



Empowered by Innovation Heading for the Future

Infore Enviro 2025 Annual Report



April 2026

Infore Environment Technology Group Co., Ltd.

2025 Annual Report

Part I Important Notice, Table of Contents and Definitions

The Board of Directors as well as the directors and senior officers of Infore Environment Technology Group Co., Ltd. warrant that the information in this report includes 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, CFO and Director of Finance of the Company, and Wu Shanshan, head of the accounting department (equivalent to accounting manager) of the Company, warrant that the financial statements in the Annual Report are true, accurate and complete.

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

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

The Board has approved a proposal on dividend plan as follows: Based on the total share capital (minus shares in the Company's repurchase account) on the date of record for the 2025 final dividend plan, a cash dividend of RMB 1.30 (tax inclusive) per 10 shares will be distributed to the shareholders, with no conversion of the capital reserve to share capital.

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Documents Available for Reference

(I) Financial statements with signatures and seals of the legal representative of the Company, CFO and Director of Finance of the Company, and head of the accounting department of the Company.

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

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

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

Definitions

Term	means	Definition
CSRC	means	China Securities Regulatory Commission
SZSE	means	Shenzhen Stock Exchange
General Meeting of Shareholders	means	General Meeting 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.
<i>Company Law</i>	means	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	means	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	means	<i>Articles of Association of Infore Environment Technology Group Co., Ltd.</i>

Part II Company Profile and Principal Financial Indicators

I. Company Information

Stock name	Infore Enviro	Stock code	000967
Stock listed on	Shenzhen Stock Exchange		
Chinese name of the Company	盈峰环境科技集团股份有限公司		
Chinese abbreviation of the Company	盈峰环境科技集团		
Foreign name of the Company (if any)	Infore Environment Technology Group Co., Ltd.		
Legal representative of the Company	Ma Gang		
Registered address	1818 Renmin West Road, Dongguan Sub-district, Shangyu District, Shaoxing City, Zhejiang Province, China		
Postal code of registered address	312300		
Historical change in registered address of the Company	On February 29, 2016, the Company changed its registered address to 1818 Renmin West Road, Dongguan Sub-district, Shangyu District, Shaoxing City, Zhejiang Province, China, from Shangpu Town, Shangyu City, Zhejiang Province.		
Office address	No. 8 Huishang Road, Leliu Subdistrict, Shunde District, Foshan City, Guangdong Province		
Postal code of office address	528322		
Official website	www.inforeenviro.com		
E-mail	inforeenviro@infore.com		

II. Contact Details

	Board Secretary	Securities Representative
Name	Huang Junjie	Wang Fei
Address	No. 8 Huishang Road, Leliu Subdistrict, Shunde District, Foshan City, Guangdong Province	No. 8 Huishang Road, Leliu Subdistrict, Shunde District, Foshan City, Guangdong Province
Telephone	0757-26335291	0757-26335291
Fax	0757-26330783	0757-26330783
E-mail	IR@infore.com	IR@infore.com

III. Information Disclosure and Access

Stock exchange website on which the report is published	Shenzhen Stock Exchange: http://www.szse.cn/
Publications and websites on which the report is published	<i>China Securities Journal</i> , <i>Securities Times</i> , <i>Securities Daily</i> , <i>Shanghai Securities Journal</i> , and Cninfo (http://www.cninfo.com.cn/)
Place where the report is lodged	No. 8 Huishang Road, Leliu Subdistrict, Shunde District,

Foshan City, Guangdong Province

IV. Changes to Registered Information

Unified Social Credit Code	913300006096799222
Changes to the Company's principal activities since its listing (if any)	<p>Since it went public in 2000, the Company has changed its business scope five times. Scope of business as at November 18, 1993: the research, development and production of ventilators, air-cooling and water-cooling equipment, air conditioners, refrigerators, quick-freezing equipment, molds and power generators. Export (refer to the documents of approval from the Ministry of Foreign Trade and Economic Cooperation for details). On July 2, 2002, the scope of business expanded to include "metal and plastic-steel composite pipes and profiles". On November 14, 2003, the scope of business expanded to include "environmental engineering". On February 29, 2016, a strategic transformation led to an expansion of the Company's scope of business to: R&D, maintenance, and operation services of environmental monitoring instruments, development, consulting, and services of environmental management technologies, operation services of environmental management facilities; design and construction of environmental engineering, environmental protection engineering, municipal engineering, and water conservancy and other water-related projects, technological development and services for water pollution control, water treatment, and ecological restoration; R&D, sales, and relevant technical consulting services of communication products, network products, mechatronic products, automatic control products, intelligent building and community products, as well as software products; design, development, investment, operation management, and technical consulting services of relevant supporting facilities for the disposal and recycling of municipal waste and solid waste; sales of ventilators and air-cooled, water-cooled, and air conditioning equipment; operation of import and export business; industrial investment, investment management, asset management, and investment consultation. On May 18, 2016, "investment, the operation of import and export business, industrial investment, investment management and asset management" were removed from the Company's scope of business. On June 28, 2019, the Company's scope of business was updated to: R&D, manufacturing, sales, technical consultation, maintenance and operation services of sanitation equipment, special operation robots, new energy vehicles (NEV), environmental monitoring equipment, special equipment for environmental protection, car charging equipment and parts; equipment leasing; design, operations management, technological development and technical services of supporting facilities relating to disposal and recycling of municipal garbage and solid waste; design, construction, operations management, technological development, technical services of environmental engineering, municipal engineering, garden engineering, electric power engineering, water conservancy engineering, water pollution treatment engineering, air pollution treatment engineering, and soil</p>

	remediation engineering; operational cleaning, collection, transportation and treatment services of urban household garbage (operating with license); development, technical consultation and technical services of environmental protection, IoT and Internet technologies; software development and sales; sales of ventilators, air cooling, water cooling and air conditioning equipment; import and export business and investment consultation.
Changes to the Company's controlling shareholders since its incorporation (if any)	1. In 2000, the Company went public, and its largest shareholder was Zhejiang Fan & Air-cooled Equipment Co., Ltd. 2. On February 23, 2006, the former controlling shareholder of the Company, Zhejiang Shangfeng Industry Group Co., Ltd., and the Company's shareholder, Midea Group Co., Ltd., transferred their respective stocks of 9,575,027 shares and 24,897,984 shares to Guangdong Infore Group Co., Ltd. Guangdong Infore Group Co., Ltd. became the Company's largest shareholder. 3. On August 5, 2008, the Company's controlling shareholder, Guangdong Infore Group Co., Ltd. changed its name to "Guangdong Infore Holding Investment Group Co., Ltd." 4. On September 30, 2010, Guangdong Infore Holding Investment Group Co., Ltd. changed its name to "Infore Holding Investment Group Co., Ltd." The latter became the Company's controlling shareholder. 5. On January 4, 2019, the private placement of new shares for the purchase of new assets was made, and the Company issued 1,017,997,382 shares to Ningbo Infore Asset Management Co., Ltd. to acquire its 51% equity interest in Zoomlion Environmental. Ningbo Infore Asset Management Co., Ltd. became the Company's largest shareholder. As at the end of the reporting period, the Company's controlling shareholder was Ningbo Infore Asset Management Co., Ltd.

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	Lin Wang, and Cao Cuijuan

Authorized signatories

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, and Yue Yalan (changed to Shen Ying, and Guan Yuxia on April 15, 2026)	The supervision period will end upon completion of the Company's proceeds investment projects and resolution of all outstanding matters.

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 retroactively adjust or restate previous years' accounting data

Yes No

	2025	2024	YoY change	2023
Operating revenue (RMB)	13,843,807,632.45	13,117,894,323.95	5.53%	12,631,050,967.34
Net profit attributable to the listed company's shareholders (RMB)	549,799,271.94	513,514,275.54	7.07%	498,383,730.00
Net profit attributable to the listed company's shareholders after non-recurring gains and losses (RMB)	518,333,015.66	502,176,740.07	3.22%	444,753,430.22
Net cash flows from operating activities (RMB)	962,875,753.97	1,162,049,481.48	-17.14%	1,385,556,509.49
Basic earnings per share (RMB/share)	0.17	0.16	6.25%	0.16
Diluted earnings per share (RMB/share)	0.17	0.16	6.25%	0.16
Weighted average return on equity	3.16%	2.94%	0.22%	2.88%
	End of 2025	End of 2024	YoY change	End of 2023
Total assets (RMB)	35,435,094,468.33	29,636,330,337.87	19.57%	29,048,201,560.36
Net assets attributable to the listed company's shareholders (RMB)	17,180,499,100.45	17,519,445,625.13	-1.93%	17,437,509,156.73

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

Yes No

During the reporting period, the lower of total audited profit, net profit, and net profit after non-recurring gains and losses is negative

Yes No

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

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

Applicable Not applicable

No such differences during the reporting period.

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

Applicable Not applicable

No such differences during the reporting period.

VIII. Quarterly Principal Financial Indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	3,182,388,273.41	3,280,575,561.09	3,081,293,051.08	4,299,550,746.87
Net profit attributable to the listed company's shareholders	180,673,657.56	201,802,782.28	88,860,133.94	78,462,698.16
Net profit attributable to the listed company's shareholders after non-recurring gains and losses	171,632,428.58	182,611,772.03	86,610,025.10	77,478,789.95
Net cash flows from operating activities	-98,745,652.59	-1,594,104,887.19	-184,077,224.17	2,839,803,517.92

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

Items	Amount in 2025	Amount in 2024	Amount in 2023	Note
Gain or loss for the disposal of non-current assets (inclusive of provisions to write off impaired assets)	-28,415,103.19	-47,196,844.86	-4,146,549.53	—
Government subsidies recognized as gain or loss during the reporting period (exclusive of government subsidies given in the Company's ordinary course of business based on the established criteria and having a continuous impact on the Company's gain or loss as per the government policies or regulations)	70,956,784.40	55,557,305.65	52,966,550.75	—
Gain or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises as well as from the disposal of financial assets and financial liabilities (exclusive of effective hedges that arise in relation to the Company's ordinary business operations)	2,224,899.82	17,102,059.94	—	—

Capital collected from non-financial enterprises that was recognized as gain or loss during the reporting period	1,116,427.49	6,113,509.25	52,623.28	—
Gain or loss on entrusting other parties with investment or asset management	22,649,967.63	24,183,474.63	12,111,406.99	Income from wealth management products: RMB 22,649,967.63
Reversal of provisions for impaired receivables that have been individually tested for impairment	2,272,590.34	10,424,873.13	484,240.00	—
Gain/loss on debt restructuring		-2,318,575.60	-3,130,560.92	—
Operating revenue and expenses other than the above items	-11,996,717.60	-31,994,184.64	9,532,774.64	—
Less: Income tax	24,584,493.76	12,036,883.47	11,730,712.09	—
Minority interest affected (after tax)	2,758,098.85	8,497,198.56	2,509,473.34	—
Total	31,466,256.28	11,337,535.47	53,630,299.78	—

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

Applicable Not applicable

No such cases during the reporting period.

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

Applicable Not applicable

No such cases during the reporting period.

Part III Management Discussion and Analysis

I. Principal Business During the Reporting Period

Infore Enviro (Stock code: 000967) is a technology-based enterprise focused on the integrated development of environmental services and intelligent technologies. The Company is committed to becoming the most respected and trusted leader in providing intelligent equipment and services with cleaning robots at its core. As at the end of the reporting period, the Company had 343 subsidiaries, establishing 3 major industrial bases in Changsha, Foshan, and Shaoxing across the country, and 2 overseas factories in Thailand and Italy, forming a global manufacturing and service network. Operating 22 R&D platforms and 361 service outlets, it provides comprehensive technical support and operational assurance for its business. The Company focuses on urban service business. Leveraging the most complete equipment matrix in the industry and a digital platform hub, it delivers integrated solutions combining "intelligent equipment, smart services, and Smart Sanitation Cloud computing", covering all scenarios of urban cleaning. It has built a complete technological ecosystem spanning front-end intelligent equipment development to back-end smart operation services.

(I) Intelligent equipment

The Company has developed the most comprehensive portfolio of intelligent environmental protection equipment of over 500 models within the industry, providing customers with a wide range of solutions including various traditional cleaning equipment, new energy cleaning equipment, and cleaning robots. The Company's products cover intelligent environmental protection equipment such as cleaning and maintenance equipment, waste collection and transportation equipment, waste compression station equipment, kitchen food waste recycling equipment, and municipal and landscaping equipment, as well as diversified product lines such as aerial work equipment and emergency fire-fighting equipment.

Market performance: The Company has ranked first in domestic environmental protection equipment sales for 25 consecutive years. The Company sold 14,012 units of environmental protection equipment in 2025, a year-on-year increase of 15.1%, with a market share of 21.1%, up nearly 1.8 percentage points year-on-year, according to new-vehicle compulsory liability insurance data (hereinafter referred to as "insurance data") from the National Financial Regulatory Administration. Both the sales volume and the market share of the environmental protection equipment ranked first in the market of the same industry. In 2025, the Company sold 5,245 units of new energy-powered environmental protection equipment, with a market share of 35.0%. The Company has maintained the top position in both sales volume and market share of new energy-powered environmental protection equipment for

four consecutive years.

New Energy-Powered Equipment

Cleaning Sweeper Truck Wet sweeper Garbage Collection and Transfer Truck Integral Station Municipal Vehicle



Washing sweeper



High-pressure cleaning vehicle



Waste compactor



Crocodile-mouth Integrated Recycled Materials Station



Sewage suction truck

Intelligent Driving

Smart Cleaning Robot Small Road Sweeper Small Cleaning Machine Charging Station



Smart Cleaning Robot "Little Bee"



Smart Cleaning Robot "Little Wasp"



"Cyclone" sweeper



Cleaning machine



Charging station

Fuel-Powered Equipment

Wet Sweeper Anti-collision Vehicle Cleaning Vehicle Compression Truck Integral Station



Road sweeper



Anti-collision vehicle



Cleaning vehicle



Waste compactor



Integral station

Garbage Station

Horizontal Direct-Compression Station Horizontal Pre-Compression Station Vertical Direct-Compression Station High-Level Split Station



Horizontal direct-compression station



Horizontal pre-compression station



Vertical direct compression station



High-level split station

Emergency Fire-Fighting

Drainage Vehicle Fire Engine Municipal Vehicle Snow Sweeper



Drainage vehicle



Fire truck



Municipal vehicle



Snow sweeper

Intelligent Aerial Work Platform

Straight-Arm Articulated Scissor Lift Truck-Mounted



Straight-arm



Articulated



Scissor lift



Truck-mounted

(II) Smart services

The Company's smart services segment has developed a diversified, multi-scenario intelligent environmental service system, providing customers with integrated environmental protection solutions. Through a unified architecture of "intelligent equipment + Smart Sanitation Cloud Platform", and leveraging industry-leading smart cleaning robots, new energy-powered environmental protection equipment, and autonomous sanitation vehicles, the Company has achieved a leap from "standalone intelligence" to "cluster coordination". It has restructured its operational logic from human-based calculation to intelligent computing, driving upgrades across the full value chain in terms of workforce efficiency, vehicle efficiency, and cost optimization. This enables precise resource scheduling, rapid emergency response, accurate cost analysis and forecasting, and real-time anomaly alerts, forming a closed-loop management system across all business processes. By building core capabilities of "full-series intelligent equipment + full-scenario smart sanitation" and implementing an "urban steward + sanitation integration" dual strategy, the Company has redefined industry standards for digital smart sanitation operations. The services cover many segments, ranging from road cleaning and maintenance, snow and ice removal, waste collection and transportation, waste sorting, municipal infrastructure maintenance, urban landscaping maintenance, water area cleaning to marine sanitation. Through diversified business models such as government procurement, franchising, and equity cooperation, the Company offers customers integrated one-stop services including planning, design, investment, construction, and operation of environmental sanitation projects.

Market performance: The Company began its foray into the field of urban intelligent cleaning services in 2021 and achieved rapid growth. As at the end of the reporting period, Infore Enviro was running 257 urban service projects, with a total contract amount of RMB 59.382 billion for projects under operation, an annual contract amount of RMB 7.158 billion, and a total amount of RMB 35.440 billion for executory contracts. In 2025, the Company ranked among the top three in the industry in terms of growth in both the total contract value and the annual contract value. The substantial project reserves have created a strong foundation for the Company's sustainable development, positioning it as an industry leader in terms of operational stability.

(III) Smart Sanitation Cloud computing

The Smart Sanitation Cloud computing segment is the core support for the Company's digital transformation. It comprises three business directions: Smart Sanitation Cloud Platform, data annotation, and computing power leasing, aiming to build digital infrastructure for the sanitation industry and empower both intelligent equipment and smart services.

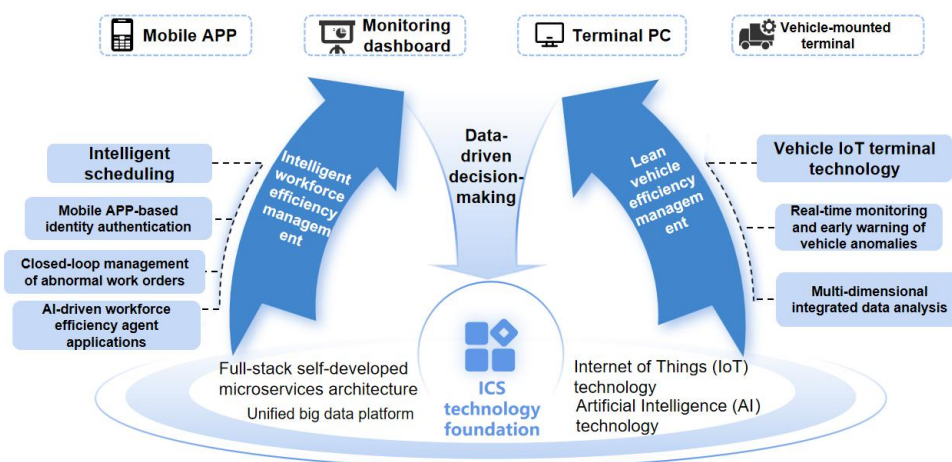
1. Smart Sanitation Cloud Platform

The dual-Smart Sanitation Cloud Platform independently developed by the Company is centered on the ICS2.0 smart operations system and the full-scenario Qiyuan Cloud Brain platform. Leveraging multi-modal large model technology, it builds a dual intelligent engine of "intelligent networking + smart operations", forming a technological foundation that integrates vertical industry data, intelligent algorithms, and AI-driven large models. The Smart Sanitation Cloud Platform is a pioneering platform in

China's sanitation industry. By deploying the independently developed T-BOX remote control terminal, a "terminal, pipeline, and cloud" collaborative system covering autonomous cleaning equipment and traditional operation vehicles is established. It enables real-time interconnection of personnel, vehicles, objects, and tasks in urban services, driving the upgrade of standardized, digital, and intelligent sanitation operation management.

ICS2.0 Smart Operations System

As an industry-first benchmark platform independently developed by the Company, ICS adopts a full-stack self-developed microservices architecture and a unified big data platform. Through applications such as intelligent scheduling, identity authentication, closed-loop management of abnormal work orders, and AI-powered workforce efficiency agents, it comprehensively promotes the transformation of digital operation management. Relying on real-time data acquisition and AI algorithms, the platform enables core business decisions covering cost, resources, and operations to shift from experience-driven judgment to data-driven quantitative analysis. It establishes vehicle anomaly monitoring and early warning mechanisms, along with multi-dimensional integrated data analysis models, providing precise support for scientific decision-making. With "integrated architecture, standardized processes, data-driven decision-making, and transparent services" as its core, the platform builds full-chain digital capabilities spanning "technology–business–decision–service". It provides solid support for the Company's "Digital Urban Services · Technology-Driven Urban Services" strategy and leads the industry into a new stage of full-chain digital development. The system effectively addresses long-standing challenges in the sanitation industry, such as fragmented systems, inconsistent standards, rough decision-making, and complex supervision. With its differentiated advantages of "independent technology development + comprehensive collaboration + intelligent driving + transparent visualization", it establishes core competitiveness in digital transformation and serves as a key digital engine driving the sanitation industry toward lower costs, higher efficiency, and higher quality.



Full-scenario Qiyuan Cloud Brain Platform

With the Infore Qiyuan Cloud Brain platform at its core, the Company has established a full-scenario intelligent operations system and a multi-dimensional urban service network. Leveraging comprehensive drone coverage and dynamic patrols by unmanned vehicles, the platform builds a high-density, multi-dimensional perception network, enabling centimeter-level precision in detecting urban environmental issues, along with intelligent dispatching and efficient resolution. Backed by the low latency and high bandwidth of 5G, front-end sensing data is transmitted in seconds with rapid response, supporting comprehensive intelligent perception. From issue detection, intelligent identification, and decision generation to task dispatching and performance assessment, the entire process is driven by cloud-based data analytics and continuous optimization. The "Cloud Brain", built upon the Company's years of industry experience, massive operation datasets, and deep learning algorithms, enables intelligent decision-making and efficient handling of urban environmental issues. The platform allows intelligent forecasting across multiple scenarios, including road pollution, illegal street vending, exposed waste, and facility damage. Supported by a continuously iterating big data system, predictive models, and intelligent decision-making mechanisms, it coordinates the collaborative operation of intelligent equipment for inspection, cleaning, landscaping, and garbage transfer, forming a complete closed-loop system that fully supports refined and efficient urban governance.



2. Data Annotation

Leveraging the in-house intelligent sanitation robot deployment scenarios, the Company has established a dedicated data annotation team focused on scenario-based data processing. This capability further extends to providing high-quality annotated data to support AI training and intelligent equipment upgrades across various fields. The data annotation business covers multiple

data types, including images, videos, audio, and text.

Building on years of industry experience, standardized management practices, and a strong market reputation, combined with the management expertise of its professional annotation team, the Company has developed a significant competitive advantage in the data annotation sector. The high accuracy and professional quality of the data delivered by the Company have consistently earned strong recognition and trust from its partners. In terms of value contribution, this business not only provides a solid and reliable data foundation for the continuous iteration and optimization of the Company's internal AI models and the technological upgrading of intelligent equipment, but is also actively expanding its service scope by exporting its validated expertise to enterprises and institutions across the industry and related fields. In terms of growth prospects, driven by the explosive demand for high-quality, scenario-based annotated data in the AI industry and smart city sectors, the Company's data annotation business demonstrates strong growth momentum, supported by its mature management system, deep scenario expertise, and continuously expanding service capabilities. This business is expected to evolve into a key pillar supporting the sustained prosperity of the Company's Smart Sanitation Cloud computing ecosystem.

3. Computing Power Leasing

The Company's computing power leasing business adopts an operating model integrating "computing resource aggregation + cloud-based computing services + full lifecycle operations and maintenance", providing customers with efficient, stable, and secure high-performance computing cloud services. By leasing high-performance servers, supporting data center facilities and cabinets, and independently procuring network hardware, the Company establishes large-scale, high-performance computing service centers through network construction, deployment, debugging, and system integration. It provides 24/7 on-site operations and maintenance support and rapid response mechanisms, ensuring efficient scheduling of computing resources and stable service operation, as well as continuous, stable, and high-quality supply of computing capacity.

(IV) Others

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

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

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

The Company's solid waste disposal business primarily encompasses the incineration of domestic waste to generate energy, the landfilling of domestic waste, sewage treatment, the recycling of food waste, low-carbon recycling and utilization of renewable resources, 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, construction waste treatment, ecological restoration of landfills, leachate treatment and fly ash disposal. All of these are organically coordinated to solve solid waste problems in a package. Their operating model is a public-private partnership (PPP).

II. Industry Performance During Reporting Period

1. Industry overview

Smart city cleaning services are an important part of the modern environmental management and operation system, covering multiple fields such as road cleaning and maintenance, snow and ice removal, waste collection and transportation, waste sorting, municipal infrastructure maintenance, urban landscaping maintenance, water area cleaning and marine sanitation. The Company adopts diversified business models, commonly including "government procurement", "franchising", and "equity cooperation". By providing a full-cycle solution including planning, investment, construction and operation, they comprehensively maintain a clean, sanitary, and beautiful urban environment and creates a healthy and comfortable living and working space for residents, effectively supporting the improvement and sustainable development of the human settlement environment.

