1 year	157,112.00	157,112.00
1-2 years	157,112.00	157,112.00
2-3 years	157,112.00	157,112.00
3-4 years	157,112.00	157,112.00
4-5 years	157,112.00	157,112.00
Over 5 years	157,112.00	314,224.00
Total	942,672.00	1,099,784.00

(2) Finance lease

1) Current period profit or loss related to finance lease

Items	Current period cumulative	Preceding period comparative
Finance income on the net investment in the lease	5,464,955.41	11,787,986.68
Income relating to variable lease payments not included in the measurement of the net investment in the lease		

2) 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, 2021
Within 1 year	58,791,768.45	170,788,078.94
1-2 years	10,723,621.03	52,525,528.58
2-3 years	22,145,694.83	5,998,312.06
3-4 years	6,143,705.02	
4-5 years	1,497,760.00	
Over 5 years	374,440.00	
Total	99,676,989.33	229,311,919.58

3) Reconciliation of undiscounted lease payments to net investment in the lease

Items	Closing balance	December 31, 2021
Undiscounted lease payments	99,676,989.33	229,311,919.58

Less: Unrealized finance income relating to lease payments	5,140,906.34	6,008,062.18
Add: Present value of unguaranteed residual value		
Net investment in the lease	94,536,082.99	223,303,857.40

(III) 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	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	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	No	DBOT & ROT; 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>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.</p>	<p>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 the on-grid electricity price is determined according to the "Power Purchase and Sale Contract".</p>	<p>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 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.</p>		
3	<p>Xin'an, Fuyong and Fuhai Streets Sanitation Integration PPP Project</p>	<p>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 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</p>	<p>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.</p>	<p>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.</p>	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
		period is 15 years (including construction and equipment configuration period of 1 year) from June 1, 2020 to May 31, 2035.				
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 concession period of the project is 30 years (calculated from the date of commercial operation). The first phase has started commercial operation in 2016.	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 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”.	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 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.	No	BOT; intangible assets model
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	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	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,	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>(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. 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>capacity, with the unit price adjusted every three years; while leachate treatment station (Phase II) and the sanitary landfill (fly ash landfill) part are entirely paid by the users. 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.</p>	<p>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 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>		

(IV) Other significant transactions and matters which are influential to investors on their decision-making

1. As of December 31, 2022, 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	11/28/2019	12/31/2023	Financing
Ningbo Infore Asset Management Co., Ltd.	China Minsheng Banking Corporation Limited, Foshan Branch	610,798,429	6/25/2021	3/29/2024	Financing for M&A
Total		710,798,429			

## 2. 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 13th 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 totaling 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, Green Oriental Investment Holdings Co., Ltd. (the “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, the 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, the 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, the 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 the Hong Kong Investment Company entered into the equity pledge contract, stipulating that the 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 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 the 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 the Hong Kong Investment Company.

As Hong Kong Investment Company and Zheng Weixian have not carried out the effective judgment, 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.

3. On April 29, 2022, according to the "Proposal on Spin-off of the Subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for Listing on the ChiNext", "Infore Environment Technology Group Co., Ltd.'s Proposal on the Spin-Off of Its Subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for Listing on the ChiNext (Revised Draft)" deliberated and approved by the 18th meeting of the ninth session of the Board of Directors of the Company, the Company intended to spin off its subsidiary Shangfeng Industrial Company for listing on the ChiNext.

On May 24, 2022, relevant proposals on spin-off of the subsidiary Shangfeng Industrial Company for listing on the ChiNext of the Shenzhen Stock Exchange were deliberated and approved by the Company's shareholders' meeting of 2021.

On June 30, 2022, the Shenzhen Stock Exchange accepted the application documents for the initial public offering of shares and listing on the ChiNext submitted by Shangfeng Industrial Company.

On July 25, 2022, the Shenzhen Stock Exchange issued the "Letter on Review and Inquiry of the Application Documents of Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for IPO and Listing on the ChiNext" (Review Letter [2022] No. 010721). On December 7, 2022, Shangfeng Industrial Company completed the reply to the Shenzhen Stock Exchange's letter on review and inquiry.

On December 15, 2022, the Shenzhen Stock Exchange 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" (Review Letter [2022] No. 011129). On March 17, 2023, Shangfeng Industrial Company completed the reply to the Shenzhen Stock Exchange's letter on the second round of review and inquiry.

At present, the spin-off and listing of shares of Shangfeng Industrial Company is conducted in a steady and orderly manner.