2. Industry development

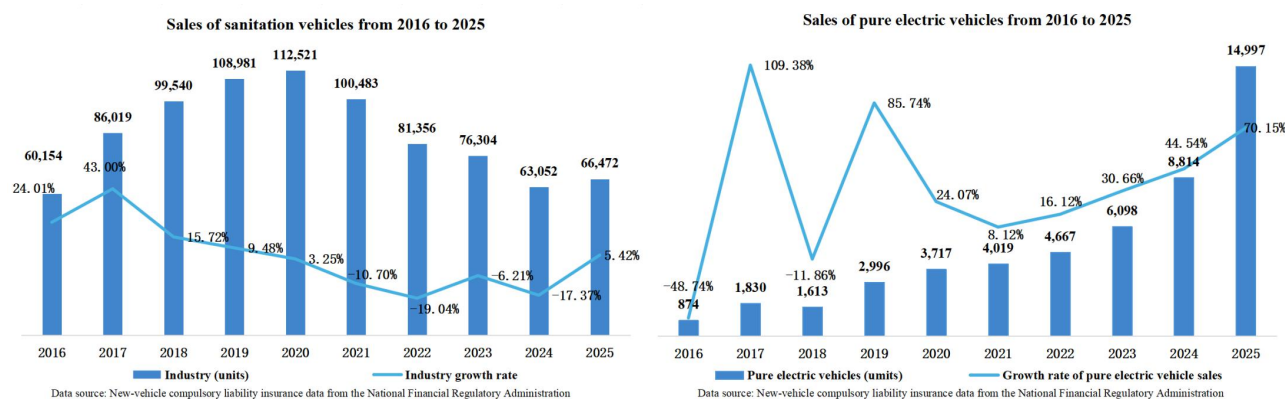
2025 marks a critical year for fully implementing the guiding principles of the 20th National Congress of the Communist Party of China and advancing Chinese modernization, as well as the final year of the 14th Five-Year Plan and a key transition period for mapping out the 15th Five-Year Plan. Driven by multiple factors—including the deepening of refined urban governance, the upgrading of comprehensive integrated services, the continued advancement of sanitation marketization reform, and the full-scale rollout of the urban steward model—the urban services market has maintained steady expansion. Integrated, intelligent, and full-scenario services have become the core drivers of industry growth. In the intelligent equipment market, the concentrated release of funds from special treasury bond projects, intensified policies for upgrading existing equipment, and expanding demand for intelligent equipment, combined with the gradual recovery of local fiscal capacity and structural optimization of customer budgets, have brought an end to the industry's prolonged decline, leading to a bottoming-out and moderate recovery. However, disparities in regional fiscal capacity, extended project payment cycles, and pressure to eliminate low-end capacity persist, resulting in a recovery characterized by structural and uneven features. It is worth noting that new energy-powered environmental

protection equipment has achieved a rapid growth of 70% against the trend, becoming a prominent highlight in the market.

The growth in both the annual value and the total value of urban service contracts in China over the past ten years:



The total sales of environmental protection equipment and sales of pure electric new energy-powered environmental protection equipment in the past ten years:



Urban service is an essential item of government spending, as it is closely related to people's livelihoods. The sector's long-term growth has little to do with short-term fluctuations in the macro economy, and it is tied to long-term economic trends, policy directives, environmental requirements, and people's living standards, without notable seasonal and regional features.

Looking ahead to 2026, the convergence of policy dividends and cyclical recovery is expected to reinforce upward momentum: The urban services market is likely to maintain steady growth, supported by the deepening of sanitation marketization reform, the full-scale expansion of the urban steward model, and the continued upgrading of refined governance and intelligent operations. In addition, the environmental protection equipment market is poised to sustain its recovery and accelerate its transition toward new energy and intelligent solutions. The Central Economic Work Conference explicitly stated that in 2026 the country will continue to implement more proactive fiscal policies, maintaining appropriate levels of fiscal deficit, debt, and expenditure. The precise deployment of policy funds such as ultra-long-term special treasury bonds, central budgetary investments, and local government special bonds related to sanitation will provide strong financial support for industry growth. From a demand perspective, equipment deployed during the rapid industry growth phase beginning in 2017 has entered a replacement cycle, creating a substantial base for renewal. Meanwhile, the continued advancement of new-type urbanization and the accelerated

development of rural sanitation markets are driving the integration of urban and rural sanitation services, bringing sustained incremental growth to the environmental protection equipment market. In addition, under the combined forces of strengthened new energy policies, continuous improvement in charging infrastructure networks, and increasingly evident lifecycle cost advantages of new energy-powered equipment, the pure electric environmental protection equipment market is expected to maintain high growth and become a core driver of industry development.

3. Development trends

(1) Smart services: Deepening of the intelligent transformation, driving iterative upgrades in integrated urban operation models

The urban service scenarios continue to expand. Relying on technologies such as the Internet of Things, big data, and AI, it realizes the upgrade from single sanitation management to comprehensive urban operation, promoting a systematic innovation in the service mode and management efficiency. With the acceleration of the urbanization process, the traditional sanitation management mode has been difficult to meet the transformation demand from the "sanitation integration" to the "urban steward" model, and the intelligent urban service system has emerged as the times require. The system is based on the Internet of Things and mobile Internet. This system conducts full-process and dynamic monitoring of all sanitation management elements such as personnel, vehicles, objects, and tasks. By optimizing the management mode, it improves the operation quality, reduces the operation cost, and builds a digital management evaluation system. Its service architecture adopts a cloud-based deployment model, deeply integrating with the smart city management network, and using the cloud service platform as the carrier to deliver service capabilities to both the management and operation ends. With technological iteration and the extension of application scenarios, the smart urban services will become a key support for promoting the green, low-carbon and sustainable development of cities.

(2) Environmental protection equipment: Synergy of new energy and intelligent technologies accelerating high-quality industry development

Against the backdrop of China's "dual carbon" strategy, policies promoting urban renewal and the pilot program for full electrification of public service vehicles are working in tandem to drive the rapid transition to new energy solutions in environmental protection equipment. In 2025, the industry's new energy-powered equipment volume reached 15,000 units. As market scale continues to expand, economies of scale will gradually unlock lifecycle cost advantages, further strengthening the momentum for new energy substitution. Looking ahead, under the combined influence of policy guidance and market forces, the transition toward new energy in the environmental protection equipment industry will become the primary growth trajectory, with penetration rates expected to increase rapidly, aligning with national goals for green, low-carbon development and energy structure transformation.

The comprehensive implementation of the national "AI+" strategy, along with the intensive rollout of policies supporting new intelligent application scenarios and large-scale adoption, is injecting strong momentum into the intelligent development of environmental protection equipment. In 2025, the "environmental protection + autonomous driving" segment experienced explosive growth. According to incomplete statistics from Huanjing Sinan, the annual value of related pilot projects surged to RMB 7.471 billion, representing an increase of more than 18 times year-on-year, with intelligent application scenarios rapidly being deployed. In the future, driven by rigid demand factors such as an aging population, rising labor costs in urban services, and increasing requirements for refined urban governance, coupled with continuous breakthroughs in autonomous driving technology, steady cost reductions, and the ongoing improvement of integrated vehicle-road-cloud infrastructure, the environmental protection equipment market will accelerate its deep transformation toward intelligence. Intelligent cleaning robots and smart urban service solutions will become new growth engines for the industry.

III. Analysis of Core Competitiveness

1. R&D leadership in intelligent equipment - a leader in technological innovation and a formulator of industry standards

The Company's environmental protection equipment R&D has its roots in a national-level scientific research institute, providing a profound scientific research foundation. It has always been focused on independent innovation and industrial upgrading. From the first domestic road sweeper and washing sweeper to the first pure electric road sweeper and clusters of intelligent unmanned cleaning robots, the Company has developed over one hundred industry-first products and technologies. The Company has remained at the forefront of industry innovation. In 2025, its innovative products, including the "Tornado" high-speed fan washing sweeper, the "Orca" water-air hybrid cleaning vehicle, the "Rhino" garbage collection and transfer vehicle, and the "Mammoth" high-position loading split-type small garbage station, achieved outstanding market performance and strong customer recognition. The Company's strong R&D and innovation capabilities are the driving force behind its 25 consecutive years of leading domestic equipment sales in the industry and constitute the core advantage enabling it to guide industry development and set benchmarks.

The Company has led or contributed to the development of more than 80% of national and industry standards for sanitation vehicles. In 2025, the Company further strengthened its leadership in standardization by leading or contributing to 8 new standards, including 1 international standard, 2 national standards, 1 industry standard, and 4 group standards. The ISO international standard *Refuse Collection Vehicles — Vocabulary, Classification and Requirements for Commercial Specifications* (ISO 13155), led by the Company, was officially released worldwide on August 8, 2025. This marks the first ISO international standard led and published by China's sanitation vehicle manufacturing industry, establishing for the first time an authoritative and universally applicable

"technical language system" for the global refuse collection vehicle sector, thereby enhancing the Company's international influence and brand value.

The Company has developed 179 core technologies in key fields, including 48 major disruptive technologies, 63 cutting-edge leading technologies, and 68 key common technologies in the industry. Forty-three of these technologies have passed national or provincial-level appraisals, recognized for their strong innovation, high technical complexity, and independent intellectual property rights. Overall, the Company's technology has reached an internationally advanced level, with some technologies achieving international leadership. In 2025, the Company was granted a total of 194 patents, including 56 invention patents. As at the end of 2025, Infore Enviro held a total of 1,459 valid patents, including 647 invention patents, continuously ranking first in the industry. In 2025, the "Research and Application of Key Technologies for Green Intelligent Garbage Transfer" project was awarded the Third Prize of the Science and Technology Progress Award of the China Machinery Industry.

2. Smart Sanitation Cloud Platform at the core - a data-driven "digital brain" for urban services

As a core digital platform independently developed by the Company, the Smart Sanitation Cloud Platform integrates 78 software copyrights and patents related to smart cities and has received multiple national and provincial honors. It provides essential support for the full-dimensional online management of "personnel, vehicles, tasks, and processes" across the Company's operations, while also offering professional supervision and evaluation services to government clients. It functions as the "digital brain" for efficient urban service operations, establishing a leading data-driven competitive advantage in the industry. Leveraging multi-modal large model technology, the platform builds a dual intelligent engine of "equipment networking + operation management". By deploying the independently developed T-BOX remote control terminal, a real-time interconnection across "terminal, pipeline and cloud", covering autonomous cleaning equipment and traditional operation vehicles is established, comprehensively empowering business efficiency improvements and cost reductions.

The platform's data capabilities are industry-leading. Daily active users have exceeded 77,000, with 215,000 IoT-connected devices and an online rate of 92%. The big data platform processes over 280 million data records daily, successfully establishing the largest and most comprehensive sanitation operation database in China. This provides robust data support for AI algorithm iteration and operation decision optimization, further reinforcing the Company's leading position in sanitation digitalization.

With strong technological capabilities and proven operational effectiveness, the platform is built on IoT, big data, and AI, pioneering a three-in-one closed-loop management model of "comprehensive monitoring—cloud-based dispatching—intelligent execution". Through AI vision and IoT sensor networks, key operational indicators such as road cleanliness and garbage overflow are quantified in real time, with regulatory granularity refined to the level of "single bin, single meter, and single device". Through the cloud-based central system, attendance, scheduling, payroll calculation, energy consumption, and maintenance are managed

across the full lifecycle, enabling simultaneous improvement in operational cost efficiency and service quality through algorithm optimization. Grid-based management and AI-driven dynamic planning form a complete operational loop of "identification—task assignment—execution—verification", driving the transformation of sanitation operations from experience-driven to data-driven models.

Deep integration of AI technologies effectively addresses industry pain points. The Company's self-developed visual AI large model enables intelligent attendance verification through four "digital keys": liveness detection, facial recognition, uniform recognition, and real-person-on-duty verification. The system processes over 100,000 images per day at peak, reducing manual review volume by 80% and eliminating issues such as proxy clock-ins and false reporting of working hours. Proprietary routing algorithms optimize vehicle operations, while garbage volume prediction models forecast operational demand 24 hours in advance. Field testing shows that each vehicle can reduce daily travel distance by 12 kilometers, with equipment utilization exceeding 95%. The system can respond to various anomalies within five minutes, completing route reconfiguration and nearby vehicle dispatch, significantly improving operational efficiency and emergency response capabilities.

3. Comprehensive smart services - a pioneer in the transformation from "sanitation service provider" to "urban steward"

The Company's smart services segment is built on the coordinated integration of "intelligent equipment + smart services + Smart Sanitation Cloud Platform". Leveraging diversified scenario deployment, leading operational scale, refined management capabilities, and innovative business models, it has evolved from a single sanitation service provider to a comprehensive urban service provider, becoming a benchmark enterprise for the "urban steward" model. It offers customers integrated one-stop services including planning, design, investment, construction, and operation of environmental sanitation projects.

The operational scale leads the industry, with an ample reserve of core projects. In 2025, the Company won 71 sanitation service projects across 22 provinces nationwide, with new annual contract amount of RMB 1.418 billion and total new contract amount of RMB 3.96 billion. Specifically, 12 key projects had annual values exceeding RMB 30 million, including two benchmark projects each exceeding RMB 100 million: the Minzhi Subdistrict Urban Steward Project in Longhua District, Shenzhen (annual amount RMB 152 million, service period 3 years, total contract amount RMB 456 million), and the Nanwan Subdistrict Urban Steward Project in Longgang District, Shenzhen (annual amount RMB 109 million, service period 3 years, total contract amount RMB 326 million). The Company also secured the marine waste cleanup service project in Guangzhou, Guangdong (annual amount RMB 91 million), demonstrating strong expansion capabilities in the segmented market. As at December 31, 2025, the Company operated 257 projects, with an annual contract amount of RMB 7.158 billion, total contract amount of RMB 59.382 billion, and a total amount of RMB 35.440 billion for executory contracts. The substantial project reserves

have created a strong foundation for sustainable development, positioning the Company as an industry leader in terms of operational stability.

The Company demonstrates outstanding capabilities in refined management and cost control. Anchored in the philosophy of "refined management", it breaks down complex urban services into quantifiable and traceable management units through grid-based operations, standardized processes, and systematic quality control, forming a lean operational system defined by "standards as benchmarks, talent as the foundation, and digital intelligence as the core". Through the "Urban Steward Smart Platform", the Company achieves dynamic control and traceability across the entire lifecycle of "personnel, vehicles, tasks, and objects", seamlessly integrating with government smart platforms to form a closed-loop governance system involving multiple stakeholders. It has also established a professional training system for urban steward personnel, cultivating versatile teams with combined capabilities in skills, management, and communication, enhancing operational professionalism through multi-skilled roles. In projects in Shenzhen, Foshan, and other cities, the Company has deployed self-developed cleaning robots "Little Bee" and other intelligent equipment, which integrate advanced technologies such as 5G and machine vision to autonomously complete more than 20 core operational tasks, further improving efficiency and service quality. In terms of cost control, the Company leverages big data analytics from its Smart Sanitation Cloud Platform to accurately manage key areas such as material consumption and equipment maintenance. This continuously unlocks profit potential and steadily improves operational efficiency.

The Company's operational scenarios are diverse and comprehensive. In line with industry trends and policy directions, the Company continues to expand its service boundaries from traditional road cleaning to full-scenario services, including municipal maintenance, water surface cleaning, marine sanitation, and rural sanitation. It has established a comprehensive service portfolio spanning "urban + rural" and "land + water", to meet diverse customer needs across regions and fully cover all aspects of urban environmental governance.

The Company continues to innovate its service model and successfully transforms from a "sanitation service provider" into an "urban steward". It has built a three-dimensional coordinated system of "intelligent equipment + smart services + Smart Sanitation Cloud Platform". On the equipment side, it offers more than 500 products covering all scenarios and has maintained the top position in environmental protection equipment sales for 25 consecutive years. On the service side, it has expanded from single road cleaning services to full-chain offerings. Through its digital platform, it is transforming urban governance from "passive response" to "proactive intelligent management". In addition, it provides full lifecycle solutions of "management + service + operations". In the sanitation PPP project in Futian District, Shenzhen, the Company deployed self-developed intelligent small environmental protection equipment at scale, achieving efficiency gains and cost optimization through the smart platform. In the recycling resources project in Korla, Xinjiang, it established a full-chain digital supervision system, applying AI across all stages

from input to collection and processing. At the same time, the Company achieves an effective balance between standardization and customization. The "cost reduction and efficiency enhancement" model validated in the Dongguan project can be rapidly replicated nationwide. In response to extreme weather conditions and dispersed operational scenarios in Xinjiang, it has established a "five-in-one" smart management system and implemented intelligent monitoring and early warning across 1,114 garbage collection points, demonstrating strong adaptability of its business model.

The Company's full-scenario intelligent capabilities are highly competitive. Adhering to a full-stack independent R&D approach, it has built a complete technology chain covering multi-sensor fusion perception, AI-based decision-making and planning, and execution control systems. It holds more than 60 patents related to autonomous driving and associated fields, including 47 invention patents, and was recognized in 2021 as a "Winner of the AI Industry Innovation Task" by the Ministry of Industry and Information Technology. In 2025, the Company officially launched the "swarm" system of intelligent connected cleaning robots, comprising execution terminals, energy support "hive box" charging stations, and a central command "hive" platform. This system enables full coverage from closed environments to open road networks, and from standalone intelligence to coordinated multi-unit operations, forming a comprehensive and multi-dimensional smart sanitation ecosystem. Within six months of its launch, the "swarm" system recorded cumulative sales of over 100 units and achieved large-scale deployment in more than 25 provinces and over 30 prefecture-level cities nationwide. A project case at the Universiade Center in Longgang, Shenzhen shows that the system can reduce a cleaning task originally requiring 4 workers over 4 hours to just 2.5 hours, improving operational efficiency by more than 50% and fully validating its practical value and commercial viability.

4. Organizational development - dual-drive of corporate culture and elite 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 always sticks to the corporate philosophy of "simple and professional with quick execution" and the core values of "our clients are vital to us; our employees are our partners in our endeavors; we aim to be achievement-oriented - competence beats mediocrity; and technology innovation is the basis for our development." We adopt the development strategy with leading technology at the center, being order-driven as the means, and motivating talent as the basis, and are committed to becoming a respected and trusted leader in providing intelligent equipment and services with cleaning robots at its core. Over the years, the Company has deeply integrated cultural concepts into its business objectives and daily management. Through benchmarking operations and refined management, it has promoted the coordinated development of various business segments, branches, and subsidiaries, achieving high-quality growth.

In terms of the development of the management team, the Company has gathered a group of practical, efficient, and experienced professionals. 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, thereby demonstrating strong cohesion and execution. With its keen insight into industry trends and forward-looking vision, the team accurately grasps market opportunities to provide support for its development. At the same time, the Company continues to strengthen its stock incentive and employee stock ownership programs. It has also established a three-tier management framework consisting of cornerstone partnerships, senior partnerships and general partnerships, deeply aligns the interests of core employees with the development of the enterprise, creates a "business community" that shares interests and risks, and injects sustained momentum into its stable and long-term development.

IV. Analysis of Principal Business

1. Overview

In 2025, facing the current macroeconomic environment and industry competitive landscape, the Company firmly implemented its development strategy, systematically promoted the implementation of the business plan, and continuously enhanced its core competitiveness by strengthening the foundation of internal management. In terms of the talent strategy, the Company strengthened its key teams and optimized the structure of the talent echelon to stimulate organizational efficiency; in the field of technological innovation, it increased investment in technology research and development based on its R&D advantages of environmental protection equipment, and used innovation to drive the transformation and upgrading of the smart urban services.

In 2025, the Company generated RMB 13.844 billion in operating revenue, up 5.53% year-on-year, and RMB 550 million in net profit attributable to the listed company's shareholders, up 7.07% year-on-year, demonstrating its stable profitability. As at the end of the reporting period, the Company reported RMB 35.435 billion in total assets and RMB 17.18 billion in net assets attributable to the listed company's shareholders, with the asset structure continuously optimized. During the reporting period, the environmental protection equipment sector maintained its industry-leading position, with the Company's core businesses showing strong growth momentum, laying a solid foundation for high-quality development.

1. Ranked No.1 in terms of sales of environmental protection equipment in 2025

In 2025, the sales of the Company's environmental protection equipment achieved steady growth. The operating revenue was RMB 5.913 billion, a year-on-year increase of 13.99%, ranking No.1 in the industry in China for the 25th consecutive year. According to the motor vehicle compulsory liability insurance data, in 2025, the Company's sales volume of environmental protection equipment reached 14,012 units, up 15.1% year-on-year, and the market share reached 21.1%, up nearly 1.8 percentage

points year-on-year. Both the sales volume and the market share of the environmental protection equipment ranked first in the market of the same industry.

2. Ranked No.1 in terms of sales of new energy-powered environmental protection equipment in 2025

In 2025, the Company achieved exceptional performance in new energy-powered environmental protection equipment. According to the motor vehicle compulsory liability insurance data, the Company sold 5,245 pure electric sanitation vehicles, a year-on-year increase of 94.9%, with a market share of 35.0%, up nearly 4.5 percentage points year-on-year. This marks the fourth consecutive year the Company has ranked No. 1 in the industry, continuing to lead the sector's transition toward new energy.

3. Ranked No. 3 for the increase in annual amount of urban service contracts in 2025

According to incomplete statistics from Huanjing Sinan, Infore Enviro continued to make efforts in the field of urban services in 2025. It signed 71 urban service projects across 22 Chinese provinces, and its new contracts have an annual amount of RMB 1.418 billion and a total amount of RMB 3.96 billion, ranking No. 3 in the industry and demonstrating strong market expansion capability. During the reporting period, the urban services segment generated operating revenue of RMB 6.336 billion; the Company was running 257 urban service projects, with a total contract amount of RMB 59.382 billion for projects under operation, an annual contract amount of RMB 7.158 billion, and a total amount of RMB 35.440 billion for executory contracts. The substantial project reserves have created a strong foundation for the Company's sustainable development, positioning it as an industry leader in terms of operational stability.

4. Significant progress in the globalization strategy and continued deepening of the strategy of flagship products

Globalization strategy: In 2025, the Company's newly acquired overseas orders amounted to RMB 540 million, marking a 445% year-on-year increase and showcasing its strong market expansion capabilities. During the reporting period, the Company's production bases in Thailand and Italy were successively put into operation, enabling localized manufacturing and rapid response. Preparations for a Middle East factory are also progressing steadily and will, in the future, serve surrounding markets and accelerate the globalization process through both export trade and overseas manufacturing. In 2026, the Company will continue to leverage its strengths in R&D, intelligent manufacturing, quality assurance, and brand capability. Through resource integration and local operations, it aims to further deepen its global footprint, actively expand overseas markets, provide superior intelligent cleaning equipment solutions to global customers, create new development opportunities, and unlock new growth potential.

Intelligent unmanned equipment: The Company continues to focus on application scenarios, grounded in full-stack independent R&D, mastering the complete technology chain from perception and decision-making to execution. In 2025, it launched a cluster of intelligent cleaning robots, centered on 1-ton, 3-ton, and 18-ton models. Through scenario-based adaptation, these products deliver full coverage from "capillaries" to "arteries" of urban cleaning operations. Since their release on April 22,

2025, the new products have achieved large-scale deployment in 25 provinces and over 30 cities and have been showcased at international platforms such as the Canton Fair, attracting strong attention and recognition from domestic and international customers.

Aerial work equipment: In 2025, the Company continued to advance its globalization strategy for aerial work equipment by launching multiple new products across four major categories—straight-arm, articulated, scissor lift, and truck-mounted. The Company successfully overcame key technical challenges in the industry, such as developing permanent magnet synchronous drive, ensuring the stability of lightweight sinking boom trucks, and implementing multiple safety protection measures. The Company secured multiple domestic and overseas orders, achieving a strong start, with effective commercialization of R&D achievements, demonstrating robust growth momentum.

5. Focusing on principal business to improve quality and efficiency for high-quality development

The Company remains committed to its core environmental services business and adheres to a development strategy that integrates environmental services with intelligent technologies. With technological empowerment as the core driving force, it continues to focus on its main business, enhance quality and efficiency, and steadily advance high-quality corporate development. During the reporting period, the Company orderly divested non-core business assets and successfully completed the equity disposal of Guangdong Xingzhou Water Treatment Technology Co., Ltd. It proactively exited businesses and projects with low synergy to its core operations, concentrating high-quality resources on its main business and laying a solid foundation for long-term stable development of the Company.

In terms of operational management, the Company implemented refined control across the entire production and operation process to comprehensively enhance asset utilization efficiency. It strictly enforced strategies to reduce existing inventory and control incremental growth, while prudently selecting business orders. It also improved graded contract risk management and accountability traceability mechanisms, fully strengthening its operational risk defenses. The Company achieved notable results in receivables management, with collections increasing by 19.78% year-on-year during the reporting period. Both collection efficiency and quality improved, and the fundamentals of operating cash flow continued to trend upward. Through routine reinforcement of full-process receivables management and accelerated working capital turnover, the Company effectively improved capital utilization efficiency, further consolidating a solid operational foundation and fully supporting the high-quality and sustainable development of its core business.

6. High cash dividends for shareholders

The Company has always adhered to the concept of "sharing development achievements with shareholders", continuously implemented a positive and stable profit distribution policy, and effectively repaid investors' trust with high cash dividends.

According to the 2025 profit distribution plan (proposed) approved at the second meeting of the 11th Board of Directors, a cash dividend of RMB 1.30 (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 408 million (tax inclusive) is expected to be distributed, accounting for 74.18% of the net profit attributable to the listed company's shareholders in 2025. As the proposed plan is awaiting the approval of the General Meeting of Shareholders, the actual dividend amount will be disclosed in the relevant announcements.

In the past three years (2023-2025), the Company is expected to pay a total of RMB 1.496 billion in cash dividends (including the amount related to share repurchase cancellations), accounting for 79.43%, 134.89%, and 74.18% of the net profit attributable to the listed company's shareholders, respectively. The stable high-proportion dividend mechanism fully reflects the Company's business philosophy of attaching importance to shareholder returns and fulfilling its dividend commitment.

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

In 2025, while advancing high-quality development, the Company fulfilled its social responsibility as it got involved in poverty alleviation and disaster relief efforts, demonstrating its commitment through tangible actions.

Fulfilling emergency responsibilities and supporting disaster relief efforts: Upholding its corporate mission of "Cleaner World, Better Future" and fulfilling its social responsibilities with professional capabilities and humanitarian efforts, the Company earned widespread recognition and praise from all sectors of society. In response to flood disasters caused by extreme weather events such as typhoons, heavy rainfall, and snowstorms, the Company acted swiftly. It immediately formed an emergency support team to rush to affected areas including Zhaoqing in Guangdong, Qiongzhusi in Guizhou, Hohhot in Inner Mongolia, and Urumqi in Xinjiang, leading rescue and relief operations.

Deepening public welfare and fulfilling social responsibility: The Company donated RMB 6.7142 million as part of its active participation in charitable initiatives, including donations to relief and assistance foundations, disability support funds, and education funds. These contributions supported programs such as poverty alleviation, educational assistance, medical aid, elderly care, disaster relief, and public welfare projects, contributing to charitable assistance and poverty relief efforts.

2. Revenue and cost

(1) Breakdown of operating revenue

Unit: RMB

	2025		2024		YoY change
	Amount	As a percentage of operating	Amount	As a percentage of operating revenue	

		revenue			
Total revenue	13,843,807,632.45	100%	13,117,894,323.95	100%	5.53%
Sector					
Smart urban service	12,248,710,291.13	88.48%	11,620,636,215.66	88.59%	5.40%
Smart Sanitation Cloud computing	247,516,137.54	1.79%	8,029,353.40	0.06%	2,982.64%
Others	1,347,581,203.78	9.73%	1,489,228,754.89	11.35%	-9.51%
Product					
Intelligent equipment	5,913,174,533.03	42.72%	5,187,389,892.02	39.55%	13.99%
Smart service	6,335,535,758.10	45.76%	6,433,246,323.64	49.04%	-1.52%
Smart Sanitation Cloud computing	247,516,137.54	1.79%	8,029,353.40	0.06%	2,982.64%
Others	1,347,581,203.78	9.73%	1,489,228,754.89	11.35%	-9.51%
Region					
Domestic	13,694,342,038.59	98.92%	13,048,298,182.52	99.47%	4.95%
Overseas	149,465,593.86	1.08%	69,596,141.43	0.53%	114.76%
Sales model					
Direct sales	11,404,682,348.70	82.38%	11,498,614,774.38	87.66%	-0.82%
Distributor sales	2,439,125,283.75	17.62%	1,619,279,549.57	12.34%	50.63%

(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 cost	YoY change in gross profit margin
Sector						
Smart urban service	12,248,710,291.13	9,618,986,827.17	21.47%	5.40%	5.44%	-0.02%
Smart Sanitation Cloud computing	247,516,137.54	203,220,860.12	17.90%	2,982.64%	7,969.85%	-50.74%
Others	1,347,581,203.78	992,923,831.21	26.32%	-9.51%	-12.61%	2.61%
Product						
Intelligent equipment	5,913,174,533.03	4,303,477,144.06	27.22%	13.99%	11.91%	1.35%
Smart service	6,335,535,758.10	5,315,509,683.11	16.10%	-1.52%	0.72%	-1.86%
Smart Sanitation Cloud computing	247,516,137.54	203,220,860.12	17.90%	2,982.64%	7,969.85%	-50.74%

Others	1,347,581,203.78	992,923,831.21	26.32%	-9.51%	-12.61%	2.61%
Region						
Domestic	13,694,342,038.59	10,711,622,833.24	21.78%	4.95%	4.92%	0.02%
Overseas	149,465,593.86	103,508,685.26	30.75%	114.76%	97.80%	5.94%
Sales model						
Direct sales	11,404,682,348.70	8,951,750,998.07	21.51%	-0.82%	-0.78%	-0.02%
Distributor sales	2,439,125,283.75	1,863,380,520.43	23.60%	50.63%	50.39%	0.12%

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

Applicable Not applicable

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

Yes No

Sector	Items	Unit	2025	2024	YoY change
Intelligent equipment	Sales	Unit	19,256	14,368	34.02%
	Production	Unit	18,420	15,020	22.64%
	Inventory	Unit	1,763	2,599	-32.17%

Explanation of data with YoY differences that exceed 30%

Applicable Not Applicable

Sales of intelligent equipment increased by 34.02% year-on-year, while inventory decreased by 32.17% compared with the end of the previous year, mainly due to business growth and increased sales during the period.

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

Applicable Not applicable

(5) Breakdown of operating costs

Sector

Unit: RMB

Sector	Items	2025		2024		YoY change
		Amount	As a percentage of operating cost	Amount	As a percentage of operating cost	
Smart urban service	Raw materials	4,008,221,339.22	41.66%	3,759,750,746.26	41.21%	6.61%
Smart urban service	Labor expense	2,004,271,375.43	20.84%	2,101,248,801.34	23.03%	-4.62%
Smart urban service	Depreciation	590,486,877.58	6.14%	537,201,546.63	5.89%	9.92%
Smart urban service	Utilities	499,798,755.00	5.20%	390,164,837.68	4.28%	28.10%

Smart urban service	Other manufacturing overhead	2,516,208,479.95	26.16%	2,334,511,252.85	25.59%	7.78%
Smart Sanitation Cloud computing	Labor expense	8,288,886.86	4.08%	0.00	0.00%	100.00%
Smart Sanitation Cloud computing	Depreciation	156,145,968.29	76.84%	0.00	0.00%	100.00%
Smart Sanitation Cloud computing	Utilities	19,698,194.36	9.69%	0.00	0.00%	100.00%
Smart Sanitation Cloud computing	Other manufacturing overhead	19,087,810.61	9.39%	2,518,274.39	100.00%	657.97%
Others	Raw materials	530,927,107.40	53.48%	604,478,948.73	53.20%	-12.17%
Others	Labor expense	86,477,859.43	8.71%	92,458,148.77	8.14%	-6.47%
Others	Depreciation	154,512,329.32	15.56%	136,092,771.46	11.98%	13.53%
Others	Utilities	14,230,614.97	1.43%	11,499,634.55	1.01%	23.75%
Others	Other manufacturing overhead	206,775,920.10	20.82%	291,630,832.69	25.67%	-29.10%

Note

During the period, labor costs, depreciation, utilities, and other manufacturing expenses of the Smart Sanitation Cloud computing segment increased compared with the previous year, mainly due to the expansion of new business.

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

Yes No

For details of the changes in the scope of the consolidated financial statements during the reporting period, please refer to Note 9 "Changes in the Scope of Consolidation" in Part X Financial Report.

(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)	883,558,833.82
Total sales to top five customers as a percentage of annual total sales	6.37%
Total sales to related parties among top five customers as a	0.00%

percentage of annual total sales	
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Top five customers

No.	Customer	Sales revenue (RMB)	As a percentage of annual
1	Customer A	225,909,723.79	1.63%
2	Customer B	210,916,997.52	1.52%
3	Customer C	155,361,653.34	1.12%
4	Customer D	150,867,195.06	1.09%
5	Customer E	140,503,264.11	1.01%
Total	--	883,558,833.82	6.37%

Other information about major customers

Applicable Not applicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	1,978,081,827.95
Total purchases from top five suppliers as a percentage of annual total purchases	25.25%
Total purchases from related parties among top five suppliers as a percentage of annual total purchases	0.00%

Top five suppliers

No.	Supplier	Purchase during the reporting period (RMB)	As a percentage of total purchases
1	Supplier A	991,523,483.35	12.66%
2	Supplier B	445,601,186.64	5.69%
3	Supplier C	206,250,254.71	2.63%
4	Supplier D	178,790,442.48	2.28%
5	Supplier E	155,916,460.77	1.99%
Total	--	1,978,081,827.95	25.25%

Other information about major suppliers

Applicable Not applicable

During the reporting period, revenue from the Company's trading business accounted for more than 10% of total operating revenue

Applicable Not applicable

3. Expenses

Unit: RMB

	2025	2024	YoY change	Reason for material change
Selling expenses	716,524,496.10	713,507,964.56	0.42%	—
Administrative expenses	803,880,040.20	773,511,609.91	3.93%	—
Financial expenses	171,959,494.61	81,006,352.00	112.28%	This was mainly due to an increase in bank loans leading to higher

				financial interest expenses, as well as increased financial expenses associated with right-of-use assets from leased assets during the period
R&D expenses	294,498,707.16	317,117,284.00	-7.13%	—

4. R&D investments

Applicable Not Applicable

Name of major R&D	Objectives	Progress	Proposed goals	Expected impact on future development of the Company
Next-generation pure electric self-handling garbage truck	To solve the problem of the existing product and improve maintainability	R&D completed	To develop a next-generation 4-ton pure electric self-handling garbage truck to increase market orders	This helps the Company improve its key competitive advantages
Z-type dual-pendulum hook-lift truck	To solve the problem of the existing product and improve performance	R&D completed	To increase the loading capacity of the original product	This helps the Company improve its key competitive advantages
Pure electric dry-wet dual-purpose sweeper	To improve the performance of the original product and meet segmented market demands	R&D completed	To develop a pure electric dual-purpose sweeper to increase market orders	This helps the Company improve its key competitive advantages
Third-generation pure electric guardrail cleaning vehicle	To iterate product and expand application scenarios	R&D completed	To improve the performance of the original product	This helps the Company improve its key competitive advantages
Autonomous 3-ton washing and sweeping robot	To expand the product spectrum to meet various market product demands	Prototype development completed	To develop an autonomous 3-ton washing and sweeping robot to increase market orders	This helps the Company improve its key competitive advantages
Barrel-mounted pure electric rotary sweeper	To expand the product spectrum to meet various market product demands	Prototype development completed	To improve the performance of the existing product	This helps the Company improve its key competitive advantages
2-ton pure electric integrated sweeper	To expand the product spectrum to meet various market product demands	Prototype development completed	To develop a 2-ton pure electric integrated sweeper to increase market orders	This helps the Company improve its key competitive advantages
0.5T pure electric rotary sweeper	To expand the product spectrum to meet various market product demands	Launched on the market	To develop a 0.5T pure electric rotary sweeper to increase market orders	This helps the Company improve its key

				competitive advantages
H24-090 three-wheeled high-pressure pure electric cleaning machine	To expand the product spectrum to meet various market product demands	Launched on the market	To develop a three-wheeled high-pressure pure electric cleaning machine to increase market orders	This helps the Company improve its key competitive advantages
HJ24-115 third 1-ton-class autonomous road robot	To expand the product spectrum to meet various market product demands	Launched on the market	To develop a third 1-ton-class autonomous road robot to increase market orders	This helps the Company improve its key competitive advantages
Intelligent fan selection technology development project	To develop an intelligent fan selection system	R&D completed	To achieve optimization of the intelligent fan selection system	This helps the Company improve its key competitive advantages

Information about R&D personnel

	2025	2024	Change
Number of R&D personnel	1,037	1,001	3.60%
R&D personnel as a percentage of total staff	4.37%	5.20%	-0.83%
Education background of R&D personnel			
Bachelor's degree	660	642	2.80%
Master's degree	316	307	2.93%
Doctoral degree	10	10	0.00%
Others	51	42	21.43%
Age composition of R&D personnel			
< 30 years	371	351	5.70%
30~40 years	491	479	2.51%
> 40 years	175	171	2.34%

Information about R&D investments

	2025	2024	Change
R&D investments (RMB)	294,498,707.16	317,117,284.00	-7.13%
R&D investments as a percentage of operating revenue	2.13%	2.42%	-0.29%
Capitalized R&D investments (RMB)	0.00	0.00	0.00%
Capitalized R&D investments as a percentage of total R&D investments	0.00%	0.00%	0.00%

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

Items	2025	2024	YoY change
Subtotal of cash inflows from operating activities	18,055,795,217.71	13,872,479,947.75	30.16%
Subtotal of cash outflows from operating activities	17,092,919,463.74	12,710,430,466.27	34.48%
Net cash flows from operating activities	962,875,753.97	1,162,049,481.48	-17.14%
Subtotal of cash inflows from investing activities	13,494,040,405.45	9,316,433,927.59	44.84%
Subtotal of cash outflows from investing activities	15,905,934,601.73	9,116,372,798.06	74.48%
Net cash flows from investing activities	-2,411,894,196.28	200,061,129.53	-1,305.58%
Subtotal of cash inflows from financing activities	6,946,363,803.43	1,397,723,020.38	396.98%
Subtotal of cash outflows from financing activities	3,769,772,680.51	1,986,232,528.89	89.80%
Net cash flows from financing activities	3,176,591,122.92	-588,509,508.51	639.77%
Net increase in cash and cash equivalents	1,727,036,961.43	774,071,976.67	123.11%

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

Applicable Not Applicable

(1) The cash inflows from operating activities increased by 30.16% YoY, mainly due to increased collections during the period; the cash outflows from operating activities increased by 34.48% YoY, mainly due to business growth and increased cost payments;

(2) The cash inflows from investing activities increased by 44.84% YoY, and the cash outflows from investing activities increased by 74.48%, mainly due to increased purchase and redemption of wealth management products compared with the previous year; the net cash flows from investing activities decreased by 1305.58% YoY, mainly due to the recovery of the principal and interest of the loans formed by the disposal of subsidiaries and the recovery of performance compensation payments in the previous year, as well as increased cash payments for wealth management purchases in the current period;

(3) The cash inflows from financing activities increased by 396.98% YoY, mainly due to increased bank loans during the period; the cash outflows from financing activities increased by 89.80% compared with the previous year, mainly due to increased repayments of bank loans, higher profit distribution payments, and increased lease liability payments during the period.

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	-21,336,469.10	-2.91%	—	RMB 3,724,247.73 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	333,964.13	0.05%	—	No
Impairment of assets	-79,547,907.72	-10.83%	Mainly due to impairment of intangible assets and goodwill during the period	No
Non-operating revenue	23,381,569.04	3.18%	—	No
Non-operating expenses	63,503,024.38	8.65%	Mainly due to losses from destruction and scrapping of non-current assets and penalty expenses during the period	No

VI. Assets and Liabilities

1. Material changes of asset items

Unit: RMB

	End of 2025		Beginning of 2025		Change in proportion	Reason for material change
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Cash and cash equivalents	6,715,750,632.10	18.95%	5,117,995,117.22	17.27%	1.68%	—
Accounts receivable	6,024,825,704.00	17.00%	6,224,430,217.77	21.00%	-4.00%	—
Contract assets	68,897,244.68	0.19%	94,117,942.03	0.32%	-0.13%	—
Inventories	1,081,246,249.12	3.05%	1,041,115,491.00	3.51%	-0.46%	—
Investment properties	967,397.81	0.00%	1,053,133.20	0.00%	0.00%	—
Long-term equity	738,196,845.70	2.08%	682,287,056.09	2.30%	-0.22%	—

investment						
Fixed assets	2,610,747,901.07	7.37%	2,259,900,141.60	7.63%	-0.26%	—
Construction in progress	348,377,592.40	0.98%	460,662,679.72	1.55%	-0.57%	—
Right-of-use assets	2,093,717,582.79	5.91%	16,456,043.60	0.06%	5.85%	—
Short-term borrowings	1,215,279,736.31	3.43%	113,697,615.88	0.38%	3.05%	—
Contract liabilities	397,236,002.74	1.12%	239,860,672.03	0.81%	0.31%	—
Long-term borrowings	4,963,964,278.15	14.01%	1,987,236,842.43	6.71%	7.30%	—
Lease liabilities	1,615,589,345.60	4.56%	7,830,870.16	0.03%	4.53%	—
Held-for-trading financial assets	1,520,255,634.13	4.29%	0.00	0.00%	4.29%	—
Intangible assets	4,314,166,594.39	12.17%	5,660,386,100.81	19.10%	-6.93%	—

Offshore assets account for high proportion

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not Applicable

Unit: RMB

Items	Opening balance	Gain or 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								
1. Held-for-trading financial assets (excluding derivative financial assets)		333,964.13			14,708,607,522.03	13,188,685,852.03		1,520,255,634.13
4. Investments in other equity instruments	1,282,971.01		-18,700,000.00					1,282,971.01
Subtotal of financial assets	1,282,971.01	333,964.13	-18,700,000.00		14,708,607,522.03	13,188,685,852.03		1,521,538,605.14
Total	1,282,971.01	333,964.13	-18,700,000.00		14,708,607,522.03	13,188,685,852.03		1,521,538,605.14

Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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Whether any material changes occurred to the measurement attributes of the Company's material assets during the reporting period

Yes No

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

Items	Closing balance	Carrying amounts at the end of the period	Type of restriction	Reason for restriction
Cash and cash equivalents	298,496,439.46	298,496,439.46	Guarantee, freeze, etc.	Deposits, escrow accounts, frozen due to litigation preservation
Notes receivable – bank acceptance	105,500.00	105,500.00	Endorsement or discount	Endorsed or discounted but undue
Accounts receivable	385,635,265.02	358,599,321.50	Pledged	Pledged
Fixed assets	297,975,613.54	294,416,008.64	Mortgaged	Mortgaged
Intangible assets	77,203,036.18	72,454,489.64	Mortgaged	Mortgaged
Construction in progress	203,438,715.46	203,438,715.46	Mortgaged	Mortgaged
100% equity interest in Biyang Fenghe New Energy Power Co., Ltd.	110,511,170.80	110,511,170.80	Pledged	Pledged [Note]
100% equity interest in Poyang Green Oriental Renewable Energy Co., Ltd.	76,909,553.37	76,909,553.37	Pledged	Pledged [Note]
20.87% equity interest in Hunan Redsolar New Energy Technology Co., Ltd.	100,102,666.05	100,102,666.05	Pledged	Pledged [Note]
Total	1,550,377,959.88	1,515,033,864.92		

[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
239,464,234.56	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.

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

Applicable Not applicable

No such cases during the reporting period.

2. Sales of material equity investments

Applicable Not Applicable

Count erpart y	Equit y intere st dispos ed	Date of dispos al	Trans action price (in RMB 10,00 0)	Net profit contri buted by the equity intere st to the listed comp any from the begin ning of the period to the date of dispos al (in RMB	Impac t of the dispos al on the Comp any	Propo rtion of net profit contri buted by the equity dispos al to total net profit	Pricin g princi ple of the equity dispos al	A relate d- party transa ction or not	Relati onshi p with the count erpart y	Whet her the equity involv ed has been fully transf erred	Whet her imple mente d as plann ed and on sched ule; if not, reason s and measu res taken by the Comp any	Disclo sure date	Index to disclo sure
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				10,000)									
CEVI A Enviro Inc.	Guangdong Xingzhou Water Treatment Technology Co., Ltd.	December 30, 2025	49,971.22	1,058.72	It has no significant impact.	1.93%	Based on the valuation results and in consideration of the operating conditions of the target company, the price was determined through negotiation between both parties	No	Not applicable	Yes	Yes	December 31, 2025	http://www.cninfo.com.cn

IX. Analysis of Major Subsidiaries and Joint Stock Companies

Applicable Not Applicable

Major 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
Zoomlion Environmental Industry Co., Ltd.	Subsidiary	Smart urban service	RMB 2,351,529,800	22,450,318,548.50	8,405,201,793.03	12,311,086,525.22	927,764,096.40	757,229,175.59

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	
Ladurner Equipment S.R.L.	Business combination not under common control	Positive effects on the Company's business
Infore Environment Intelligent Environmental Sanitation Equipment (Italy) Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhongshan Yingzhen Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhanjiang Yingxiang Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yinghui Recycling Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhu Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Yingtuo Shuzhi Property Co., Ltd.	Incorporation	Positive effects on the Company's business
Huazhou Yingchuang Recycling Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Yinghai Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Maoming Dianbai District Yinghe Recycling Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Pengshui Yingyuan Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Jieyang Jiedong District Yingdong Recycling Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Shanggao County Jinying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shaodong Lianying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuzhou Jin'an District Yingze Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Lu'an Yingtai Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Yingling Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Taicang Yingfeng Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhaoqing Yinglian Renewable Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Bijie Yinglian Environmental Equipment Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Panyu District Yingyu Renewable Resources Co., Ltd.	Incorporation	Positive effects on the Company's business
Maoming Yinglian Yuexi Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Changsha Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhongshan Yinglan Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Taizhou Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Pingxiang Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business

Shenzhen Luohu Yinglian Environment Co., Ltd.	Incorporation	Positive effects on the Company's business
Horinger County Tongying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Fenglian Digital Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Hancheng Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Weinan Zhonghui Yinglian Environmental Management Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Maoming Dianbai District Yingdong Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Jiangsu Damei Yinghe Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Infore Smart Energy Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Infore Environmental Intelligent Computing Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Jianli Lianying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Hainan Infore Intelligent Computing Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Hainan Damei Yinghe Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Harbin Yingsheng Environmental Equipment Co., Ltd.	Incorporation	Positive effects on the Company's business
Ezhou Huarong District Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Haicheng Yinghe Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Taizhou Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Anshan Yingsheng Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shangao County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Huizhou Fenglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Fuzhou Changle District Yingrun Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Infore AI Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Infore Enviro AI Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Infore Industrial Investment Co., Ltd.	Incorporation	Positive effects on the Company's business
Linqing Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Hua County Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Qianjiang Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Tailai County Qifeng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Harbin Hefeng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business

Huoqiu Yingchuang Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shaoxing Yingsheng Urban Services Co., Ltd.	Incorporation	Positive effects on the Company's business
Nantong Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Maoming Dianbai District Yinglang Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde District Yingbei Urban Environmental Services Co., Ltd.	Incorporation	Positive effects on the Company's business
Ningxia Yinglian Digital Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangde Yinghe Environmental Sanitation Development Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Taizhou Zhongying Urban Environmental Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Yichang Lianying Urban Environmental Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Shenzhen Zhongfu Environmental Technology Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Guangzhou Yingsheng Environmental Sanitation Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Daye Tongying Environmental Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Foshan Shunde Yinghui Recycling Resources Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Jieyang Jiedong District Yingdong Recycling Resources Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Guangdong Yingtuo Shuzhi Property Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Zhongshan Yinglan Environmental Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Nanchang Yingsheng Environmental Protection Service Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Zhongshan Lianying Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Xinning Zhongying Environmental Sanitation Management Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Huazhou Yingchuang Recycling Resources Co., Ltd.	De-registration	Asset optimization; No material impact on the Company's production, operation and performance
Jilin Zhongfeng Oasis Environmental Development Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Xiangyin County Yingsheng Environmental Protection Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Changshu Zhongying Environmental Sanitation Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Liaocheng Chiping District Yingsheng Environmental Sanitation Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance

Tangshan Yinglian Environmental Management Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Ninghai County Tongying Environmental Sanitation Management Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Donglan Yinglian Urban Environmental Service Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Suzhou Wujiang Yinghe Environmental Sanitation Management Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	Transfer	Asset optimization; No material impact on the Company's production, operation and performance

X. Structural Entities Controlled by the Company

Applicable Not applicable

XI. Future Prospects of the Company

(1) Market opportunities

2. National policies are favorable for the development of the industry

At present, the sanitation industry is in a window period of intensive policy support. From the central to local levels, a series of fiscal and industry policies have been introduced, forming a favorable policy environment characterized by coordinated efforts in financial support, demand guidance, and technological innovation. These policies comprehensively promote the accelerated transformation and upgrading of the sanitation industry toward new energy, intelligence, and automation—from equipment renewal subsidies and optimization of government procurement rules to the allocation of special funds and the opening of application scenarios—injecting strong momentum into the development of the industry.

In December 2025, the Ministry of Finance issued the *Notice on the Advance Allocation of the 2026 Air Pollution Prevention and Rural Environmental Improvement Fund Budget*, in which funds for air pollution prevention mainly benefit new energy sanitation equipment, particularly in key provinces such as Hebei, Shandong, and Henan. Funds for rural environmental improvement focus on supporting demand for rural sewage suction trucks, waste classification, collection and transfer vehicles, and related treatment equipment.

In December 2025, the Central Economic Work Conference was held. The conference clarified that the macroeconomic policy orientation for 2026 is to "pursue progress while ensuring stability, improve both the quality and performance of growth". In terms of fiscal policy, the conference emphasized optimizing the implementation of the "two new" policies in 2026 by continuing to implement more proactive fiscal policies, maintaining appropriate levels of fiscal deficit, debt, and expenditure, and taking multiple measures to defuse operational debt risks in local government financing platforms.

In December 2025, the National Development and Reform Commission and other departments issued the document *Accelerating the Modernization of Agriculture and Rural Areas and Taking Solid Steps to Advance Rural Revitalization Across the Board*, emphasizing the acceleration of building a beautiful and harmonious countryside that is desirable to live and work in, coordinated optimization of village and town layouts, and integrated planning, construction, and management of county-level infrastructure. It also calls for improving the living environment in rural areas and establishing sound systems for the collection, transportation, and disposal of domestic waste. Central budgetary investments and other funding channels will be directed toward agriculture and rural areas, focusing on addressing shortcomings in rural infrastructure and public services.