## XV. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

(1) Details

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	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

(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	3,886,958,823.73	100.00	2,953,729.89	0.08	3,884,005,093.84
Total	3,886,958,823.73	100.00	2,953,729.89	0.08	3,884,005,093.84

2) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with performance compensation	113,460,620.00		
Portfolio grouped with balances due from related parties within the consolidation scope	4,347,572,017.16		
Portfolio grouped with ages	33,439,539.20	1,664,734.56	4.98
Including: 1-180 days	27,553,285.28		
180 days-1 year			
1-2 years	829,381.49	82,938.15	10.00
2-3 years	4,763,199.03	1,428,959.71	30.00
3-4 years	205,228.40	102,614.20	50.00
4-5 years	68,445.00	34,222.50	50.00
Over 5 years	20,000.00	16,000.00	80.00
Total	4,494,472,176.36	1,664,734.56	0.04

(2) 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	2,352,013.49	489,925.38	111,791.02	2,953,729.89

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 in the current period				
--Transferred to stage 2	-16,587.63	16,587.63		
--Transferred to stage 3		-476,319.90	476,319.90	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	-2,335,425.86	52,745.04	993,685.49	-1,288,995.33
Provision recovered in the current period				
Provision reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance		82,938.15	1,581,796.41	1,664,734.56

(3) Other receivables categorized by nature

Nature of receivables	Closing book balance	Opening book balance
Security deposits	293,673.40	293,673.40
Temporary advance payment receivable	4,380,717,882.96	3,723,204,530.33
Performance compensation	113,460,620.00	163,460,620.00
Total	4,494,472,176.36	3,886,958,823.73

(4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Ningbo Infore Finance Lease Co., Ltd.	Temporary advance payment receivable	873,908,037.63	1-180 days	19.44	
Guangdong Infore Environmental Investment Co., Ltd.	Temporary advance payment receivable	676,294,343.85	1-180 days	15.05	
Infore Technology Company	Temporary advance payment receivable	596,479,588.99	1-180 days	13.27	
Xiantao Company	Temporary advance payment receivable	265,946,649.13	1-180 days	5.92	
Foshan Infore Environmental Water Treatment Co., Ltd.	Temporary advance payment receivable	174,709,169.42	1-180 days	3.89	
Subtotal		2,587,337,789.02		57.57	

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	16,730,929,074.70		16,730,929,074.70	16,727,278,440.02		16,727,278,440.02
Investments in	345,687,796.45		345,687,796.45	228,769,450.70		228,769,450.70

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
associates and joint ventures						
Total	17,076,616,871.15		17,076,616,871.15	16,956,047,890.72		16,956,047,890.72

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in the current period	Closing balance of provision for impairment
Infore Water Environment Investment Co., Ltd.	113,055,998.06			113,055,998.06		
Foshan Infore Environmental Water Treatment Co., Ltd.	250,020,000.00	44,088.09		250,064,088.09		
Infore Technology Company	132,925,243.41	1,427,658.22		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	899,210.16	88,581.41		987,791.57		
Changsha Zoomlion Environmental Industry Co., Ltd.	15,258,688,696.79	1,488,734.89		15,260,177,431.68		
Shangfeng Industrial Company	200,111,023.93	87,777.12		200,198,801.05		
Green Oriental Company	190,930,453.01	262,464.49		191,192,917.50		
Xiantao Yinghe Environmental Protection Co., Ltd.	103,754,840.00			103,754,840.00		
Lianjiang Company		51,330.46		51,330.46		
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.		200,000.00		200,000.00		
Subtotal	16,727,278,440.02	3,650,634.68		16,730,929,074.70		

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Shenzhen Yingmei City Housekeeper Co., Ltd.	30,000.00			-1,834.71	
Guangdong Tianshu New Energy Technology Co., Ltd.	2,799,486.97			-2,799,486.97	
Tengine Innovation (Beijing) Monitoring	30,205,115.36			-573,592.29	

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Instrument Co., Ltd.					
Guangdong Shunkong Environmental Investment Co., Ltd.	195,734,848.37			28,071,555.61	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.		96,346,250.00		1,040,896.19	
Total	228,769,450.70	96,346,250.00		25,737,537.83	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
Associates						
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,165.29	
Guangdong Tianshu New Energy Technology Co., Ltd.						
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					29,631,523.07	
Guangdong Shunkong Environmental Investment Co., Ltd.		5,165,442.08			218,640,961.90	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.					97,387,146.19	
Total		5,165,442.08			345,687,796.45	