In November 2025, the General Office of the State Council issued the *Implementation Opinions on Accelerating the Cultivation and Opening of New Application Scenarios to Promote Large-Scale Application*, encouraging the application of new technologies and innovation in scenarios such as intelligent traffic management, Internet of Vehicles, and intelligent dispatching to optimize urban transportation structures. Focusing on smart communities, municipal transportation, urban intelligent hubs, urban operation management, and livelihood services, the government aims to promote new urban infrastructure construction and innovate scenarios for city-wide digital transformation. These policies will promote the large-scale application of unmanned sanitation scenarios.

In October 2025, the National Development and Reform Commission and other departments issued the *Action Plan for Doubling the Service Capacity of EV Charging Infrastructure in Three Years (2025-2027)*, requiring the construction of 28 million charging facilities nationwide by the end of 2027, doubling charging service capacity and effectively expanding pilot applications of vehicle-grid interaction. The policy provides a foundational application environment for new energy vehicles and benefits the procurement of new energy sanitation equipment.

In September 2025, the Ministry of Industry and Information Technology and other departments issued the *Work Plan for Stabilizing Growth in the Automotive Industry (2025-2026)*, intensifying efforts to promote pilot programs for full electrification of public sector vehicles and advancing the deployment of over 700,000 new energy-powered vehicles in areas such as urban public transportation, taxis, and logistics distribution across 25 pilot cities. The plan promotes pilot applications of integrated "vehicle-road-cloud" intelligent connected vehicles, facilitates multi-scenario applications in logistics, sanitation, and mobility services, and encourages key regions to gradually expand cross-regional collaborative applications. Overall, the policy is favorable to the application of new energy sanitation and unmanned sanitation markets.

In August 2025, the Ministry of Housing and Urban-Rural Development and other departments issued the *Action Plan for Implementing the "Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Promoting the Construction of New-Type Urban Infrastructure to Build Resilient Cities (2025-2027)"*, aiming to promote the

development of intelligent perception systems for road infrastructure based on smart multi-functional poles and urban cloud platforms to support the application of intelligent connected vehicles. The policy accelerates the application of intelligent connected vehicles in cities and benefits the procurement of unmanned sanitation equipment.

In May 2025, the General Office of the CPC Central Committee issued the *Opinions on Continuously Promoting Urban Renewal Actions*, setting the primary goal that by 2030, significant progress will be made in implementing urban renewal actions, institutional mechanisms will be further improved, and initial results will be seen in the transformation of urban development models. Specifically, sanitation-related tasks focus on strengthening the construction and upgrading of urban infrastructure and promoting the renovation and upgrading of municipal solid waste treatment facilities.

In February 2025, the Ministry of Industry and Information Technology and other departments launched the second batch of pilot programs for full electrification of public sector vehicles, supporting ten cities—Tianjin, Changzhou, Wuxi, Yibin, Linyi, Huainan, Xi'an, Xianyang, Weinan, and the Xiong'an New Area—in advancing innovative applications such as vehicle-grid interaction, integrated PV-storage-charging-swapping systems, and intelligent connected technologies. According to the plan, the promotion of new energy vehicles will cover official vehicles, taxis, and urban buses, with more than 250,000 new energy vehicles expected to be added across the ten regions.

In January 2025, the National Development and Reform Commission and other departments issued the *Implementation Plan for Building Beautiful Cities*, aiming to achieve landmark progress in building approximately 50 beautiful cities by 2027. Key tasks include improving environmental infrastructure in industrial parks, continuously enhancing waste classification management, encouraging qualified cities to take the lead in developing modern ecological environment monitoring systems, and advancing the categorized upgrading of construction and municipal infrastructure equipment.

2. The demand for urban services and environmental protection equipment will keep increasing

The source of urban services revenue is the government budget with the nature of rigid expenditure and is less affected by macroeconomic regulation factors. The business is characterized by continuity and stability. Environmental protection equipment is a rigid demand within the environmental sanitation industry, and with favorable industry policies and proactive fiscal measures, market demand is expected to continue recovering.

(1) Clear direction of urbanization and significant increase in service demand

As urbanization continues, the construction of urban roads will directly increase the area for road cleaning, urban housing, compound construction, and urban greening, hence increasing the demand for environmental protection equipment and urban cleaning services. Furthermore, sanitation is one of the prerequisites for each province, city, and district to construct urban upgrades such as "national civilized cities", "national hygienic cities", "national model cities of environmental protection", and

"national ecological garden cities". From 2017 to 2024, the area of road cleaning in China's cities and counties increased from 10.896 billion square meters to 14.988 billion square meters, an overall increase of nearly 37.56%; the domestic waste removed and transported in cities and counties rose from 282 million tons to 329 million tons, an overall growth of 16.67%, according to the statistics from the National Bureau of Statistics and the Ministry of Housing and Urban-Rural Development. Factors such as rapid urbanization—leading to expanded cleaning areas, increased waste generation, and higher requirements for waste treatment capacity—are steadily driving greater demand for environmental protection equipment and services.

(2) The rural sanitation market is gaining momentum and will become a key growth driver

Article 19 of the *Opinions of the CPC Central Committee and the State Council on Comprehensively Advancing the Beautiful China Initiative* proposes the building of a beautiful countryside. It calls for adapting local conditions to promote the experience of Zhejiang Province's "Ten Million Project", and for a coordinated effort to advance rural ecological revitalization and improve rural living environments. By 2027, the proportion of counties achieving "beautiful countryside" status is expected to reach 40%, and by 2035, such development will be largely completed. The document *Accelerating the Modernization of Agriculture and Rural Areas and Taking Solid Steps to Advance Rural Revitalization Across the Board*, issued by the National Development and Reform Commission in December 2025, emphasizes directing central budgetary investments and other funding channels toward agriculture and rural areas, with a focus on addressing shortcomings in rural infrastructure and public services. With the deepening of the rural revitalization strategy and continued implementation of rural living environment improvement actions, demand for professional and mechanized sanitation services in townships is rapidly increasing, creating significant incremental market opportunities for the urban services and environmental protection equipment industries.

(3) Continued strengthening of new energy policies is accelerating market expansion

In 2025, a total of 247 cities nationwide generated demand for new energy-powered environmental protection equipment, an increase of 72 cities year-on-year. Among them, 145 cities recorded demand for 10 units or more, an increase of 65 cities year-on-year. Since the national policy direction to accelerate the development of the new energy vehicle industry was established in 2012, top-level design and supporting documents have been continuously refined, laying a solid foundation for the promotion and application of new energy-powered environmental protection equipment. In 2025, the penetration rate of pure electric environmental protection equipment reached 22.6%, marking the industry's entry into a phase of rapid growth. During the 15th Five-Year Plan period, with continued policy support, the penetration rate of new energy-powered environmental protection equipment is expected to exceed 50%.

(4) The increasing mechanization of urban cleaning will create incremental market space for environmental protection equipment

According to the *2024 Urban and Rural Construction Statistical Yearbook*, as at the end of 2024, the mechanical cleaning space of roads in cities across the country reached 11.63 billion square meters, with a mechanization rate of 82.6%. The mechanical cleaning space of roads in counties across the country reached 3.36 billion square meters, with a mechanization rate of 80.9%. This indicates that there is still room for development in terms of the mechanization level of sanitation industry in China. While China's sanitation mechanization has established a solid foundation, there remains considerable room for improvement. In the future, driven by continuously rising labor costs, sanitation operations will shift from "partial mechanization" to "full mechanization", driving sustained increases in mechanization rates across all scenarios, including road cleaning, guardrail cleaning, and waste collection and transportation.

(5) The aggravation of aging population will make the expansion of the environmental protection equipment market an inevitable trend

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. According to the data of the National Bureau of Statistics, China's population reached approximately 1.4 billion by the end of 2025. Among them, the population aged 60 and above reached 320 million, accounting for 23.0% of the total population. The advent of an aging society will inevitably be accompanied by labor shortages, particularly in the sanitation services sector. 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.

(6) Continued large-scale equipment renewal policies, driving release of the demand for environmental protection equipment

In 2025, supported by equipment renewal policies, industry sales volumes stabilized and rebounded, ending a four-year decline. The Central Economic Work Conference held in December 2025 explicitly stated that in 2026, the implementation of the "two new" policies will be further optimized, while maintaining necessary fiscal expenditure intensity and actively defusing local government debt risks, thereby creating a stable environment for sustained industry development.

(7) Breakout growth of intelligent and unmanned environmental protection equipment

The deep application of next-generation information technologies such as the IoT, big data, and AI is driving profound changes in the urban services and environmental protection equipment industries, accelerating the transformation of sanitation operations from traditional labor-intensive models to intelligent, unmanned, and refined models. National policies such as "artificial intelligence+" and pilot programs for "vehicle-road-cloud integration" are driving explosive demand for high-end intelligent equipment and unmanned operational equipment. The Company is seizing opportunities arising from industry

transformation by continuously increasing investment in intelligent environmental protection equipment and unmanned technologies, and is gradually building a comprehensive portfolio of intelligent unmanned products covering all sanitation operation scenarios. The urban services industry is transitioning from "labor-intensive" to "technology-intensive" and upgrading from "single cleaning services" to "comprehensive environmental service provider". Driven by the combined forces of ongoing urbanization, proactive fiscal policy, and technological breakthroughs, the environmental protection equipment market exhibits dual characteristics of "certain growth + structural opportunities", with intelligence, new energy, and resource utilization forming the three core investment themes.

(8) Deepening integration of "two networks", accelerating the development of recycling systems

In January 2025, the National Development and Reform Commission and the Ministry of Finance issued the *Notice on Intensifying the Implementation of Large-Scale Equipment Renewal and Consumer Goods Trade-In Policies in 2025*, which clearly proposes supporting supply and marketing cooperatives in leveraging their grassroots network advantages to accelerate the development of standardized and regulated recycling systems and promote the integration of municipal waste collection systems with renewable resource recycling systems.

According to the *Report on the Development of China's Renewable Resources Recycling Industry (2025)* released by the China Association of Circular Economy, China's total recycled resource volume reached 401 million tons in 2024, a year-on-year increase of 6.5%, with a recycling value of approximately RMB 1.34 trillion. Xu Junxiang, President of the China Association of Circular Economy, stated that the output value of China's resource recycling industry is expected to reach RMB 5 trillion in 2025.

The integration of the "two networks" is driving the extension of sanitation services from single cleaning operations to a full industrial chain of "cleaning + recycling + resource utilization". This provides policy support and market opportunities for sanitation enterprises to expand into recycling businesses.

(9) Upgraded management of construction waste opens new blue-ocean opportunities for resource utilization

In May 2025, the General Office of the State Council forwarded the *Opinions on Further Strengthening the Management of Urban Construction Waste* from the Ministry of Housing and Urban-Rural Development, requiring strict accountability for source reduction of construction waste, implementation of classified treatment, prohibition of direct mixing with household waste, promotion of certification for resource utilization products, and improvement of the "polluter pays" system.

According to the drafting group of the *Technical Specifications for Pollution Control of Construction Waste (Draft for Comments)* from the Ministry of Ecology and Environment, China generated more than 3 billion tons of construction waste in 2023, accounting for over 40% of total municipal waste, making it the largest source of municipal solid waste. The *Guiding Opinions on the Comprehensive Utilization of Bulk Solid Waste during the 14th Five-Year Plan* propose that by 2025, the

comprehensive utilization capacity of bulk solid waste, including construction waste, will be significantly improved, with the comprehensive utilization rate of new bulk solid waste reaching 60%.

Driven by policies, the market size of the construction waste resource utilization industry has grown from RMB 127 million in 2018 to RMB 12.414 billion in 2023, with a compound annual growth rate of 57.77%. It is projected that by 2030, construction waste could generate an output value exceeding RMB 330 billion in China, providing a new growth engine for sanitation enterprises.

(II) Business plan for 2026

In 2026, the Company will continue to monitor market trends, adhere to a diversified business expansion strategy, and actively develop integrated urban environmental management and full-scenario intelligent sanitation projects to continuously optimize its order structure.

In the intelligent equipment segment, the strategy will emphasize "new energy leadership, international expansion, and growth through flagship products". The Company continuously strengthens core technology R&D, steadily optimizes overseas market expansion, and enhances international operational capability and overall competitiveness. At the same time, the Company will iterate small intelligent equipment products based on scenario-specific needs, continuously improve the aerial work equipment product portfolio, and cultivate new growth drivers.

The smart services segment will focus on "ecological, technology-driven, and unmanned" solutions, while deepening its presence in core regional markets. Leveraging digital upgrades of the Smart Sanitation Cloud Platform, the Company will promote efficient coordination between intelligent perception systems and full-scenario intelligent unmanned equipment to build an integrated intelligent operation system covering inspection, cleaning, and transfer, and create a new operational model of "human-machine collaboration and intelligent coordination", thereby comprehensively enhancing the quality and efficiency of environmental services through intelligent technologies.

(III) Plan for use of funds

2026 is a crucial year for the Company's strategic development. To meet the capital needs of rapid business expansion, the Company will establish a scientific and dynamic capital supply and demand management system. On the one hand, it will strengthen the overall planning, allocation, and efficient utilization of its own capital. By improving the full-process management mechanism of accounts receivable, it will shorten collection cycles and improve the capital turnover efficiency. On the other hand, it will continuously optimize its capital structure, reasonably control financial leverage, and enhance the flexibility and risk resistance of capital use while ensuring liquidity safety.

In terms of fundraising, the Company will adopt a diversified financing strategy. By issuing direct financing instruments such as short-term financing bonds and medium-term notes, combined with the accumulation of cash flows from operating activities, and optimizing the structure of bank loans and other multi-channel combinations, it will establish a stable capital supply system. At the same time, a dynamic funds monitoring mechanism will be established to adjust the scale and duration of financing in a flexible manner according to business development rhythms, ensuring that fund supply precisely matches the needs of business expansion and providing a solid financial guarantee for achieving the Company's strategic goals.

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

1. Policy-related risks

Against the backdrop of the ongoing strengthening of national environmental protection policies, the environmental protection industry, a typical sector driven by policy, has ushered in development opportunities. However, policy changes may have a direct impact on the Company's operations. Changes in macroeconomic and environmental regulatory policies, adjustments to tax incentives, and upgrades of environmental protection standards may all lead to fluctuations in market demand, increases in operating costs, or adjustments to the business layout, thereby affecting the Company's operating performance.

Countermeasures: The Company has established a dynamic policy tracking mechanism and formed a professional research team to interpret national macroeconomic policies and industry regulations. By regularly analyzing policy trends and predicting potential impacts, it provides a scientific basis for decision-making for the management. At the same time, the insights gained from policy research are integrated into strategic planning and business development, strengthening the Company's ability to adapt to policy changes and manage risks effectively.

2. Operation management risks

As the Company expands its business scale, broadens its markets and develops more subsidiaries, its assets, personnel and organizations are also undergoing rapid expansion, causing its management to become more complex. Although the Company has formed a complete internal control system and continuously improved it, the difficulties of coordinated management are still increasing due to factors such as industry characteristics, regional differences, and cultural backgrounds of its branches.

Countermeasures: The Company adopts the strategy of "empowering the enterprise with talent + upgrading management". It expands the core management team by introducing high-end talent and carrying out special training to enhance the team's overall capabilities. Moreover, it strengthens the development of its management system and risk control mechanisms, optimizes the standardization of business processes, improves coordination across regions and departments, and fosters the integration of corporate culture to enhance organizational cohesion and risk prevention and control capabilities.

3. Risks of heightened competition in market-oriented services

China's urban services industry is at a critical stage of market-oriented upgrading, with relatively low market concentration. As the industry continues to develop rapidly, cross-sector enterprises and new market entrants are continuously emerging, gradually blurring traditional competitive boundaries. The market is increasingly characterized by integrated resources and complementary capabilities, intensifying competition and posing a risk of declining market share for the Company.

Countermeasures: In the face of intensifying market competition, the Company adheres to a core strategy of "technological innovation + competitive differentiation", continuously increases R&D investment, and focuses on key areas such as intelligent equipment and digital management to advance technological breakthroughs. It continuously optimizes its service system, innovates service models, and develops differentiated integrated solutions to enhance core competitiveness through technological strength and brand influence. Going forward, the Company will continue to deepen its presence in core strategic markets, steadily expand its nationwide business footprint, extend service coverage, and leverage its established competitive advantages to further consolidate its industry-leading position and effectively mitigate risks arising from intensified market competition.

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 13, 2025	Interactive Platform for Investor Relations on Panorama Network	Online communication on Internet platform	Others	Investors	To understand the business development situation of the Company in various fields and its future business strategy	For details, please refer to the Record Sheet of Investor Relations Activities disclosed by the Company on May 13, 2025 on Cninfo (www.cninfo.com.cn)
October 29, 2025	23rd Floor Conference Room, Infore Environment Technology Group Co., Ltd.	On-site research	Institutions	Changjiang Securities, Soochow Securities, China Merchants Securities, Huatai Securities, GF	To understand the Company's industry landscape and operating conditions	For details, please refer to the Record Sheet of Investor Relations Activities disclosed by the Company on

				Securities, SDIC Securities, Shenwan Hongyuan Securities, Tianfeng Securities, Guosheng Securities		October 29, 2025 on Cninfo (www.cninfo.com.cn)
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XIII. Formulation and Implementation of the Market Value Management System and Valuation Improvement Plan

Whether the Company formulated a market value management system.

Yes No

Whether the Company disclosed a valuation improvement plan.

Yes No

To strengthen market value management and effectively enhance investment value and shareholder returns, the Company actively responded to the call in the *Several Opinions of the State Council on Further Promoting the Sound Development of the Capital Market* to encourage listed companies to establish market value management systems. In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Administrative Measures for Information Disclosure of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Guidelines No. 1 of SZSE for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board*, the *Guidelines for the Supervision of Listed Companies No. 10 - Market Value Management*, and the *Articles of Association*, the Company formulated the *Market Value Management System* and the *2025 Valuation Enhancement Plan*, which were reviewed and approved at the 10th meeting of the 10th Board of Directors. For details, please refer to the *Market Value Management System* and the *2025 Valuation Enhancement Plan* disclosed by the Company on April 25, 2025 on Cninfo (<http://www.cninfo.com.cn>).

On a lawful and compliant basis, the Company will comprehensively utilize various measures, including mergers and acquisitions, share repurchases, equity incentives, employee stock ownership plans, cash dividends, investor relations management, and information disclosure, to continuously strengthen its fundamentals, enhance core competitiveness, improve corporate quality and value, and increase recognition in the capital market.

XIV. Implementation of the Action Plan for Quality and Return Improvements

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

Yes No

Part IV Corporate Governance, Environment and Society

1. Basic situation 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 the *Rules of Procedure for the General Meeting of Shareholders*. The Board of Directors, which is the decision-making body of the Company, conscientiously implements the resolutions of General Meetings of Shareholders.

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

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

5. During the reporting period, there was no change in the stock price arising from leakage of inside information of the Company. As part of its next steps, the Company will constantly improve its corporate governance structure, further standardize

corporate operations, and raise the level of corporate governance pursuant to relevant laws and regulations as well as the requirements of the SZSE.

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

Yes No

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

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

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

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

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

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

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

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

III. Horizontal Competition

Applicable Not applicable

IV. Information of Directors and Senior Officers

1. Basic information

Name	Gender	Age	Position	Incumbent/Former	Start of tenure	End of tenure	Beginning number of shares held	Number of shares increased during the period	Number of shares decreased during the period	Other changes	Ending number of shares held	Reasons for share increase/decrease
Ma Gang	Male	47	Chairman of the Board and President	Incumbent	December 4, 2014	February 11, 2029	1,654,600	0	0	0	1,654,600	None
Zhu Youyi	Male	47	Director	Resigned	May 20, 2024	February 12, 2026	46,975	0	0	0	46,975	None
Kuang Guangxiong	Male	47	Director	Resigned	January 30, 2019	February 12, 2026	0	0	0	0	0	None
Shen Ke	Male	55	Director	Resigned	January 30, 2019	February 12, 2026	0	0	0	0	0	None
Zhang Yu	Male	48	Independent director	Resigned	December 26, 2019	February 12, 2026	0	0	0	0	0	None
Li Ruidong	Male	49	Independent director	Resigned	December 26, 2019	February 12, 2026	0	0	0	0	0	None
Li Yingzhao	Male	64	Independent director	Resigned	January 12, 2023	February 12, 2026	0	0	0	0	0	None
Wang Qingbo	Male	50	Vice President & CFO	Incumbent	April 29, 2022	February 11, 2029	800	0	0	0	800	None
Huang Junjie	Male	37	Board Secretary	Incumbent	August 26, 2024	February 11, 2029	0	0	0	0	0	None
Total	--	--	--	--	--	--	1,702,375	0	0	0	1,702,375	--

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

Yes No

Changes of the Company's directors and senior officers

Applicable Not applicable

2. Position and biographical information

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

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

2. Mr. Zhu Youyi, born in 1979, holding a master's degree, is Director of the Tenth Board of Directors of Infore Enviro. Starting in August 2023, he has been Vice President of Infore Group Co., Ltd. From July 2020 to August 2023, he served as a senior director of human resources at Alibaba Group. From July 2001 to July 2020, he held various director positions in market operations and strategic investment at Midea Group.

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 Executive President of Infore Group from August 2024 till now. From July 2002 to August 2024, he held successively the positions of Financial Manager at Midea Daily Home Electric Appliance Group, Financial Manager at Midea subsidiary in the US, Financial Director at Midea Kitchen Appliances Division, Financial Director at Midea Commercial Air Conditioner Division, Financial Director at Midea-KUKA Joint Venture in China, and Vice President at Infore Group.

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

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

6. Mr. Li Ruidong, born in 1977, holding a bachelor's degree, is Independent Director of the Tenth Board of Directors of Infore Enviro. He has been President and Editor-in-chief at the China Environment Magazine since November 2013 till now. He

served as Assistant to General Manager of *Environmental Protection Magazine Co., Ltd.* from February 2012 to November 2013, and Director of the Office of the *Environmental Protection Magazine* from March 2008 to January 2012.

7. Mr. Li Yingzhao, born in 1962, holding a doctoral degree, serves as Independent Director of the Tenth Board of Directors of Infore Enviro. He was formerly Professor of Accounting and graduate supervisor at School of Business Administration, South China University of Technology and retired in 2023. He served as Independent Director at such listed companies as Guangzhou Friendship Group Co., Ltd., Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd., and Guangdong TLOONG Technology Group Co., Ltd.

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. Huang Junjie, born in 1989, holding a master's degree, is currently Board Secretary and Director of the Securities and Strategic Development Department of Infore Enviro. He served as Senior Investment Manager of Cedar Holdings Group Co., Ltd., Investment Manager of Tianjin Golden Wutong Investment Management Partnership (Limited Partnership), International Management Trainee and M&A Analyst of the New York Branch of Standard Chartered Bank.

Circumstances where the controlling shareholder or de facto controller concurrently serves as Chairman and General Manager of the listed company

Applicable Not applicable

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	Whether receiving remuneration or allowances from the shareholder entity
Zhu Youyi	Infore Group Co., Ltd.	Director	August 28, 2023	--	Yes
Kuang Guangxiong	Infore Group Co., Ltd.	Director	May 30, 2019	--	Yes
Kuang Guangxiong	Ningbo Infore Asset Management Co., Ltd.	Legal representative	June 6, 2024	--	No
Shen Ke	Zoomlion Heavy Industry Science and Technology Co., Ltd.	Vice President	June 29, 2015	--	Yes

Positions held in other entities

Applicable Not Applicable

Name of	Name of other entity	Position held in	Start of tenure	End of	Whether
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the person holding position		other entity		tenure	receiving remuneration or allowances from other entities
Zhu Youyi	Guangdong Infore Finance Connect Small Loan Co., Ltd.	Chairman	May 15, 2024	--	No
Zhu Youyi	KUKA Home Co., Ltd.	Director	February 2, 2024	--	No
Zhu Youyi	Beijing Baination Pictures Co., Ltd.	Chairman	May 16, 2024	--	No
Zhu Youyi	Yinghe (Shenzhen) Robotics and Automation Technology Co., Ltd.	Director	April 18, 2025	--	No
Kuang Guangxi	Guangdong Infore Finance Connect Small Loan Co., Ltd.	Director	July 6, 2020	--	No
Kuang Guangxi	KUKA Home Co., Ltd.	Chairman	September 20, 2024	--	No
Kuang Guangxi	E - Fund Management Co., Ltd.	Director	January 1, 2025	--	No
Kuang Guangxi	Guangdong Infore Material Technology Co., Ltd.	Chairman	October 9, 2023	--	No
Kuang Guangxi	Foshan Infore Trade Co., Ltd.	Others	June 21, 2024	--	No
Kuang Guangxi	Ningbo Infore Ruihe Investment Management Co., Ltd.	Executive Director, Manager	May 11, 2024	--	No
Kuang Guangxi	Ningbo Infore Baihe Cultural Industry Investment Co., Ltd.	Executive Director, Manager	June 6, 2024	--	No
Kuang Guangxi	Yinghe (Shenzhen) Robotics and Automation Technology Co., Ltd.	Chairman	August 5, 2020	--	No
Shen Ke	Hunan Zoomlion Emergency Device Co., Ltd.	Director	August 17, 2017	--	No
Shen Ke	Zoomlion Capital Co., Ltd.	Director	October 22, 2015	--	No
Shen Ke	Zoomlion Finance Co., Ltd.	Director	May 28, 2015	--	No
Shen Ke	Changsha Zoomlion Zhitong Trenchless Technology Co., Ltd.	Director	April 13, 2009	--	No
Shen Ke	Zoomlion Heavy Machinery Zhejiang Co., Ltd.	Chairman	November 8, 2023	--	No
Shen Ke	Zoomlion Agriculture Co., Ltd.	Chairman	October 31, 2023	--	No
Shen Ke	Hunan Zhongchen Rolled Steel Manufacturing Engineering Co., Ltd.	Director	May 20, 2020	--	No
Shen Ke	Hunan Xiangjiang Private Equity Fund Management Co., Ltd.	Director	April 28, 2021	--	No
Shen Ke	Zoomlion Business Factoring (China) Co., Ltd.	Director	October 11, 2023	--	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
Li Yingzha	Jiangxi Green Recycling Co., Ltd.	Director	November 19, 2020	--	Yes
Li Yingzha	China Broadnet Guangzhou Network Co., Ltd.	Independent director	April 27, 2021	--	Yes

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

Applicable Not Applicable

During the reporting period, as the Company had used proceeds from fund-raising in 2022 to pay for expenditures unrelated to the investment projects, which were subsequently returned to the designated account within the same year, and there were instances of commingling the proceeds account with the Company's own funds, the Zhejiang CSRC Bureau issued a *Decision on Issuing Warning Letters to Infore Environment Technology Group Co., Ltd. and Relevant Personnel* to the Company, Ma Gang, and Wang Qingbo.

In response, the Company and relevant personnel promptly implemented corrective actions: In 2022, the Company identified that proceeds had been used for expenditures unrelated to the designated investment projects. Upon identifying the issue, the Company immediately returned the proceeds to the designated proceeds account within the same year and organized relevant personnel to relearn the *Fundraising Proceeds Management System*, requiring thorough understanding to ensure strict compliance in subsequent use of proceeds.

As the entity responsible for fundraising proceeds, the Company has always strictly followed investment project requirements and the principle of dedicated use of funds in designated accounts. For Guangdong Infore Urban Service Intelligent Technology Co., Ltd., a wholly owned subsidiary of the Company, as the entity for project implementation, its general account used for fundraising proceeds also receives other funds in addition to fundraising proceeds, and fails to fully meet the management requirement of only receiving fundraising proceeds. In response, the Company will comprehensively review and standardize the use of existing accounts, supplement and execute a *Four-Party Supervision Agreement for Fundraising Proceeds*, align implementation accounts with the standards of dedicated proceeds accounts, strictly enforce exclusive use, ensure compliance and security in proceeds utilization, and prevent recurrence of similar issues.

3. Remuneration of directors and senior officers

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

In accordance with the *Remuneration System for Directors and Senior Officers* approved by the Company, the remuneration of the Company's directors and senior officers consists of a base annual salary and a performance-based annual salary. The base

salary is determined based on responsibilities, risks, and pressures borne by directors and senior officers, and remains stable, while the performance-based salary is linked to the Company's profit achievement rate, target responsibility assessment results, and departmental performance appraisal results. The remuneration system for the Company's directors and senior officers serves the Company's business strategy and is adjusted in line with changes in the Company's operating conditions to meet the needs of the Company's further development. Adjustments to remuneration for the Company's directors and senior officers are based on: (1) Company performance; (2) position, individual capability, and contribution; (3) performance appraisal results; and (4) market and industry remuneration levels.

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

Unit: RMB 10,000

Name	Gender	Age	Position	Incumbent/Former	Total pre-tax remuneration from the Company	Receiving remuneration from the Company's related parties or not
Ma Gang	Male	47	Chairman of the Board and President	Incumbent	278.64	No
Zhu Youyi	Male	47	Director	Resigned	0	Yes
Kuang Guangxiong	Male	47	Director	Resigned	0	Yes
Shen Ke	Male	55	Director	Resigned	0	Yes
Zhang Yu	Male	48	Independent director	Resigned	10	No
Li Ruidong	Male	49	Independent director	Resigned	10	No
Li Yingzhao	Male	64	Independent director	Resigned	10	No
Wang Qingbo	Male	50	Vice President & CFO	Incumbent	102.43	No
Huang Junjie	Male	37	Board Secretary	Incumbent	101.58	No
Total	--	--	--	--	512.65	--

Appraisal basis for remuneration actually received by all directors and senior officers at the end of the reporting period	Appraisal plan formulated in accordance with the Company's <i>Remuneration System for Directors and Senior Officers</i>
Completion of appraisal for remuneration actually received by all directors and senior officers at the end of the reporting period	Completed
Deferred payment arrangements for remuneration actually received by all directors and senior officers at the end of the reporting period	0
Clawback and recourse arrangements for remuneration actually received by all directors and senior officers at the end of the reporting period	0

Other information

 Applicable Not applicable**V. Performance of Duties by Directors during the Reporting Period****1. Attendance of directors at Board meetings and general meetings of shareholders**

Attendance of directors at Board meetings and general meetings of shareholders							
Director's name	Number of Board meetings held	Number of Board meetings attended on site	Number of Board meetings attended by way of telecoms	Number of Board meetings attended through proxy	Number of Board meetings absent with apologies	Having failed to attend two consecutive Board meetings in person or not	Number of general meetings of shareholders attended
Ma Gang	8	8	0	0	0	No	3
Zhu Youyi	8	1	7	0	0	No	3
Kuang Guangxiong	8	1	7	0	0	No	3
Shen Ke	8	0	8	0	0	No	3
Zhang Yu	8	0	8	0	0	No	3
Li Ruidong	8	0	8	0	0	No	3
Li Yingzhao	8	0	8	0	0	No	3

Explanation of failure to attend two consecutive Board meetings

Not applicable.

2. Objections raised to relevant matters of the Company

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

 Yes No

Director's name	Matters to which directors raised objections	Content of objections
Shen Ke	At the 15th extraordinary meeting of the Tenth Board of Directors, the proposal on revising the Articles of Association was reviewed and submitted to the General Meeting of Shareholders	Mr. Shen Ke voted against the proposal, with the following reasons: According to the proposed amendments to the Articles of Association, the number of directors would increase from 7 to 9. In addition to adding one employee director as required by laws and regulations, another director would be added, while the number of independent directors would remain unchanged at 3. Based on this, among the current 7 directors, 4 are external directors; however, under the amended Articles of Association, among the 9 directors, external directors would remain at 4, which is less than half. This represents a substantive change in the governance structure of the Board, which is not conducive to safeguarding the interests of small and medium shareholders and is inconsistent with the broader direction of improving corporate governance. It is therefore recommended that the Board add one employee director, increasing the number of directors from 7 to 8.
Explanation of directors' objections to	Refer to the content of objections above.	

relevant matters of the Company	
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3. 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, the Rules of Procedure for the Board of Directors as well as relevant laws and regulations. Based on the actual situation of the Company, the directors proposed relevant opinions on the Company's material governance and operation decisions, developed management measures aligned with sound corporate governance 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.

VI. Information on Special Committees of 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	Li Yingzhao, Kuang Guangxiong, Li Ruidong and Zhang Yu	6	February 19, 2025	1. <i>Pre-approval of the Financial Statements in 2024 Annual Report</i> ; 2. <i>2025 Internal Audit Work Plan Report</i> ; 3. <i>Ex-ante Communication of 2024 Annual Report</i> .	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
	Li Yingzhao, Kuang Guangxiong, Li Ruidong and Zhang Yu	6	April 23, 2025	1. <i>2024 Internal Control Assessment Report</i> ; 2. <i>2024 Annual Report and Its Summary</i> ; 3. <i>2024 Annual Final</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable

				<p><i>Financial Accounting Report;</i> <i>4. 2025 First Quarter Report;</i> <i>5. Proposal on Changes to Accounting Policy of the Company and Its Subsidiaries;</i> <i>6. Proposal on the Reappointment of Accounting Firms;</i> <i>7. Assessment Report on the Performance of the Accounting Firm in 2024 and Report on the Performance of Supervisory Duties of the Audit Committee over the Accounting Firm.</i></p>			
	<p>Li Yingzhao, Kuang Guangxiong, Li Ruidong</p>	6	<p>August 20, 2025</p>	<p>1. <i>2025 Interim Report (Full Text) and Its Summary;</i> 2. <i>Special Report on the Storage and Use of Fundraising Proceeds for the First Half of 2025;</i> 3. <i>2025 Interim Financial Report.</i></p>	<p>Approved the relevant proposals of this meeting.</p>	<p>Not applicable</p>	<p>Not applicable</p>
	<p>Li Yingzhao,</p>	6	<p>October 28,</p>	<p>1. <i>Third</i></p>	<p>Approved the</p>	<p>Not</p>	<p>Not</p>

	Kuang Guangxiong, Li Ruidong		2025	<i>Quarter Report for 2025; 2. Proposal on the Temporary Replenishment of Working Capital with Part of the Idle Raised Funds.</i>	relevant proposals of this meeting.	applicable	applicable
	Li Yingzhao, Kuang Guangxiong, Li Ruidong	6	December 12, 2025	<i>Proposal on Re-establishing the Internal Audit Management System</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
	Li Yingzhao, Kuang Guangxiong, Li Ruidong	6	December 30, 2025	<i>Proposal on the Public Listing and Transfer of 100% Equity in a Wholly Owned Subsidiary and Related Creditor's Rights, Resulting in Passive Financial Assistance</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	January 15, 2025	<i>1. Reviewing the Performance of the Company's Directors and Senior Officers in Fulfilling Their Duties in 2024 and Conducting Annual Performance Assessment Based on Assessment Criteria and Remuneration Policies and Plans; 2.</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable

				<i>Implementation of the Remuneration Plan for Directors, Supervisors, and Senior Officers in 2024.</i>			
	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	April 23, 2025	<i>Proposal on the Remuneration Plan for Directors, Supervisors and Senior Officers in 2025</i>	All committee members abstained from voting and submitted the matter to the Board of Directors for deliberation.	Not applicable	Not applicable
	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	August 20, 2025	<i>Proposal on the Early Termination of the Second Employee Stock Ownership Plan</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	October 28, 2025	1. <i>Proposal on the Third Employee Stock Ownership Plan (Draft) and Its Summary;</i> 2. <i>Proposal on Formulating the Management Measures for the Third Employee Stock Ownership Plan;</i> 3. <i>Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable

				<i>Handle Matters Related to the Third Employee Stock Ownership Plan.</i>			
	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	November 12, 2025	<p>1. <i>Proposal on the Third Employee Stock Ownership Plan (Revised Draft) and Its Summary;</i></p> <p>2. <i>Proposal on Formulating the Management Measures for the Third Employee Stock Ownership Plan (Revised);</i></p> <p>3. <i>Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Third Employee Stock Ownership Plan;</i></p> <p>4. <i>Proposal on Postponing the First Extraordinary General Meeting of Shareholders of 2025 and Canceling</i></p>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable

				<i>Certain Proposals.</i>			
	Li Ruidong, Kuang Guangxiong and Zhang Yu	6	December 12, 2025	<i>Proposal on Re-establishing the Remuneration System for Directors and Senior Officers</i>	All committee members abstained from voting and submitted the matter to the Board of Directors for deliberation.	Not applicable	Not applicable
Strategy Committee	Ma Gang, Zhu Youyi and Shen Ke	3	April 9, 2025	<i>Proposal on the Company's Share Repurchase Plan and the Commitment Letter for Securing a Special Repurchase Loan</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
	Ma Gang, Zhu Youyi and Shen Ke	3	April 23, 2025	1. <i>2025 Valuation Enhancement Plan;</i> 2. <i>Proposal on Formulating the Market Value Management System.</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable
	Ma Gang, Zhu Youyi and Shen Ke	3	December 30, 2025	<i>Proposal on the Public Listing and Transfer of 100% Equity in a Wholly Owned Subsidiary and Related Creditor's Rights, Resulting in Passive Financial Assistance</i>	Approved the relevant proposals of this meeting.	Not applicable	Not applicable

VII. Work of the Audit Committee

Whether the Audit Committee identified any risk in the Company in its supervision during the reporting period

Yes No

The Audit Committee has no objection to supervisory matters during the reporting period.

VIII. 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	217
Number of in-service employees of the major subsidiaries at the end of the reporting period	19,550
Total number of in-service employees at the end of the reporting period	19,767
Total number of paid employees during the reporting period	19,767
Number of retirees to whom the parent company or its major subsidiaries need to pay retirement pensions	0
Specialty	
Specialty category	Number of people in the specialty
Production personnel	15,944
Sales personnel	936
Technical personnel	1,323
Finance personnel	166
Administrative personnel	1,398
Total	19,767
Educational level	
Types of educational level	Number of people
Doctoral degree	10
Master's degree	487
Bachelor's degree	2,364
College	1,939
Below college	14,967
Total	19,767

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 performance and individual performance assessment results. The Company swings the weight of salary payment towards strategic and key professionals to ensure that the income level of core talent is competitive in the market. The employee remuneration policy is subject to dynamic adjustments based on regional conditions, talent supply, staff turnover, the extent of changes in the industry environment and the corporate payment capacity.

3. Training plan

The Company adopts a talent strategy of high quality, high incentives, high performance, and high cultural identity. To support employees through targeted and efficient training, Infore Enviro has put in place a 3-tier training system that covers the company level, division level, and department level. The Company has established the Employee Skills Enhancement Center, continuously improving the competence and capabilities of employees while actively promoting corporate culture. By continuously strengthening the trainer team, and improving online learning platforms and other key resources, while maintaining standardized training management processes, the Company is committed to creating a collaborative and efficient organizational climate that empowers employees and promotes individual growth.

The Company provides diversified and tiered learning and development programs, primarily covering general skills, expertise, and leadership. Leadership is strengthened through junior, intermediate, and senior management seminars, advanced leadership training camps, and transition training programs for newly appointed managers, facilitating continuous leadership development; expertise is enhanced through specialized training camps for marketing, R&D, business, and project operations functions to improve job-specific skills; general skills focus on new employees from campus and social recruiting, including the Young Talent Training Camp, follow-up training, and programs specific to new employees from social recruiting to help them swiftly integrate into the organization.

4. Labor outsourcing

Applicable Not Applicable

Total hours of labor outsourced	59,099,064.64
Total payment for labor outsourcing (RMB)	750,785,159.04

IX. The 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 dividends 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.

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

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

Applicable Not applicable

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)	1.30
Total shares as the basis for the proposal for profit distribution (share)	3,137,329,478.00
Cash dividends (RMB) (tax inclusive)	407,852,832.14
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (inclusive of those in other forms) (RMB)	407,852,832.14
Distributable profit (RMB)	842,644,268.96
Total cash dividends (inclusive of those in other forms) as a percentage of total distributed profit	48.40%

Information on this cash dividend

Others

Details about the proposal for profit distribution and converting capital reserve into share capital

The profit distribution plan for 2025 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 2025 profit distribution plan, a cash dividend of RMB 1.30 (tax inclusive) per 10 shares will be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

At the end of 2024, the Company reported RMB 787,457,794.12 in profits available for distribution and RMB 188,905,507.02 in retained earnings after cash dividends; in 2025, the Company realized a net profit of RMB 726,376,402.16 and a surplus reserve of RMB 72,637,640.22, resulting in profits available for distribution at the end of 2025 reaching RMB 842,644,268.96; when the profit distribution plan for 2025 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 3,137,329,478, a cash dividend of RMB 1.30 (tax inclusive) will be distributed for every 10 shares, totaling RMB 407,852,832.14, and retained earnings after cash dividends will be RMB 434,791,436.82; 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 0.13 (tax inclusive) per share and adjust the total cash dividends accordingly.

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

Applicable Not Applicable

1. Stock incentive

During the reporting period, the Company did not implement any equity incentive plans.

Equity incentives granted to directors and senior officers of the Company

Applicable Not applicable

Appraisal mechanism and incentives for senior officers

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

2. Implementation of the employee stock ownership plan

Applicable Not Applicable

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

Scope of employees	Number of employees	Total number of shares held	Changes	As a percentage of the total share capital of the listed company	Source of funds to implement the plan
Directors (excluding independent directors), supervisors, senior officers, and backbone personnel (technology, marketing, production, etc.) of the Company	134	0	As at May 17, 2025, the Company cumulatively reduced holdings of 64,789,616 shares for its Second Employee Stock Ownership Plan by way of centralized bidding, accounting for 2.05% of its total share capital. Accordingly, all 64,789,616 shares held under the Second Employee Stock Ownership Plan were sold by way of centralized bidding, and the plan was fully implemented.	0.00%	Employees' legitimate remuneration, self-raised funds, and other funds obtained by means permitted by laws and regulations.
Directors (excluding independent	160	29,713,398	As at December 31, 2025, the Company cumulatively held 29,713,398 shares for its Third Employee Stock Ownership Plan	0.94%	Employees' legitimate remuneration

directors), supervisors, senior officers, and backbone personnel (technology, marketing, production, etc.) of the Company		by way of centralized bidding, accounting for 0.94% of its total share capital.		n, self-raised funds, and other funds obtained by means permitted by laws and regulations.
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Shareholding of directors and senior officers in the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	As a percentage of the total share capital of the listed company
Ma Gang	Chairman & President	17,246,996	5,433,416	0.17%
Wang Qingbo	Vice President & CFO	4,159,493	1,086,683	0.03%
Huang Junjie	Board Secretary	51,832	326,005	0.01%

Changes in the asset management institution during the reporting period

Applicable Not applicable

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

Applicable Not Applicable

During the reporting period, after the lock-up period expired, the Company sold all 64,789,616 shares (accounting for 2.05% of its total share capital at the time) for its Second Employee Stock Ownership Plan by way of centralized bidding from February 17 to May 16, 2025. The plan was fully implemented, and the actual holding period was consistent with the duration disclosed in the *Second Employee Stock Ownership Plan (Revised Draft)*. The management committee carried out asset liquidation and distribution in accordance with the relevant provisions of the *Second Employee Stock Ownership Plan (Revised Draft)*, and the distribution of rights and interests has been completed.

Exercise of shareholders' rights during the reporting period

None.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Termination of the employee stock ownership plan during the reporting period

Applicable Not Applicable

During the reporting period, the Second Employee Stock Ownership Plan was fully implemented, and asset liquidation and distribution were completed. The returns attributable to participants under the plan have been distributed in proportion to their

allocated shares after deducting relevant expenses. On August 21, 2025, the Company convened the 12th meeting of the Tenth Board of Directors and approved the *Proposal on the Early Termination of the Second Phase Employee Stock Ownership Plan*, agreeing to terminate the plan ahead of schedule.

Other statements:

None.

3. Other employee incentive measures

Applicable Not applicable

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

1. Establishment and implementation of internal control

I. Internal control development

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

II. Internal control implementation

(I) Execution of information disclosure management policies

Upon verification, the Company effectively complied with the *Information Disclosure Management Policy* in 2025, with good performance in information disclosure, and was not subject to punishments by the securities regulatory authorities for violation of rules on information disclosure.

(II) Implementation of financial internal control policies

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

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

(III) Implementation of other internal control policies

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

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

Yes No

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

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

Abnormalities exist in the management and control of subsidiaries

Yes No

XIII. Assessment Report or Audit Report on Internal Control

1. Internal control assessment report

Date of full disclosure of the internal control assessment report	April 28, 2026	
Index to full disclosure of the internal control assessment report	For details, please refer to the <i>Internal Control Assessment Report</i> disclosed on Cninfo (http://www.cninfo.com.cn).	
The total assets of the organization included in the assessment as a percentage of the total assets in the Company's consolidated financial statements	100.00%	
The revenue of the organization included in the assessment as a percentage of the revenue in the Company's consolidated financial statements	100.00%	
Deficiency identification criteria		
Category	Related to financial reporting	Unrelated to financial reporting
Qualitative criteria	Material deficiencies: 1. Fraud committed by directors and senior officers in relation to financial reporting; 2. Material misstatement in financial statements of the current period identified by CPAs, which was not	Material deficiencies: If the likelihood of the deficiency is high, it could materially impair work efficiency or effectiveness, materially increase uncertainty in outcomes, or result in a material deviation from expected targets.

	<p>identified in the course of the functioning of internal controls;</p> <p>3. Ineffective supervision over internal control by the Audit Committee and the internal audit agency of the Company;</p> <p>4. Lack of post qualification or obvious incompetence of principal financial personnel; and</p> <p>5. Ineffective compliance supervision and violations of regulations that could materially affect the reliability of financial statements.</p> <p>Significant deficiencies:</p> <p>1. No anti-fraud procedures and controls have been established;</p> <p>2. Internal systems for the selection and application of accounting policy in line with the generally accepted accounting standards have not been implemented; and</p> <p>3. There are one or more deficiencies in the controls over the year-end financial reporting process, and it cannot reasonably ensure that the financial statements are prepared to achieve the objectives of authenticity and completeness.</p> <p>General Deficiencies:</p> <p>Internal control deficiencies that do not constitute material deficiencies or significant deficiencies.</p>	<p>Significant deficiencies:</p> <p>If the likelihood of the deficiency is medium, it could significantly diminish work efficiency or effectiveness, significantly increase uncertainty in outcomes, or result in a significant deviation from expected targets;</p> <p>General Deficiencies:</p> <p>If the likelihood of the deficiency is low, it could diminish work efficiency or effectiveness, increase uncertainty in outcomes, or result in a deviation from expected targets.</p>
<p>Quantitative criteria</p>	<p>Material deficiencies:</p> <p>1. The potentially misstated amount in the profit statement is greater than or equal to 1% of the operating revenue in the consolidated financial statements of the Company for 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 operating revenue or 3% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year</p>	<p>Material deficiencies:</p> <p>Direct property loss amount is greater than or equal to 1% of the Company's total assets (latest audited).</p> <p>Significant deficiencies:</p> <p>Direct property loss amount is greater than or equal to 0.5% of the Company's total assets (latest audited) but less than 1% of the Company's total assets (latest audited).</p> <p>General Deficiencies:</p> <p>Direct property loss amount is less than 0.5% of the Company's total assets (latest audited).</p>

	<p>but less than 1% of the Company's operating 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 operating 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 for the most recent fiscal year.</p>	
Number of material deficiencies related to financial reporting		0
Number of material deficiencies unrelated to financial reporting		0
Number of significant deficiencies related to financial reporting		0
Number of significant deficiencies unrelated to financial reporting		0

2. Audit report on internal control

Applicable Not Applicable

The Opinion paragraph in the audit report on internal control	
Infore Enviro maintained, in all material respects, effective internal control related to financial reporting as at December 31, 2025, 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	Disclosure
Disclosure date of the full audit report on internal control	April 28, 2026
Index to the full audit report on internal control	For details, please refer to the <i>Internal Control Audit Report</i> disclosed on Cninfo (http://www.cninfo.com.cn)
Opinion type of the audit report on internal control	Standard unqualified opinion
Whether there are any significant deficiencies in non-financial statements	No

Whether the accounting firm has issued the audit report with a 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

Whether a non-standard internal control audit opinion was issued in the reporting period or the previous year

Yes No

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

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

1. Further improving the internal control policy of the Company

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

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

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

3. Further improving the quality of information disclosure

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

4. Further ramping up staff training in laws and regulations

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

XV. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises subject to mandatory environmental information disclosure

Yes No

Number of enterprises included in the list of enterprises subject to mandatory environmental information disclosure		7
No.	Enterprise name	Index for querying environmental information disclosure reports
1	Changsha Zoomlion Environment Industry Co., Ltd.	https://yfpl.sthjt.hunan.gov.cn:8181/hnyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=e4c64409-3e10-40fb-b132-3ca2010e9ab4&XH=1676903662860026849280&year=2025&reportType=1
2	Xiantao Green Oriental Environmental Power Generation Co., Ltd.	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=c6331051-1c94-4f81-a806-76f580e829a0&XH=1715412916744036462592&year=2025
3	Poyang Green Oriental Renewable Energy Co., Ltd.	http://qyhjxxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=52eaf5abfba4e9da0517ea986f75eb7
4	Biyang Fenghe New Energy Power Co., Ltd.	http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91411726MA45HHKEX4001V
5	Changde Zelian Environmental Service Co., Ltd.	https://yfpl.sthjt.hunan.gov.cn:8181/hnyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=ff782aa6-5d95-4de5-b3e9-72864269670a&XH=1745995460650084000768&year=2025&reportType=1
6	Maoming Infore Environment Water Treatment Technology Co., Ltd.	https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=b41f8e6d-55b8-4646-9218-20e2737fbf11
7	Bairin Right Banner Xingzhou Environmental Water Co., Ltd.	http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/disclosure/disclosureInfo.js&versionId=78df1cef-

		6c27-4ec8-8e74-63d40197a074&spCode=1504230200000014&isStopProduction=%E6%AD%A3%E5%B8%B8&year=2025
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XVI. Corporate Social Responsibility

For details, please refer to the *2025 Sustainability Report* disclosed at Cninfo (www.cninfo.com.cn).