(II) Notes to items of the parent company income statement

1. Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	818,861.05	818,861.05	487,932.74	487,932.74
Total	818,861.05	818,861.05	487,932.74	487,932.74

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	25,737,537.83	24,398,494.78
Investment income from long-term equity investments under cost method	216,137,869.15	427,103,189.89
Investment income from disposal of long-term equity investments		73,073,695.75
Investment income from financial products	193,472.38	2,931,309.05
Performance compensation	-50,000,000.00	163,460,620.00
Others	414,960.00	6,568,573.41

Items	Current period cumulative	Preceding period comparative
Total	192,483,839.36	697,535,882.88

## XVI. Other supplementary information

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss

(1) Details

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-2,289,681.16	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality	1,004,379.44	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	80,268,041.82	
Fund possession charge from non-financial entities and included in profit or loss	1,280,730.46	
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		
Gains on non-cash assets exchange		
Gains on assets consigned to the third party for investment or management	19,091,108.25	Investment income from financial products amounted to 19,091,108.25 yuan.
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring	-5,380,200.00	
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, excluding those arising from hedging business related to operating activities		
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements on taxation, accounting, etc.		
Management charges for consigned operations		
Net other non-operating revenue or expenditures	2,164,235.04	

Items	Amount	Remarks
Other profit or loss satisfying the definition of non-recurring profit or loss	19,785,940.63	It includes gains from refund of handling fees for withholding individual income tax of 429,102.26 yuan; gains from extra deduction of input VAT of 17,460,524.12 yuan; gains from fair value remeasurement at the time of obtaining control of Lianjiang Company of 51,896,314.25 yuan; and reversal of losses arising from performance compensation of the original shareholders of Green Oriental Company of 50,000,000.00 yuan.
Subtotal	115,924,554.48	
Less: Enterprise income tax affected	22,153,064.81	
Non-controlling interest affected (after tax)	-269,278.28	
Net non-recurring profit or loss attributable to shareholders of the parent company	94,040,767.95	

2. The Company recognized “Other profit or loss satisfying the definition of non-recurring profit or loss” based on the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss” issued by China Securities Regulatory Commission, and remarks on exceptions are as follows:

Items	Amount	Reasons
VAT refund	18,822,951.14	Government grants that closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards.
Subsidy for sludge treatment	2,584,059.14	

(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	2.41	0.13	0.13
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	1.87	0.10	0.10

2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	418,794,179.13
Non-recurring profit or loss	B	94,040,767.95
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	324,753,411.18
Opening balance of net assets attributable to shareholders of ordinary shares	D	16,927,565,990.33
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E1	3,761,991.00
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F1	11
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E2	8,808.00
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F2	6
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	312,052,376.40
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	5

Items	Symbols	Current period cumulative	
Others	Net assets attributable to shareholders of ordinary shares increased due to amortization of share-based payments in the current period	I1	3,868,552.56
	Number of months counting from the next month when the net assets were increased to the end of the reporting period	J1	6
	Net assets increased due to the debt-to-equity swap	I2	53,744.09
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J2	6
	Net assets increased due to purchases of the Company's repurchased shares under employee stock ownership plan	I3	228,995,320.75
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J3	4
	Net assets increased due to the vesting of the phase III stock options	I4	19,637,568.02
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J4	11
	Net assets increased due to acquisition of non-controlling interest	I5	-1,681,759.39
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J5	8
	Other equity instrument investments - Shenzhen Infore Environmental Protection Industry M&A Fund	I6	-350,000.00
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J6	6
Number of months in the reporting period	K	12	
Weighted average net assets	$L=D+A/2+E \times F/K - G \times H/K \pm I \times J/K$	17,365,435,652.15	
Weighted average ROE	$M=A/L$	2.41%	
Weighted average ROE after deducting non-recurring profit or loss	$N=C/L$	1.87%	

### 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	418,794,179.13
Non-recurring profit or loss	B	94,040,767.95
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C=A-B$	324,753,411.18
Opening balance of total shares	D	3,175,734,760.00
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	8,808.00
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 increased due to the vesting of stock options	H	3,761,991.00
Number of months counting from the next month when the shares were increased to the end of the reporting period	I	11
Number of months in the reporting period	K	12

Items	Symbols	Current period cumulative
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K+H \times I/K$	3,179,187,656
Basic EPS	$M=A/L$	0.13
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	0.10

(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 24, 2023