XVII. Performance in Consolidating Achievements in Poverty Alleviation and Promoting Rural Revitalization

During the reporting period, the Company participated in donations totaling approximately RMB 6.7142 million.

Part V Significant Events

I. Performance of Undertakings

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

Applicable Not Applicable

Undertaking	Party	Type	Content	Date	Term of undertakings	Fulfillment of undertakings
Undertaking made at the time of asset restructuring	De facto controllers He Jianfeng, Ningbo Infore, and Infore Group	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and maintain independence of the listed company	Undertaking to avoid horizontal competition, regulate and reduce related party transactions, and maintain independence of the listed company	August 15, 2018	Indefinitely	It is being properly fulfilled without breach.
Undertaking made at the time of asset restructuring	Ningbo Infore, Hongchuang Investment, Zoomlion, Ningbo Yingtai, Ningbo Zhongfeng, and Ningbo Liantai	Undertaking to avoid horizontal competition, regulate and reduce related party transactions	Undertaking to avoid horizontal competition, regulate and reduce related party transactions	August 15, 2018	Indefinitely	It is being properly fulfilled without breach.
Undertaking made at the time of asset restructuring	Green Oriental Investment Holding Co., Ltd. and Zheng Weixian	Undertaking related to performance	The accumulative total net profit recorded by Lianjiang Green Oriental New Energy Co., Ltd., Xiantao Green Oriental Environmental Power Generation Co., Ltd., Funan Green Oriental Environmental Energy Co., Ltd. and Shouxian Green Oriental New Energy Co., Ltd. from 2016 to 2019 shall not be less than RMB 120 million (net profit is su	October 14, 2015	48 months	It has not been normally fulfilled. The audited net profit (net profit is the lower before or after deducting non-recurring gains and losses) for the period from 2016 to 2019 is RMB 2,156,500, RMB -24,424,500, RMB -19,192,800, and RMB -625,700, respectively; and the accumulated net profit is RMB -42,086,600 which is RMB 162,086,600 less than the performance commitment, indicating a failure to achieve the commitment in respect

			subject to the lower after deducting non-recurring gains and losses).			of the net profit for 2016-2019.
Undertaking made at the time of asset restructuring	Green Oriental Investment Holding Co., Ltd. and Zheng Weixian	Project undertakings	1. From 2016 to 2019, the newly signed waste incineration power generation BOT agreements (subject to the signing of franchise agreement) signed by Green Oriental Environmental shall specify a total daily disposal capacity of not less than 6,500 tons (a single project shall have a daily disposal capacity of not less than 500 tons, of which at least one shall be more than 2,000 tons). 2. Jiujian Company shall start construction and obtain approval before December 31, 2020. If it fails to start construction or the construction is recovered by the government, it shall compensate the listed company at a consideration of no less than RMB 5 million.	October 14, 2015	48 months	It has not been normally fulfilled. The newly signed projects by Green Oriental Environmental from 2016 to 2019 totaled 1,400 tons, 5,100 tons less than the project undertaking. The project in Jiujian has not commenced construction.
Whether the undertakings were fulfilled on time	No					
If the undertaking is not fulfilled on time, the s	On July 18, 2022, the High People's Court of Guangdong Province ruled that Green Oriental Investment Holding Co., Ltd. and Zheng Weixian shall pay the Company RMB 113,460,600 for non-fulfillment of performance commitment. As at the date of this report, the Company received RMB 106,222,600 in proceeds from enforcement of the ruling, or RMB 99,229,300 excluding enforcement fees appraisal fees, service fees, applicable taxes,					

pecific reasons for non-fulfillment and the next steps plan shall be elaborated	and costs. After compulsory enforcement of the equity portion, RMB 14.2313 million of performance compensation remains outstanding. To date, the persons subject to enforcement, Green Oriental Investment Holding Co., Ltd. and Zheng Weixian, have been issued <i>Consumption Restriction Orders</i> by the court. The Company will continue to take all necessary measures and, upon discovery of new asset clues by the court or the Company, will vigorously pursue recovery and enforcement of the remaining amounts.
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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

3. The Company involves performance commitments

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 and Independent Directors (If Any) Regarding the "Modified Audit Opinion" for the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

During the reporting period, there were no changes in accounting policies, accounting estimates or corrections of material accounting errors.

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

Applicable Not Applicable

For details of the changes in the scope of the consolidated financial statements during the reporting period, please refer to Note 9 "Changes in the Scope of Consolidation" in X Financial Report.

VIII. Engagement and Disengagement of Accounting Firm

Current accounting firm

Name of the domestic accounting firm	Pan-China Certified Public Accountants LLP (Special General Partnership)
The Company's payment to the domestic accounting firm (in RMB 10,000)	315
Consecutive years of the domestic audit service provided by the accounting firm	24
Names of the domestic certified public accountants from the accounting firm	Lin Wang, and Cao Cuijuan
Consecutive years of audit service provided by domestic certified public accountants from the accounting firm	2 years and 2 years, respectively

Whether the accounting firm was changed during the current period

Yes No

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

Applicable Not Applicable

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

IX. Possibility of Delisting after the Disclosure of This Report

Applicable Not applicable

X. Bankruptcy and Reorganization

Applicable Not applicable

No such cases during the reporting period.

XI. Material Litigation and Arbitration

Applicable Not applicable

During the reporting period, other lawsuits that did not meet the disclosure criteria for material litigation primarily included purchase and sales contract disputes, with a total amount of approximately RMB 447 million, including RMB 372 million as plaintiff and RMB 74 million as defendant. They are not expected to incur any provision of large amount.

XII. Punishments and Rectifications

Applicable Not Applicable

Name	Type	Reason	Type of investigation and penalty	Conclusion (if any)	Disclosure date	Index to disclosure
Infore Environment Technology Group Co., Ltd., Ma Gang, Jin Taotao, Wang Qingbo	Senior officers	Non-compliant use of fundraising proceeds.	Administrative regulatory measures imposed by the CSRC	In 2022, proceeds were used to pay for non-investment projects and were returned to the dedicated account in the same year. In addition, the Company commingled proceeds with its own funds.	March 1, 2025	For details, please refer to the Announcement on Receiving a <i>Warning Letter from Zhejiang CSRC Bureau</i> (Announcement No. 2025-006) disclosed on Cninfo (www.cninfo.com.cn) on March 1, 2025.

Description of rectifications

Applicable Not Applicable

In 2022, the Company identified that proceeds had been used for expenditures unrelated to the designated investment projects. Upon identifying the issue, the Company immediately returned the proceeds to the designated proceeds account within the same year and organized relevant personnel to relearn the *Fundraising Proceeds Management System*, requiring thorough understanding to ensure strict compliance in subsequent use of proceeds.

As the entity responsible for fundraising proceeds, the Company has always strictly followed investment project requirements and the principle of dedicated use of funds in designated accounts. For Guangdong Infore Urban Service Intelligent Technology Co., Ltd., a wholly owned subsidiary of the Company, as the entity for project implementation, its general account used for fundraising proceeds also receives other funds in addition to fundraising proceeds, and fails to fully meet the management requirement of only receiving fundraising proceeds. In response, the Company will comprehensively review and standardize the use of existing accounts, supplement and execute a *Four-Party Supervision Agreement for Fundraising Proceeds*, align implementation accounts with the standards of dedicated proceeds accounts, strictly enforce exclusive use, and ensure compliance and security in proceeds utilization.

The Company and relevant personnel attach great importance to this issue, have carefully drawn lessons, and will further strengthen the study and implementation of the *Administrative Measures for Information Disclosure of Listed Companies*, *Guidelines for the Supervision of Listed Companies No. 2 - Supervision Requirements for the Management and Use of the Proceeds of the Listed Companies*, and other relevant laws and regulations, strictly improve standardized operations in accordance with regulatory requirements, fulfill information disclosure obligations in compliance with laws, and prevent recurrence of similar issues.

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

Applicable Not Applicable

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

XIV. Material Related Party Transactions

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

Applicable Not Applicable

Related party	Related party relationship	Type of related party transaction	Contents of related party transaction	Pricing principle of related party transaction	Transaction price	Transaction amount (in RMB 10,000)	As a percentage of transactions of the same type	Approved transaction limit (in RMB 10,000)	Over approved limit	Method of settlement	Available market price for transactions of the same type	Disclosure date	Index to disclosure
Zoomlion Heavy Industry	Shareholder holding more than 5% of the Company's shares	Goods transactions	Goods transactions	Market price	--	7,855.12	--	8,050.00	No	As per contractual terms	--	April 25, 2025	http://www.cninfo.com.cn
Total				--	--	7,855.12	--	8,050.00	--	--	--	--	--
Details of any large-amount sales return				None									
Give the actual fulfillment situation during the reporting period (if any) where an estimate by type had been made for the total amounts of routine related party transactions to occur during the period				Before the Company's routine related party transactions in 2025, subsidiaries comprehensively assessed and estimated their related party transactions. However, due to changes in the market and customer demand, there were differences between the Company's related party transactions and the actual situation. This was regular business activity and had minimal impact on day-to-day operations and performance.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

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

Applicable Not Applicable

Related parties	Related party relationship	Type of related party transaction	Contents of related party transaction	Pricing principle of related party transaction	Carrying amount of transferred assets (in RMB 10,000)	Appraised value of transferred assets (in RMB 10,000)	Transfer price (in RMB 10,000)	Method of settlement	Gain or loss on transaction (in RMB 10,000)	Disclosure date	Index to disclosure
Jin Taotao	Former Vice President & Board Secretary	Equity acquisition	1.40% equity of Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	Determined based on asset-based valuation results	555.21	753.56	721.00	Cash payment	0	April 25, 2025	http://www.cninfo.com.cn
Reasons for any significant difference between the transfer price and the carrying/appraised amount (if any)				Not applicable							
Impact on the Company's operating results and financial situation				No material impact on the Company's production, operation and performance is expected							
Where performance commitments are involved in the related transactions, performance realization during the reporting period				Not applicable							

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

Whether there are current associated rights of credit and liabilities for non-operating purpose

Yes No

Current associated rights of credit receivable

Related parties	Related party relationship	Causes	Whether there is a non-operating	Opening balance (in RMB 10,000)	Amount newly added in the	Amount recovered in the current	Interest rate	Interest in the current period (in	Ending balance (in RMB 10,000)
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			fund occupatio n		current period (in RMB 10,000)	period (in RMB 10,000)		RMB 10,000)	
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	Former subsidiary	Passively formed by transferri ng the equity of the subsidiary	Yes	0	50,398.53	0	As agreed in the contract	0	50,398.53
Impact of related party creditor's rights on the Company's operating results and financial situation		It has no significant impact.							

Current associated rights of liabilities payable

Applicable Not applicable

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 current 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.	Affiliated company of a shareholder holding more than 5% of the Company's shares	0	Interest-free	31			31

Loan business

Applicable Not applicable

Credit or other financial business

Applicable Not applicable

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

Applicable Not applicable

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

7. Other material related party transactions

Applicable Not applicable

No such cases during the reporting period.

XV. Material Contracts and Execution Thereof**1. Trusts, subcontracts, and leases****(1) Trusts**

Applicable Not applicable

No such cases during the reporting period.

(2) Subcontracts

Applicable Not applicable

No such cases during the reporting period.

(3) Leases

Applicable Not Applicable

Description of leases

In accordance with the *Property Lease Contract* signed between the Company and the related party Foshan Shunde Yinghai Investment Co., Ltd., the Company leased the 23rd floor of Yingfeng Business Building at 8 Yixing Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, as the business premises with a gross floor area of 1,578.68 sqm. The rent payable for 2025 was RMB 1,335,400, and the actual payment was RMB 1,335,400. As at December 31, 2025, the above amounts have been settled.

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

Applicable Not applicable

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

2. Material guarantees

Applicable Not Applicable

Unit: RMB 10,000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)										
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not

	ement									
Buyer's credit business	April 25, 2025	1,823.66	July 4, 2024	1,823.66	Joint and several liability guarantee	None	--	3 years	No	No
Buyer's credit business	April 25, 2025	189.38	September 18, 2022	189.38	Joint and several liability guarantee	None	--	1 year	No	No
Buyer's credit business	April 25, 2025	934.23	June 30, 2021	934.23	Joint and several liability guarantee	None	--	3 years	No	No
Buyer's credit business	April 25, 2025	6,254.32	September 11, 2024	6,254.32	Joint and several liability guarantee	None	--	2 years	No	No
Buyer's credit business	April 25, 2025	40,798.41		0		--	--	--		
Total approved limit for external guarantee during the reporting period (A1)		50,000		Total actual amount of external guarantee during the reporting period (A2)		9,201.59				
Total approved limit for external guarantee at the end of the reporting period (A3)		50,000		Total actual balance of external guarantee at the end of the reporting period (A4)		9,201.59				
Guarantees provided by the Company to subsidiaries										
Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	28,600	February 3, 2023	10,268.84	Joint and several liability guarantee	None	--	3 years	No	Yes

Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	24,000	May 22, 2025	7,415.54	Joint and several liability guarantee	None	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	30,000	October 31, 2023	14,350	Joint and several liability guarantee	None	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	25,000	July 11, 2025	21,341.03	Joint and several liability guarantee	None	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	10,000	February 28, 2024	4,115.77	Joint and several liability guarantee	None	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	20,000	October 29, 2025	7,283.62	Joint and several liability guarantee	None	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 25, 2025	14,000	July 15, 2025	567.99	Joint and several liability guarantee	None	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	April 25, 2025	144.95	August 16, 2023	144.95	Joint and several liability guarantee	None	--	1 year	No	Yes
Guangdong	April 25, 2025	155.6	April 9, 2024	155.6	Joint and	None	--	1 year	No	Yes

Infore Technology Co., Ltd.					several liability guarantee					
Xiantao Green Oriental Environmental Power Generation Co., Ltd.	April 30, 2022	27,870	June 27, 2022	21,730	Joint and several liability guarantee	None	--	13 years	No	Yes
Poyang Green Oriental Renewable Energy Co., Ltd.	August 25, 2022	25,000	April 24, 2023	20,000	Joint and several liability guarantee	None	--	10 years	No	Yes
Maoming Infore Environment Water Treatment Technology Co., Ltd.	December 26, 2017	15,000	March 20, 2018	7,449.05	Joint and several liability guarantee	None	--	15 years	No	Yes
Lu'an Zhongfeng Urban Environmental Service Co., Ltd.	April 23, 2021	8,000	June 8, 2021	6,800	Joint and several liability guarantee	None	--	13 years	No	Yes
Xiantao Yinghe Environmental Protection Co., Ltd.	August 21, 2020	30,100	January 20, 2021	8,900	Joint and several liability guarantee	None	--	15 years	No	Yes
Biyang Fenghe New Energy Power Co., Ltd.	April 25, 2023	22,000	May 23, 2023	19,130	Joint and several liability guarantee	None	--	14 years	No	Yes
Xiangtan Yinglian Environmental	April 30, 2022	15,000	July 5, 2022	3,460	Joint and several liability guarantee	None	--	10 years	No	Yes

Industry Co., Ltd.					e					
Huai'an Yinghe Environment Technology Co., Ltd.	August 25, 2022	15,000	December 26, 2022	5,222	Joint and several liability guarantee	None	--	15 years	No	Yes
Infore Zoomlion Urban Environmental Service Co., Ltd.	April 25, 2025	3,000	December 10, 2023	461.55	Joint and several liability guarantee	None	--	1 year	No	Yes
Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd.	April 29, 2024	3,000	June 28, 2024	949	Joint and several liability guarantee	None	--	15 years	No	Yes
Hubei Fenghe New Materials Co., Ltd.	April 29, 2024	15,000	September 27, 2024	3,531.67	Joint and several liability guarantee	None	--	15 years	No	Yes
Liling Zhaoyang Environmental Protection Co., Ltd.	April 29, 2024	48,000	April 7, 2025	10,000	Joint and several liability guarantee	None	--	2 years	No	Yes
Zhejiang Yolsh Electric Drive Technology Co., Ltd.	April 25, 2025	3,000	April 17, 2025	300	Joint and several liability guarantee	None	--	4 years	No	Yes
Changsha Infore New Energy Co., Ltd.	April 25, 2025	5,000	June 25, 2025	903.63	Joint and several liability guarantee	None	--	5 years	No	Yes
Changde Zelian Environ	April 25, 2025	10,000	June 24, 2025	9,800	Joint and several	None	--	12 years	No	Yes

mental Service Co., Ltd.					liability guarantee					
Liling Zhaoyan g Environmental Protection Co., Ltd.	October 30, 2025	49,000	November 7, 2025	10,000	Joint and several liability guarantee	None	--	16 years	No	Yes
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	December 13, 2025	230,000	December 30, 2025	229,500	Joint and several liability guarantee	None	--	1 year	No	Yes
Shouxian Green Oriental New Energy Co., Ltd.	April 30, 2022	9,221				--	--	--		
Lianjiang Green Oriental New Energy Co., Ltd.	April 30, 2022	8,800				--	--	--		
Lianjiang Green Oriental New Energy Co., Ltd.	April 30, 2022	13,781.5				--	--	--		
Guangdong Infore Smart Sanitation Technology Co., Ltd.	April 25, 2025	5,000				--	--	--		
Changsha Zhongbiao Environmental Industry Co., Ltd.	April 25, 2025	5,000				--	--	--		
Zhejiang	April 25,	48,400				--	--	--		

Shangfeng Special Blower Industrial Co., Ltd.	2025									
Zhejiang Yolsh Electric Drive Technology Co., Ltd.	April 25, 2025	3,000				--	--	--		
Guangdong Infore Technology Co., Ltd.	April 25, 2025	5,699.45				--	--	--		
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	April 25, 2025	5,000				--	--	--		
Guangdong Infore Low-carbon Recycling Technology Co., Ltd.	April 25, 2025	10,000				--	--	--		
Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd.	April 25, 2025	3,000				--	--	--		
Tongshan County Tongda Water Treatment	April 25, 2025	5,000				--	--	--		

Technology Co., Ltd.										
Tongshan County Xingzhou Water Treatment Technology Co., Ltd.	April 25, 2025	5,000				--	--	--		
Changde Zelian Environmental Service Co., Ltd.	April 25, 2025	2,000				--	--	--		
Lu'an Zhongfeng Urban Environmental Service Co., Ltd.	October 30, 2025	6,950				--	--	--		
Liling Zhaoyang Environmental Protection Co., Ltd.	October 30, 2025	1,000				--	--	--		
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	December 13, 2025	10,000				--	--	--		
Other holding subsidiaries	April 25, 2025	10,000				--	--	--		
Total approved guarantee limit for subsidiaries during the reporting period (B1)			576,950		Total actual guarantee amount for subsidiaries during the reporting period (B2)				316,608.52	
Total approved guarantee limit for subsidiaries at the end of the reporting period (B3)			832,722.5		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)				423,780.24	
Guarantees between subsidiaries										

Guaranteed party	Disclosure date of the guarantee limit announcement	Guarantee limit	Actual occurrence date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Total approved guarantee limit for subsidiaries during the reporting period (C1)			0		Total actual guarantee amount for subsidiaries during the reporting period (C2)				0	
Total approved guarantee limit for subsidiaries at the end of the reporting period (C3)			0		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)				0	
Total guarantee amount (total of the three kinds above)										
Total approved guarantee limit during the reporting period (A1+B1+C1)			626,950		Total actual guarantee amount during the reporting period (A2+B2+C2)				325,810.11	
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)			882,722.5		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)				432,981.83	
Total guarantee balance (A4+B4+C4) as a percentage of the Company's net assets									25.20%	
Of which:										
Amount of guarantees provided for shareholders, the de facto controller and their related parties (D)					0					
Balance of debt guarantees provided directly or indirectly for the guaranteed party with a liability-to-asset ratio over 70% (E)					317,921.82					
Amount of the total guarantee exceeding 50% of net assets (F)					0					
Total of the three types of guarantees above (D+E+F)					317,921.82					
Description of any cases during the reporting period where unexpired guarantee contracts led to guarantee liability or had indications that the Company may assume joint and several liabilities for compensation (if applicable)					None					
Explanation of any violation of the prescribed procedures in providing guarantees to external parties (if applicable)					None					

Description of composite guarantees

Applicable Not applicable

3. Entrusted cash management

(1) Entrusted wealth management

Applicable Not Applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB 10,000

Product category	Risk characteristics	Balance of entrusted wealth management during the reporting period	Unrecovered overdue amount
Bank's wealth management product	Medium to low risk	152,025.56	0

Specific details of asset management entrusted by the Company as a single principal to financial institutions, or high-risk entrusted wealth management with low security and low liquidity

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. Use of proceeds from fundraising activities

Applicable Not Applicable

1. Overall use of proceeds

Applicable Not Applicable

Unit: RMB 10,000

Year	Fundraising type	Listing date of securities	Total amount of proceeds	Net amount of proceeds (1)	Total amount of proceeds used during the period	Accumulative amount of proceeds used (2)	As a percentage of proceeds used at the end of the reporting period (3) = (2) / (1)	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	November 4, 2020	147,618.96	145,733.62	8,511.22	50,616.19	34.73%	0	0	0.00%	96,056.20	RMB 256.7558 million of temporarily	96,056.20

	bonds											idle funda ising proce eds was used for tempo rary replen ishme nt of worki ng capita l; the other unuse d proce eds of RMB 703.8 062 millio n were kept in the designa ted proce eds accou nt in the form of dema nd deposi ts to be used for the constr uction of the corres pondi ng invest ment projec
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												ts.	
Total	--	--	147,618.96	145,733.62	8,511.22	50,616.19	34.73%	0	0	0.00%	96,056.20	--	96,056.20

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.* (Z.J.X.K. [2020] No. 2219) issued by the CSRC, the lead underwriter of the Company, Huaxing Securities Co., Ltd. (formerly known as Huajing Securities, hereinafter "Huaxing Securities") issued 14,761,896 convertible corporate bonds ("CBs") to the public with the offering price of RMB 100 and a par value of RMB 100 for each CB, raising a total of RMB 1,476,189,600. 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, 2025, the accumulated use of fundraising proceeds was RMB 506.1619 million, and the total amount of fundraising proceeds not yet used was RMB 960.5620 million.

2. Projects with committed investment of proceeds

Applicable Not Applicable

Unit: RMB 10,000

Name of the financing project	Listing date of securities	Committed investment projects and investment of	Project nature	Whether projects have been changed (including partial	Total amount of proceeds	Adjusted total investment amount (1)	Investment amount during the reporting period	Accumulative investment amount as at the end of the reporting period	Investment progress as at the end of the reporting period	Date when the projects are ready for their intended	Benefits realized during the reporting period	Cumulative benefits realized as at the end of the reporting period	Whether the estimated return is realized	Whether there are material changes in the project
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		excessive proceeds		change)				ting period (2)	(3)=(2)/(1)	use		ting period		feasibility
Committed investment projects														
The project of the comprehensive smart sanitation allocation center	November 4, 2020	The project of the comprehensive smart sanitation allocation center	Operation management	No	129,638.49	129,638.49	8,511.22	34,521.06	26.63%	December 31, 2026	6,558.23	27,739.74	Not applicable	No
Replenishment of operating capital	November 4, 2020	Replenishment of operating capital	Replenishment of working capital	No	16,095.13	16,095.13	0	16,095.13	100.00%	Not applicable	No benefit generated separately	No benefit generated separately	Not applicable	No
Subtotal of committed investment projects				--	145,733.62	145,733.62	8,511.22	50,616.19	--	--	6,558.23	27,739.74	--	--
Investment of excessive proceeds														
Not applicable														
Total				--	145,733.62	145,733.62	8,511.22	50,616.19	--	--	6,558.23	27,739.74	--	--
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 26, 2024, the <i>Proposal on the Delay of Part of the Projects of Proceeds from the Public Issuance of A-share Convertible Corporate Bonds</i> was deliberated and approved at the sixth meeting of the Tenth Board of Directors and the sixth meeting of the Tenth Board of Supervisors. The Company agreed to adjust the investment progress by changing the date for the intended use of the above projects to December 31, 2026. The adjustment was made because the investment progress of the project of the comprehensive smart sanitation allocation center was mainly based on the current business size of the Company's sanitation service projects. The project's investment progress fell short of expectations due to the impact of the overall decline in demand for sanitation equipment and the designation of or restrictions on sanitation equipment suppliers for some projects on the number of orders. Therefore, the Company planned to adjust the project's investment progress to ensure the quality and full use of proceeds.										
Explanations of the material changes in the project feasibility				None										
Amount, purpose, and progress of excessive proceeds				Not applicable										
Instances of unauthorized changes in the use of proceeds and misappropriation of				Not applicable										

proceeds	
Location changes in the implementation of investment projects of the proceeds	Not applicable
Adjustments to the implementation method of investment projects of the proceeds	Not applicable
Early investment and placement of the investment projects of the proceeds	Not applicable
Temporary replenishment of working capital with idle proceeds	<p>Applicable</p> <p>The <i>Proposal on Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i> was deliberated and approved at the fourth meeting of the Tenth Board of Directors and the fourth meeting of the Tenth Board of Supervisors held on October 28, 2024, allowing the Company to use idle fundraising proceeds of no more than RMB 900 million for temporary replenishment of working capital, which shall be used for the production and operation related to its principal business 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. The Company has returned all the RMB 900 million of fundraising proceeds used to temporarily replenish working capital to the relevant special account for raised funds on October 24, 2025, and the usage period did not exceed 12 months.</p> <p>The Proposal on <i>Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i> was deliberated and approved at the thirteenth meeting of the Tenth Board of Directors and the eleventh meeting of the Tenth Board of Supervisors held on October 28, 2025, allowing the Company to use idle fundraising proceeds of no more than RMB 900 million for temporary replenishment of working capital, which shall be used for the production and operation related to its principal business with a tenor of no more than 12 months as at the date when the Proposal was deliberated and approved by the Board of Directors. As at December 31, 2025, the amount of idle proceeds used for temporary replenishment of working capital was RMB 256.7558 million.</p>
The amount of and reasons for the balance of the proceeds from the project implementation	Not applicable
Purpose and tracking of the unused proceeds	<p>The Proposal on <i>Using Part of the Idle Fundraising Proceeds to Replenish Working Capital</i> was deliberated and approved at the thirteenth meeting of the Tenth Board of Directors and the eleventh meeting of the Tenth Board of Supervisors held on October 28, 2025, allowing the Company to use idle fundraising proceeds of no more than RMB 900 million for temporary replenishment of working capital, which shall be used for the production and operation related to its principal business with a tenor of no more than 12 months as at the date when the Proposal was deliberated and approved by the Board of Directors. As at December 31, 2025, the balance of idle proceeds used for temporary replenishment of working capital was RMB 256.7558 million. the other unused proceeds of RMB 703.8062 million were kept in the designated proceeds account in the form of demand deposits to be used for the construction of the corresponding investment projects.</p>
Problems in the use of proceeds and disclosure, or other cases	<p>The Company has the behavior of commingling the proceeds account with its own funds. For Guangdong Infore Urban Service Intelligent Technology Co., Ltd., a subsidiary of the Company, as the entity for project implementation, its general account used for fundraising proceeds also receives other funds in addition to fundraising proceeds, and fails to fully meet the management requirement of only receiving fundraising proceeds. In response to this situation, the Company and its subsidiary Guangdong Infore Urban Service Intelligent Technology Co., Ltd. ceased using such accounts to receive other funds in 2025, transferred prior balances not belonging to fundraising proceeds to general accounts on February 28, 2025, and</p>

	signed a supplementary <i>Four-party Supervision Agreement on Fundraising Proceeds</i> with Industrial and Commercial Bank of China Limited Foshan Beijiao Sub-branch and Huaxing Securities Co., Ltd. in March 2025 to ensure the special account storage and special use of proceeds.
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3. Changed projects of proceeds

Applicable Not applicable

No such cases during the reporting period.

4. Verification opinions of intermediary institutions on the storage and use of proceeds

Applicable Not Applicable

Upon verification, the sponsor believes that, under its supervision and urging, the Company has timely rectified and corrected irregularities in the use of proceeds, and such issues have not caused significant adverse impact on the use of proceeds. The rectification measures have been effectively implemented. Except for the above, there were no other violations in the storage and use of fundraising proceeds by the Company. Infore Enviro's management, storage, and utilization of proceeds in 2025 comply with relevant laws and regulations, including the *Regulatory Rules for Proceeds of Listed Companies*, the *Rules Governing the Listing of Shares on SZSE*, and the *Guidelines No. 1 of SZSE for Self-regulation of Listed Companies—Standardized Operation of Companies Listed on the Main Board*. The sponsor will urge the Company to strictly comply with laws, regulations, and regulatory requirements, rigorously implement its proceeds use system, strengthen supervision of the use of proceeds, and protect the legitimate interests of the Company and all shareholders.

XVII. Other Material Events

Applicable Not applicable

No such cases during the reporting period.

XVIII. Material Events of Subsidiaries

Applicable Not Applicable

1. The Company convened the 10th meeting of the Tenth Board of Directors on April 24, 2025, and reviewed and approved the *Proposal on Acquiring Partial Equity in a Holding Subsidiary and Related Party Transaction*. The Company agreed to acquire 8.97% equity in Zhejiang Shangfeng Special Blower Industrial Co., Ltd by cash . (including 1.07% held by Shaoxing Heyin Enterprise Management Partnership, 5.00% held by Mr. Li Deyi, 1.50% held by Ms. He Yibo, and 1.40% held by Mr. Jin Taotao). Upon completion of this transaction, the Company holds 69.17% equity in Zhejiang Shangfeng Special Blower Industrial Co., Ltd.. The industrial and commercial registration change was completed on June 23, 2025.

2. Pursuant to the *Proposal on the Public Listing and Transfer of 100% Equity in a Wholly Owned Subsidiary and Related Creditor's Rights, Resulting in Passive Financial Assistance* deliberated and approved by the 16th extraordinary meeting of the Tenth Board of Directors dated December 30, 2025, CEVIA Enviro Inc. acquired 100% equity of Guangdong Xingzhou Water Treatment Technology Co., Ltd., a wholly-owned subsidiary of the Company, at the consideration of RMB 499.7122 million. The industrial and commercial registration change was completed on December 30, 2025.

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share changes

Unit: Share

	Material Events of Subsidiaries		Material Events of Subsidiaries					After change	
	Quantity	Ratio	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Others	Sub-total	Quantity	Ratio
I. Restricted Shares	1,507,700	0.05%	0	0	0	0	0	1,507,700	0.05%
1. Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	1,507,700	0.05%	0	0	0	0	0	1,507,700	0.05%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	1,507,700	0.05%	0	0	0	0	0	1,507,700	0.05%
4. Shares held by overseas investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted Shares	3,165,434,092	99.95%	2,111	0	0	0	2,111	3,165,436,203	99.95%
1. RMB-denominated common shares	3,165,434,092	99.95%	2,111	0	0	0	2,111	3,165,436,203	99.95%
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	3,166,941,792	100.00%	2,111	0	0	0	2,111	3,166,943,903	100.00%
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Reasons for share changes

Applicable Not Applicable

As at December 31, 2025, 19,559 shares in total were converted from the Infore Convertible Bonds issued by the Company.

In particular, 2,111 shares were converted in 2025, resulting in a commensurate increase of the Company's unrestricted shares by 2,111.

Approval of changes in share capital

Applicable Not Applicable

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

Transfer of shares

Applicable Not Applicable

During the reporting period, China Securities Depository and Clearing (Shenzhen) Corporation Limited handled the share registration procedures for 2,111 shares converted from convertible corporate bonds.

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not Applicable

With the approval granted by the CSRC under Document Z.J.X.K. [2020] No. 2219, the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, with a par value of RMB 100 and a total amount of RMB 1,476,189,600. Per approval of SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on SZSE, starting on December 2, 2020. The Infore Convertible Bonds in this offering are convertible into the Company's shares from May 10, 2021. On January 6, 2026, the Company disclosed the *Announcement on Results of Conversion of Convertible Bonds and Changes in Share Capital in the Fourth Quarter of 2025*. As at December 31, 2025, 19,559 shares in total were converted from the Infore Convertible Bonds issued by the Company. In particular, 2,111 shares were converted in 2025, resulting in a commensurate increase of the Company's unrestricted shares by 2,111.

In summary, the total number of shares of the Company changed from 3,166,941,792 shares at the beginning of the period to 3,166,943,903 shares. Among them, the number of unrestricted shares changed from 3,165,434,092 shares to 3,165,436,203 shares.

3. Existing internal employee shares

Applicable Not applicable

III. Controlling Shareholders and De Facto Controller

1. Number of shareholders and their shareholdings

Unit: Share

Number of	30,642	Number of	32,320	Number of	0	Number of preference shareholders with resumed voting power at the end of the previous month prior to the disclosure date of this report (if any) (see Note 8)	0	
Shareholders holding over 5% of total shares or the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholders	Shareholding ratio	Shareholdings at the end of the reporting period	Increase/decrease during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Shares pledged, tagged or frozen	
							Share status	Quantity
Ningbo Infore Asset Management Co., Ltd.	Domestic non-state-owned legal persons	32.14%	1,017,997,382	0	0	1,017,997,382	Pledged	571,660,000
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Domestic non-state-owned legal persons	12.61%	399,214,659	0	0	399,214,659	Not applicable	0
Infore Group	Domestic non-state-owned legal persons	11.36%	359,609,756	0	0	359,609,756	Not applicable	0

p Co., Ltd.	on-state-owned legal persons					6	able	
Hongchuan g (Shenzhen) Investment Center (Limited Partnership)	Domestic non-state-owned legal persons	9.67%	306,192,813	-4,231,000	0	306,192,813	Not applicable	0
He Jianfeng	Domestic natural persons	2.01%	63,514,690	0	0	63,514,690	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.84%	58,196,244	16,788,768	0	58,196,244	Not applicable	0
Industrial Bank Co., Ltd. – China AMC CSI Robot ETF	Others	1.25%	39,652,199	30,313,099	0	39,652,199	Not applicable	0
China Construction Bank Corporation – E Fund CSI Robot Industry ETF	Others	1.19%	37,581,473	37,581,473	0	37,581,473	Not applicable	0
Infore Environment Technology Group Co., Ltd. – The Third Employee Stock Ownership Plan	Others	0.94%	29,713,398	29,713,398	0	29,713,398	Not applicable	0
Guangdong Hengzejian Industrial Investment Co., Ltd.	State-owned corporation	0.89%	28,059,147	0	0	28,059,147	Not applicable	0
Strategic investor/general corporation becoming a top 10 shareholder in a rights issue (if any) (see Note 3)			Not applicable.					
Related party or acting-in-concert relationship among the aforementioned shareholders			Ningbo Infore Asset Management Co., Ltd. and Infore Group Co., Ltd. share the same de facto controller He Jianfeng, and they are persons acting in concert mutually. Apart from that, the Company is not aware of any related party or acting-in-concert relationship (as defined in the Measures for the <i>Administration of the Takeover of Listed Companies</i>) among other shareholders aforementioned.					
Shareholders above entrusting/entrusted with or waiving voting rights			Not applicable.					
Top 10 shareholders with repurchase account (if any) (see Note 10)			The Company's dedicated securities account for share repurchase holds a total of 29,614,425 shares, accounting for approximately 0.94% of the total share capital.					

Shareholding of the top 10 unrestricted shareholders (excluding shares lent through securities financing transactions and locked-up shares of senior officers)			
Name of shareholder	Number of unrestricted shares at the end of the reporting period	Type of share	
		Type of share	Quantity
Ningbo Infore Asset Management Co., Ltd.	1,017,997,382	RMB-dominated common shares	1,017,997,382
Zoomlion Heavy Industry Science and Technology Co., Ltd.	399,214,659	RMB-dominated common shares	399,214,659
Infore Group Co., Ltd.	359,609,756	RMB-dominated common shares	359,609,756
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	306,192,813	RMB-dominated common shares	306,192,813
He Jianfeng	63,514,690	RMB-dominated common shares	63,514,690
Hong Kong Securities Clearing Company Ltd.	58,196,244	RMB-dominated common shares	58,196,244
Industrial Bank Co., Ltd. – China AMC CSI Robot ETF	39,652,199	RMB-dominated common shares	39,652,199
China Construction Bank Corporation – E Fund CSI Robot Industry ETF	37,581,473	RMB-dominated common shares	37,581,473
Infore Environment Technology Group Co., Ltd. – The Third Employee Stock Ownership Plan	29,713,398	RMB-dominated common shares	29,713,398
Guangdong Hengzejian Industrial Investment Co., Ltd.	28,059,147	RMB-dominated common shares	28,059,147
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 the Measures for the Administration of the Takeover of Listed Companies) among other shareholders aforementioned.		
Top 10 common shareholders involved in securities margin trading (if any) (see Note 4)	Infore Environment Technology Group Co., Ltd. - Third Employee Stock Ownership Plan holds 29,713,398 shares in the Company through credit accounts.		

Shareholders holding over 5% of total shares, the top 10 shareholders and the top 10 unrestricted shareholders involved in securities lending through securities financing transactions

Applicable Not applicable

Changes in the top 10 shareholders and the top 10 unrestricted shareholders caused by the lending/return of shares through securities financing transactions compared with the previous period

Applicable Not applicable

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

Yes No

No such cases during the reporting period.

2. Controlling shareholder

Nature of controlling shareholder: Natural person

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal Representative/Person-in-charge	Date of incorporation	Organization code	Principal business activities
Ningbo Infore Asset Management Co., Ltd.	Kuang Guangxiong	May 2, 2017	91330206MA290L5J3L	Asset management, industrial investment, investment management.
Equity interests held or participated in by the controlling shareholder in other domestic and overseas listed companies during the reporting period			Not applicable.	

Changes in controlling shareholders during the reporting period

Applicable Not applicable

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

3. De facto controller and persons acting in concert

Nature of de facto controller: Domestic natural persons

Type of de facto controller: Natural person

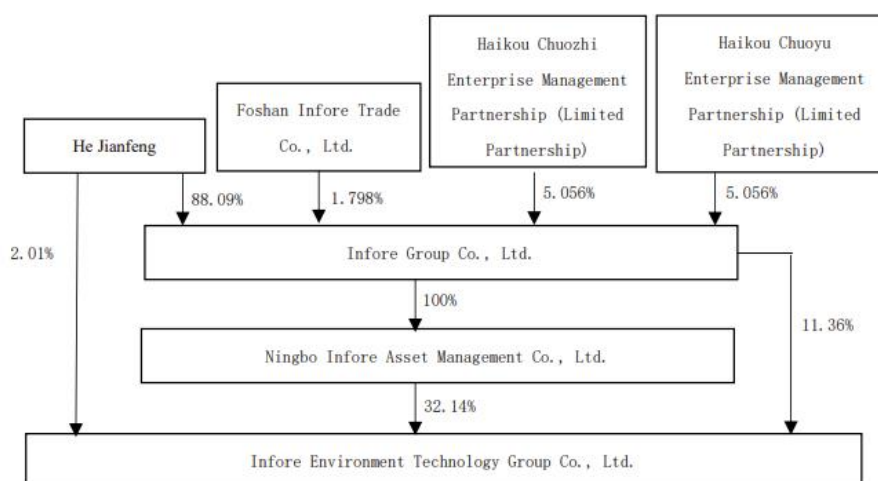
Name of de facto controller	Relationship with de facto controller	Nationality	Residency in other country/region or not
He Jianfeng	The person himself	China	Yes
Main occupation and position	Chairman of the Board and President of Infore Group Co., Ltd.		
Controlling interests in other domestically and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

Change in de facto controller during the reporting period

Applicable Not applicable

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

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



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not Applicable

Name of corporate shareholder	Legal Representative/Person-in-charge	Date of incorporation	Registered capital	Principal business or management activities
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Zhan Chunxin	August 31, 1999	RMB 8,648,535,236	Development, production, and sales of engineering machinery, agricultural machinery, sanitation machinery, crane trucks and exclusive chassis, fire trucks and exclusive chassis, aerial work machines, emergency and rescue equipment, mining machinery, machinery in coal mines, material transportation facilities, other machinery, metal and non-metal materials, and new high-tech products of optical-electro-mechanical integration and provision of leasing and after-sale technical services; Sales of building and decorative materials, vehicles for engineering and metal materials, chemical materials, and chemical products (excluding hazardous chemicals and monitoring products); Sales of lubricant oil, lubricating grease and hydraulic oil (excluding hazardous chemicals); Retail of refined oil products (operated by licensed subsidiaries only); Operation of commodity and technology import and export businesses; Investment in real estate with self-owned assets (without permit to carry out national financially regulated and financial credit businesses such as absorbing deposits, fundraising and collection, entrusted loans, and issuing notes and lending). Sales of used vehicles; Disassembly and recovery of disused machinery equipment. (Business activities subject to approval under laws shall not be carried out unless approval from competent authorities has been obtained.)
Infore Group Co., Ltd.	He Jianfeng	April 19, 2002	RMB 4,450,000,000	Investment in various industries, investment management, investment consultation, and asset management; Enterprise management and enterprise consulting; Computer information services and software services; Film production and planning (based on validated licenses); Advertising planning and production; Appraisal and consultancy services of artwork (excluding ivory and ivory products) and collectibles; Planning of culture and art exhibitions; Sales of maternal and baby products and clothing; Supply and marketing of domestic business and goods except for the above items; Business information consulting services; Import and export of commodities or technologies (excluding the import and export of commodities and technologies that are prohibited by the

				state or involve administrative review and approval); R&D, manufacturing, sales and leasing of sanitation equipment, robots, new energy vehicles, and environmental monitoring equipment; Cleaning, collection, recycling, transportation, and treatment services of urban domestic waste; Undertaking environmental engineering and water pollution control projects; R&D, manufacturing and sales of ventilators, and air-cooling, water-cooling and air conditioning equipment; R&D, manufacturing, and sales of new materials, equipment, and products. (Production and manufacturing projects are operated by subsidiaries) (Business activities subject to approval under laws shall not be carried out unless approval from competent authorities has been obtained.)
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6. Limitations on shareholding reduction by the Company's controlling shareholder, de facto controller, reorganizer and other commitment makers

Applicable Not applicable

IV. Repurchase of Shares during the Reporting Period

Progress of share repurchase

Applicable Not Applicable

Disclosure date of the plan	Number of shares to be repurchased	Proportion of total share capital	Proposed repurchase amount (in RMB 10,000)	Proposed repurchase period	Purpose of repurchase	Number of shares repurchased	Proportion of repurchased shares to the underlying shares involved in the stock option incentive scheme (if any)
April 11, 2025	Approximately 21,621,622 shares to 32,432,432 shares	Approximately 0.68% to 1.02%	Not less than RMB 200 million (inclusive) and not more than RMB 300 million (inclusive)	As at November 24, 2025, the Company had cumulatively repurchased 29,614,425 shares by way of centralized bidding via the dedicated repurchase account, accounting for approximately 0.94% of the total share capital at the time, with a total transaction amount of RMB 204,391,278.75 (excluding transaction costs). The share repurchase plan has been completed.	All shares will be used for the implementation of stock option incentive scheme or employee stock ownership plan. If the Company fails to implement the above purposes within 36 months after	29,614,425	0.00%

					completion of the repurchase, the unused portion will be canceled in accordance with relevant procedures.		
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Progress of reducing the repurchased shares by way of centralized bidding

Applicable Not applicable

V. Information on Preference Shares

Applicable Not applicable

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

Part VII Information on Bonds

Applicable Not Applicable

I. Enterprise Bond

Applicable Not applicable

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

II. Corporate Bond

Applicable Not applicable

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

III. Debt Financing Instruments of Non-financial Enterprises

Applicable Not applicable

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

IV. Convertible Corporate Bonds

Applicable Not Applicable

1. Convertible bond issuance

With the approval granted by the CSRC under Document Z.J.X.K. [2020] No. 2219, the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, with a par value of RMB 100, a total amount of RMB 1,476,189,600, and an initial conversion price of RMB 8.31 per share. The total proceeds raised from this issuance amounted to RMB 1,476.1896 million, and the net proceeds after deducting issuance-related expenses (tax exclusive) amounted to RMB 1,457.3362 million. 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).

Per approval of SZSE, the Company's convertible corporate bonds of RMB 1,476.1896 million have been listed for trading on SZSE on December 2, 2020, and are convertible into Company shares from May 10, 2021 to November 3, 2026. The bond abbreviation is "Infore Convertible Bonds" and the bond code is "127024.SZ".

2. Guarantor and top 10 holders of convertible bonds during the reporting period

Name of convertible corporate bonds	Infore Convertible Bonds
Number of holders at period end	4,826

Guarantor of the Company's convertible bonds		The convertible corporate bonds issued are not guaranteed.			
Information on material changes in the profitability, asset status and credit standing of guarantor		Not applicable.			
Information on the top 10 convertible bond holders:					
No.	Name of convertible bond holder	Nature of convertible bond holder	Number of convertible bonds held at the end of the reporting period (sheet)	Amount of convertible bonds held at the end of the reporting period (RMB)	As a percentage of convertible bonds held at the end of the reporting period
1	China Merchants Bank Co., Ltd. - Bosera CSI Convertible and Exchangeable Bonds Trading Open-end Index Securities Investment Fund	Others	992,797	99,279,700.00	6.73%
2	Guosen Securities Co., Ltd.	State-owned corporation	943,450	94,345,000.00	6.39%
3	Bank of Beijing Co., Ltd. - Penghua Double Credit Enhanced Bond Securities Investment Fund	Others	534,774	53,477,400.00	3.62%
4	PICC Asset Flexible Juxin Hybrid Pension Product - China Minsheng Banking Corp., Ltd.	Others	400,052	40,005,200.00	2.71%
5	Ping An Stable Allocation No. 3 Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	Others	400,007	40,000,700.00	2.71%
6	Industrial and Commercial Bank of China Limited - Fullgoal Xingli Enhanced Bond Initiated Securities Investment Fund	Others	352,756	35,275,600.00	2.39%
7	Ping An Bank Co., Ltd. - Western Leadbank Huixiang Bond Securities Investment Fund	Others	280,000	28,000,000.00	1.90%
8	Agricultural Bank of China Limited - Penghua Convertible Bond Securities Investment Fund	Others	268,371	26,837,100.00	1.82%
9	China International Capital Corporation Limited	State-owned corporation	230,890	23,089,000.00	1.56%
10	China National Petroleum Corporation Enterprise Annuity Plan - Industrial and Commercial Bank of China Limited	Others	215,053	21,505,300.00	1.46%

3. Changes in convertible bonds during the reporting period

Applicable Not Applicable

Unit: RMB

Name of convertible corporate bonds	Material Events of Subsidiaries	Material Events of Subsidiaries			After change
		Conversion	Redemption	Resale	
Infore Convertible Bonds	1,476,046,700.00	16,500.00	0.00	1,000.00	1,476,029,200.00

4. Information on cumulative conversion of bonds into shares

☑ Applicable ☐ Not Applicable

Name of convertible corporate bonds	Start and end date of conversion	Total issued number (sheet)	Total issued amount (RMB)	Accumulated conversion amount (RMB)	Accumulated conversion number (share)	The number of shares converted as a percentage of the total issued shares in the Company before start of conversion	Amount unconverted (RMB)	Unconverted amount as a percentage of the total issued amount
Infore Convertible Bonds	2021-05-10	14,761,896	1,476,189,600.00	159,400.00	19,559	0.00%	1,476,029,200.00	99.99%

5. Previous adjustments to and revisions of conversion price

Name of convertible corporate bonds	Date of conversion price adjustment	Adjusted conversion price (RMB)	Disclosure date	Description of conversion price adjustment	Latest conversion price as at the end of the reporting period (RMB)
Infore Convertible Bonds	July 8, 2021	8.19	July 2, 2021	Due to the completion of the 2020 equity distribution, the conversion price of Infore Convertible Bonds was adjusted from the original RMB 8.31 per share to RMB 8.19 per share.	7.67
	July 20, 2022	8.09	July 14, 2022	Due to the completion of the 2021 equity distribution, the conversion price was adjusted from the original RMB 8.19 per share to RMB 8.09 per share.	
	July 18, 2023	7.98	July 11, 2023	Due to the completion of the 2022 equity distribution, the conversion price was adjusted from the original RMB 8.09 per share to RMB 7.98 per share.	
	July 16, 2024	7.86	July 9, 2024	Due to the completion of the 2023 equity distribution, the conversion price was adjusted from the original RMB 7.98 per share to RMB 7.86 per share.	
	July 28, 2025	7.67	July 19, 2025	Due to the completion of the 2024 equity distribution, the conversion price was adjusted from the original RMB 7.86 per share to RMB 7.67 per share.	

6. 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, 2025, 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. (2025)* (X.P.W.H.Z. [2025] G.Z. No.0818), assigning the Company a corporate credit rating of AA+, with stable rating outlook for the coming 12 to 18 months. For details, please refer to the *Follow-up Rating Report on the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. (2025)* on June 24, 2025 on Cninfo (www.cninfo.com.cn).

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

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

Applicable Not applicable

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

Applicable Not applicable

VII. Violation of Rules and Regulations During the Reporting Period

Yes No

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

Unit: RMB 10,000

Items	At the end of the reporting period	At the end of last year	YoY change
Current ratio	1.63	1.80	-9.44%
Liability-to-asset ratio	50.44%	39.36%	11.08%
Quick ratio	1.54	1.67	-7.78%
	Current reporting period	Prior period	YoY change
Net profit after deducting non-recurring gains and losses	51,833.30	50,217.67	3.22%

EBITDA to total debt ratio	11.08%	13.77%	-2.69%
Interest coverage ratio	4.39	4.74	-7.38%
Cash interest coverage ratio	9.11	10.93	-16.65%
EBITDA interest coverage ratio	9.08	9.71	-6.49%
Loan repayment rate	100.00%	100.00%	0.00%
Interest payment ratio	100.00%	100.00%	0.00%

Part VIII Financial Report

Audit Report

Type of audit opinions	Standard unqualified opinion
Signing date of the auditor's report	April 27, 2026
Name of the auditor	Pan-China Certified Public Accountants LLP (Special General Partnership)
No. of the auditor's report	PCCPAAR [2026] No. 9712
Names of certified public accountants	Lin Wang, and Cao Cuijuan

Main body of the auditor's report

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

I. Audit Opinion

We have audited the financial statements of Infore Environment Technology Group Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2025, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the “Chinese Certified Public Accountant Independence Standard No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements” and the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities.

In conducting our audit, we have complied with the independence requirements applicable to audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

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

(I) Revenue recognition

1. Key audit matters

Please refer to section III (XXVII) and 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 2025, the operating revenue amounted to 13,843.81 million yuan, with year-over-year growth of 5.53%. As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, 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, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, customer, project, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason;
- (4) For revenue from sales of environmental and sanitation machinery, ventilation equipment, etc., we selected items to check related supporting documents, including sales contracts, sales invoices, outbound delivery orders, delivery notes, delivery receipts, etc. For revenue from sanitation operation service, we selected items to check related supporting documents, including sales

contracts, service assessment statements, supervision schedule, etc.;

(5) We performed confirmation procedures on sales amount of selected items in combination with confirmation procedure of accounts receivable and contract assets;

(6) We performed cut-off tests to check whether the operating revenue was recognized in the appropriate period; and

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

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

1. Key audit matters

Please refer to section III (XII), V (I) 4, 10 and 12 of notes to the financial statements for details.

As of December 31, 2025, the book balance of accounts receivable amounted to 7,106.44 million yuan, with provision for bad debts of 1,081.61 million yuan, and the carrying amount of 6,024.83 million yuan; the book balance of long-term receivables (including those due within one year) amounted to 2,398.55 million yuan, with provision for bad debts of 94.31 million yuan, and the carrying amount of 2,304.24 million yuan. The carrying amount of accounts receivable and long-term receivables (collectively referred to as “receivables”) totaled 8,329.07 million yuan.

Based on credit risk features of receivables, the Management measures the loss allowance at the amount of lifetime expected credit losses, either on an individual basis or on a collective basis. As the amounts of receivables are significant and the impairment test 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 impairment of receivables, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We reviewed the outcome of the Management’s previous estimates on provision for bad debts or their subsequent re-estimations;

(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 reviewed the Management's estimations on the expected future cash flows, assessed the appropriateness of significant assumptions and the appropriateness, relevance and reliability of data used 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 expected credit loss rate of accounts receivable determined by the Management, including the appropriateness of significant assumptions and the appropriateness, relevance and reliability of data used; we tested whether the Management's calculation of provision for bad debts was accurate;

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

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

(III) Impairment of goodwill

1. Key audit matters

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

As of December 31, 2025, the cost of goodwill amounted to 5,932.57 million yuan, with provision for impairment of 644.94 million yuan, and the carrying amount of 5,287.63 million yuan, accounting for 14.92% of total assets.

For asset group or asset group portfolio related to goodwill, the Management will perform impairment test on goodwill together with related asset group or asset group portfolio, and the recoverable amount of related asset group or asset group portfolio is determined based on the present value of estimated future cash flows. 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 outcome of the Management's previous estimates on the present value of future cash flows or their subsequent re-estimations;
- (3) We assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;
- (4) We assessed the competency, professional quality and objectivity of experts engaged by us and the appropriateness of their works;
- (5) We assessed the appropriateness and consistency of impairment test method adopted by the Management;
- (6) We assessed the appropriateness of significant 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, assumptions used in other accounting estimates and related assumptions used in other areas of business activities;
- (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 assessed the appropriateness, relevance and reliability of data used by the Management in the impairment test and reviewed the consistency of related information in the impairment test;
- (9) We tested whether the Management's calculation of present value of estimated future cash flows was accurate; and
- (10) We checked whether information related to impairment of goodwill had been presented appropriately in the financial statements.

IV. Other Information

The Management is responsible for the other information. The other information comprises the

information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

we identify during our audit.

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

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

Pan-China Certified Public Accountants LLP

Hangzhou · China

Chinese Certified Public Accountant: 林旺

(Engagement Partner)

Chinese Certified Public Accountant: 曹翠娟

Date of Report: April 27, 2026

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, 2025
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2024
Current assets:			
Cash and bank balances	1	6,715,750,632.10	5,117,995,117.22
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	1,520,255,634.13	
Derivative financial assets			
Notes receivable	3	1,949,768.00	2,444,245.61
Accounts receivable	4	6,024,825,704.00	6,224,430,217.77
Receivables financing	5	240,630,370.22	201,675,177.13
Advances paid	6	115,960,728.33	116,555,682.67
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	7	924,872,748.35	160,267,453.49
Financial assets under reverse repo			
Inventories	8	1,081,246,249.12	1,041,115,491.00
Including: Data resources			
Contract assets	9	68,897,244.68	94,117,942.03
Assets held for sale			
Non-current assets due within one year	10	983,462,626.28	483,484,497.10
Other current assets	11	520,762,225.95	597,468,283.91
Total current assets		18,198,613,931.16	14,039,554,107.93
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	12	1,320,781,230.52	625,304,161.32
Long-term equity investments	13	738,196,845.70	682,287,056.09
Other equity instrument investments	14	1,282,971.01	1,282,971.01
Other non-current financial assets			
Investment property	15	967,397.81	1,053,133.20
Fixed assets	16	2,610,747,901.07	2,259,900,141.60
Construction in progress	17	348,377,592.40	460,662,679.72
Productive biological assets			
Oil & gas assets			
Right-of-use assets	18	2,093,717,582.79	16,456,043.60
Intangible assets	19	4,314,166,594.39	5,660,386,100.81
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill	20	5,287,626,997.86	5,315,639,985.65
Long-term prepayments	21	26,948,904.96	32,459,369.22
Deferred tax assets	22	123,608,519.14	127,979,852.03
Other non-current assets	23	370,057,999.52	413,364,735.69
Total non-current assets		17,236,480,537.17	15,596,776,229.94
Total assets		35,435,094,468.33	29,636,330,337.87

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, 2025 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2024
Current liabilities:			
Short-term borrowings	25	1,215,279,736.31	113,697,615.88
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	26	1,822,004,052.60	1,982,522,352.45
Accounts payable	27	3,791,427,960.24	3,672,499,338.29
Advances received			
Contract liabilities	28	397,236,002.74	239,860,672.03
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	29	505,367,179.05	586,442,924.01
Taxes and rates payable	30	240,010,930.05	220,358,221.46
Other payables	31	630,878,916.61	736,723,069.40
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	32	2,489,245,198.62	211,138,376.82
Other current liabilities	33	45,021,884.13	28,803,209.66
Total current liabilities		11,136,471,860.35	7,792,045,780.00
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	34	4,963,964,278.15	1,987,236,842.43
Bonds payable	35		1,404,699,758.75
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	36	1,615,589,345.60	7,830,870.16
Long-term payables	37	24,600,000.00	31,687,999.95
Long-term employee benefits payable			
Provisions	38	920,158.78	1,049,769.45
Deferred income	39	94,030,295.67	386,252,654.20
Deferred tax liabilities	22	29,116,381.60	45,414,359.52
Other non-current liabilities	40	8,148,148.14	8,148,148.14
Total non-current liabilities		6,736,368,607.94	3,872,320,402.60
Total liabilities		17,872,840,468.29	11,664,366,182.60
Equity:			
Share capital	41	3,166,943,903.00	3,166,941,792.00
Other equity instruments	42	195,462,514.61	266,913,810.18
Including: Preferred shares			
Perpetual bonds			
Capital reserve	43	9,543,593,089.51	9,557,237,328.20
Less: Treasury shares	44	204,410,648.11	
Other comprehensive income	45	-18,435,172.99	-17,745,734.84
Special reserve	46		
Surplus reserve	47	495,753,979.53	423,116,339.31
General risk reserve			
Undistributed profit	48	4,001,591,434.90	4,122,982,090.28
Total equity attributable to the parent company		17,180,499,100.45	17,519,445,625.13
Non-controlling interest		381,754,899.59	452,518,530.14
Total equity		17,562,254,000.04	17,971,964,155.27

Total liabilities & equity		35,435,094,468.33	29,636,330,337.87
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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, 2025
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2024
Current assets:			
Cash and bank balances		1,435,146,500.34	681,729,562.77
Held-for-trading financial assets		500,024,032.97	
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing		1,420,698.92	3,049,680.44
Advances paid		363,460.93	264,874.65
Other receivables	1	5,742,947,791.59	4,109,183,327.45
Inventories			
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		7,679,902,484.75	4,794,227,445.31
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2	17,964,799,084.09	16,966,182,637.80
Other equity instrument investments		1,282,971.01	1,282,971.01
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			610,009.02
Intangible assets		41,078.00	205,389.99
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets			
Total non-current assets		17,966,123,133.10	16,968,281,007.82
Total assets		25,646,025,617.85	21,762,508,453.13

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, 2025 (continued)
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2024
Current liabilities:			
Short-term borrowings		641,948,872.62	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		53,192,620.70	20,254,973.30
Accounts payable		1,137,507.93	1,137,507.93
Advances received			
Contract liabilities			
Employee benefits payable		3,226,358.75	3,081,440.43
Taxes and rates payable		10,894,460.71	6,018,372.68
Other payables		2,684,142,064.04	439,094,958.95
Liabilities held for sale			
Non-current liabilities due within one year		1,525,155,109.14	11,559,669.59
Other current liabilities			
Total current liabilities		4,919,696,993.89	481,146,922.88
Non-current liabilities:			
Long-term borrowings		1,028,550,000.00	38,100,008.00
Bonds payable			1,404,699,758.75
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		3,000,000.00	3,000,000.00
Long-term employee benefits payable			
Provisions		826,736.14	952,985.85
Deferred income			
Deferred tax liabilities		7,418,072.54	
Other non-current liabilities			
Total non-current liabilities		1,039,794,808.68	1,446,752,752.60
Total liabilities		5,959,491,802.57	1,927,899,675.48
Equity:			
Share capital		3,166,943,903.00	3,166,941,792.00
Other equity instruments		195,462,514.61	266,913,810.18
Including: Preferred shares			
Perpetual bonds			
Capital reserve		15,243,116,135.80	15,243,099,431.46
Less: Treasury shares		204,410,648.11	
Other comprehensive income		-18,755,949.09	-18,700,000.00
Special reserve			
Surplus reserve		461,533,590.11	388,895,949.89
Undistributed profit		842,644,268.96	787,457,794.12
Total equity		19,686,533,815.28	19,834,608,777.65
Total liabilities & equity		25,646,025,617.85	21,762,508,453.13

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, 2025

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	13,843,807,632.45	13,117,894,323.95
Including: Operating revenue	1	13,843,807,632.45	13,117,894,323.95
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		12,894,259,386.89	12,223,590,697.65
Including: Operating cost	1	10,815,131,518.50	10,261,555,795.35
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	92,265,130.32	76,891,691.83
Selling expenses	3	716,524,496.10	713,507,964.56
Administrative expenses	4	803,880,040.20	773,511,609.91
R&D expenses	5	294,498,707.16	317,117,284.00
Financial expenses	6	171,959,494.61	81,006,352.00
Including: Interest expenses		209,723,030.86	148,707,477.58
Interest income		49,570,028.64	74,268,310.95
Add: Other income	7	151,142,267.25	137,108,552.70
Investment income (or less: losses)	8	-21,336,469.10	-30,889,428.46
Including: Investment income from associates and joint ventures		3,724,247.73	21,424,762.72
Gains from derecognition of financial assets at amortized cost		-55,598,983.24	-50,286,665.91
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	333,964.13	
Credit impairment loss	10	-214,301,775.31	-262,370,919.54
Assets impairment loss	11	-79,547,907.72	-31,710,185.75
Gains on asset disposal (or less: losses)	12	-11,495,543.69	-31,931.69
III. Operating profit (or less: losses)		774,342,781.12	706,409,713.56
Add: Non-operating revenue	13	23,381,569.04	21,214,649.95
Less: Non-operating expenditures	14	63,503,024.38	79,294,913.15
IV. Profit before tax (or less: total loss)		734,221,325.78	648,329,450.36
Less: Income tax expenses	15	189,344,410.71	105,254,332.60
V. Net profit (or less: net loss)		544,876,915.07	543,075,117.76
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		544,876,915.07	543,075,117.76
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		549,799,271.94	513,514,275.54
2. Net profit attributable to non-controlling shareholders (or less: net loss)		-4,922,356.87	29,560,842.22
VI. Other comprehensive income after tax	16	-689,438.15	-13,115,734.84
Items attributable to the owners of the parent company		-689,438.15	-13,115,734.84
(I) Not to be reclassified subsequently to profit or loss			-14,070,000.00
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			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss		-689,438.15	954,265.16
1. Items under equity method that may be reclassified to profit or loss		-55,949.09	
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		-633,489.06	954,265.16
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		544,187,476.92	529,959,382.92
Items attributable to the owners of the parent company		549,109,833.79	500,398,540.70
Items attributable to non-controlling shareholders		-4,922,356.87	29,560,842.22
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.17	0.16
(II) Diluted EPS (yuan per share)		0.17	0.16

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, 2025
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	8,130.14	86,987.42
Less: Operating cost	1		
Taxes and surcharges		169,422.39	172,598.34
Selling expenses			
Administrative expenses		26,716,409.65	34,040,383.63
R&D expenses			
Financial expenses		16,706,687.16	-32,199,924.51
Including: Interest expenses		81,487,480.73	68,523,522.05
Interest income		65,341,918.40	100,788,936.40
Add: Other income		259,737.83	446,474.64
Investment income (or less: losses)	2	765,018,281.44	452,505,988.13
Including: Investment income from associates and joint ventures		49,459,989.64	39,991,003.64
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)		24,032.97	
Credit impairment loss		1,261,444.68	-17,238,362.29
Assets impairment loss			
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		722,979,107.86	433,788,030.44
Add: Non-operating revenue		1,147,112.54	8,224,413.05
Less: Non-operating expenditures		4,822,773.23	1,019,252.32
III. Profit before tax (or less: total loss)		719,303,447.17	440,993,191.17
Less: Income tax expenses		-7,072,954.99	
IV. Net profit (or less: net loss)		726,376,402.16	440,993,191.17
(I) Net profit from continuing operations (or less: net loss)		726,376,402.16	440,993,191.17
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax		-55,949.09	-14,070,000.00
(I) Not to be reclassified subsequently to profit or loss			-14,070,000.00
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			-14,070,000.00
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss		-55,949.09	
1. Items under equity method that may be reclassified to profit or loss		-55,949.09	
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		726,320,453.07	426,923,191.17
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, 2025
(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		14,677,469,577.76	12,253,778,468.76
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		51,079,131.88	54,791,515.98
Other cash receipts related to operating activities	1 (1)	3,327,246,508.07	1,563,909,963.01
Subtotal of cash inflows from operating activities		18,055,795,217.71	13,872,479,947.75
Cash payments for goods purchased and services received		8,148,665,210.31	7,269,772,149.50
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		3,061,179,954.58	2,760,726,135.33
Cash payments for taxes and rates		692,836,667.36	539,712,068.46
Other cash payments related to operating activities	1 (2)	5,190,237,631.49	2,140,220,112.98
Subtotal of cash outflows from operating activities		17,092,919,463.74	12,710,430,466.27
Net cash flows from operating activities		962,875,753.97	1,162,049,481.48
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		57,650,000.00	4,176,029.95
Cash receipts from investment income		62,896,814.91	215,921,968.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		39,356,799.03	22,226,636.40
Net cash receipts from the disposal of subsidiaries & other business units		145,450,939.48	252,832,196.90
Other cash receipts related to investing activities	1 (3)	13,188,685,852.03	8,821,277,096.34
Subtotal of cash inflows from investing activities		13,494,040,405.45	9,316,433,927.59
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		996,553,827.63	806,085,373.66
Cash payments for investments		149,349,269.90	
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		39,440,814.25	
Other cash payments related to investing activities	1 (4)	14,720,590,689.95	8,310,287,424.40
Subtotal of cash outflows from investing activities		15,905,934,601.73	9,116,372,798.06
Net cash flows from investing activities		-2,411,894,196.28	200,061,129.53
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		19,100,000.00	24,451,900.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		19,100,000.00	24,451,900.00
Cash receipts from borrowings		6,882,538,805.98	1,244,655,720.38
Other cash receipts related to financing activities	1 (5)	44,724,997.45	128,615,400.00
Subtotal of cash inflows from financing activities		6,946,363,803.43	1,397,723,020.38
Cash payments for the repayment of borrowings		2,391,444,319.10	1,314,496,090.40
Cash payments for distribution of dividends or profits and for interest expenses		772,364,549.83	530,172,889.26
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		29,773,157.34	11,034,966.64
Other cash payments related to financing activities	1 (6)	605,963,811.58	141,563,549.23
Subtotal of cash outflows from financing activities		3,769,772,680.51	1,986,232,528.89
Net cash flows from financing activities		3,176,591,122.92	-588,509,508.51
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-535,719.18	470,874.17
V. Net increase in cash and cash equivalents		1,727,036,961.43	774,071,976.67
Add: Opening balance of cash and cash equivalents		4,690,217,231.21	3,916,145,254.54
VI. Closing balance of cash and cash equivalents		6,417,254,192.64	4,690,217,231.21

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, 2025
(Expressed in Renminbi Yuan)

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	8,617.87	365,854.11
Receipts of tax refund		178,113.41
Other cash receipts related to operating activities	2,619,535,256.01	984,609,199.49
Subtotal of cash inflows from operating activities	2,619,543,873.88	985,153,167.01
Cash payments for goods purchased and services received		199,874.65
Cash paid to and on behalf of employees	10,223,435.79	12,878,474.03
Cash payments for taxes and rates	57,187,176.86	191,681.93
Other cash payments related to operating activities	1,820,352,015.15	1,251,992,602.32
Subtotal of cash outflows from operating activities	1,887,762,627.80	1,265,262,632.93
Net cash flows from operating activities	731,781,246.08	-280,109,465.92
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	57,650,000.00	
Cash receipts from investment income	755,672,835.94	596,256,937.18
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		258,552,204.53
Other cash receipts related to investing activities	5,421,367,354.53	2,862,551,451.99
Subtotal of cash inflows from investing activities	6,234,690,190.47	3,717,360,593.70
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		
Cash payments for investments	1,046,976,949.88	222,046,440.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	6,074,223,854.71	2,492,051,286.11
Subtotal of cash outflows from investing activities	7,121,200,804.59	2,714,097,726.11
Net cash flows from investing activities	-886,510,614.12	1,003,262,867.59
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	2,890,000,000.00	
Other cash receipts related to financing activities	14,000,000.00	
Subtotal of cash inflows from financing activities	2,904,000,000.00	
Cash payments for the repayment of borrowings	1,192,485,720.00	18,886,714.22
Cash payments for distribution of dividends or profits and for interest expenses	635,580,169.98	420,282,564.36
Other cash payments related to financing activities	205,041,269.07	1,261,241.92
Subtotal of cash outflows from financing activities	2,033,107,159.05	440,430,520.50
Net cash flows from financing activities	870,892,840.95	-440,430,520.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	716,163,472.91	282,722,881.17
Add: Opening balance of cash and cash equivalents	680,843,625.90	398,120,744.73
VI. Closing balance of cash and cash equivalents	1,397,007,098.81	680,843,625.90

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, 2025
(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		
	Preferr ed shares	Perpetual bonds	Others										
I. Balance at the end of prior year	3,166,941,792.00			266,913,810.18	9,557,237,328.20		-17,745,734.84		423,116,339.31		4,122,982,090.28	452,518,530.14	17,971,964,155.27
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	3,166,941,792.00			266,913,810.18	9,557,237,328.20		-17,745,734.84		423,116,339.31		4,122,982,090.28	452,518,530.14	17,971,964,155.27
III. Current period increase (or decrease)	2,111.00			-71,451,295.57	-13,644,238.69	204,410,648.11	-689,438.15		72,637,640.22		-121,390,655.38	-70,763,630.55	-409,710,155.23
(I) Total comprehensive income							-689,438.15				549,799,271.94	-4,922,356.87	544,187,476.92
(II) Capital contributed or withdrawn by owners	2,111.00			-71,451,295.57	-13,644,238.69	204,410,648.11						-35,371,345.61	-324,875,416.98
1. Ordinary shares contributed by owners												22,600,000.00	22,600,000.00
2. Capital contributed by holders of other equity instruments	2,111.00			-2,983.70	16,704.34								15,831.64
3. Amount of share-based payment included in equity													
4. Others				-71,448,311.87	-13,660,943.03	204,410,648.11						-57,971,345.61	-347,491,248.62
(III) Profit distribution									72,637,640.22		-671,189,927.32	-30,469,928.07	-629,022,215.17
1. Appropriation of surplus reserve									72,637,640.22		-72,637,640.22		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-598,552,287.10	-30,469,928.07	-629,022,215.17
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									9,171,060.19				9,171,060.19
2. Current period use									-9,171,060.19				-9,171,060.19
(VI) Others													
IV. Balance at the end of current period	3,166,943,903.00			195,462,514.61	9,543,593,089.51	204,410,648.11	-18,435.172.99		495,753,979.53		4,001,591,434.90	381,754,899.59	17,562,254,000.04

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, 2025 (continued)
(Expressed in Renminbi Yuan)

Items	Preceding period comparative													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			
	Preferr ed shares	Perpetual bonds	Others											
I. Balance at the end of prior year	3,179,506,670.00			266,914,714.33	9,661,398,721.27	94,132,795.17	-4,630,000.00		379,017,020.19		4,049,434,826.11	460,538,300.36	17,898,047,457.09	
Add: Cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	3,179,506,670.00			266,914,714.33	9,661,398,721.27	94,132,795.17	-4,630,000.00		379,017,020.19		4,049,434,826.11	460,538,300.36	17,898,047,457.09	
III. Current period increase (or less: decrease)	-12,564,878.00			-904.15	-104,161,393.07	-94,132,795.17	-13,115,734.84		44,099,319.12		73,547,264.17	-8,019,770.22	73,916,698.18	
(I) Total comprehensive income							-13,115,734.84				513,514,275.54	29,560,842.22	529,959,382.92	
(II) Capital contributed or withdrawn by owners	-12,564,878.00			-904.15	-104,161,393.07	-94,132,795.17						-24,461,010.86	-47,055,390.91	
1. Ordinary shares contributed by owners	-12,565,382.00				-81,567,413.17	-94,132,795.17						25,999,900.00	25,999,900.00	
2. Capital contributed by holders of other equity instruments	504.00			-904.15	4,109.24								3,709.09	
3. Amount of share-based payment included in equity														
4. Others					-22,598,089.14							-50,460,910.86	-73,059,000.00	
(III) Profit distribution									44,099,319.12		-439,967,011.37	-13,119,601.58	-408,987,293.83	
1. Appropriation of surplus reserve									44,099,319.12		-44,099,319.12			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners											-395,867,692.25	-13,119,601.58	-408,987,293.83	
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									8,763,770.25				8,763,770.25	
2. Current period use									-8,763,770.25				-8,763,770.25	
(VI) Others														
IV. Balance at the end of current period	3,166,941,792.00			266,913,810.18	9,557,237,328.20		-17,745,734.84		423,116,339.31		4,122,982,090.28	452,518,530.14	17,971,964,155.27	

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, 2025
(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital	Preferred shares	Perpetual bonds	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	3,166,941,792.00			266,913,810.18	15,243,099,431.46		-18,700,000.00		388,895,949.89	787,457,794.12	19,834,608,777.65
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,166,941,792.00			266,913,810.18	15,243,099,431.46		-18,700,000.00		388,895,949.89	787,457,794.12	19,834,608,777.65
III. Current period increase (or decrease)	2,111.00			-71,451,295.57	16,704.34	204,410,648.11	-55,949.09		72,637,640.22	55,186,474.84	-148,074,962.37
(I) Total comprehensive income							-55,949.09			726,376,402.16	726,320,453.07
(II) Capital contributed or withdrawn by owners	2,111.00			-71,451,295.57	16,704.34	204,410,648.11					-275,843,128.34
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments	2,111.00			-2,983.70	16,704.34						15,831.64
3. Amount of share-based payment included in equity											
4. Others				-71,448,311.87		204,410,648.11					-275,858,959.98
(III) Profit distribution									72,637,640.22	-671,189,927.32	-598,552,287.10
1. Appropriation of surplus reserve									72,637,640.22	-72,637,640.22	
2. Appropriation of profit to owners										-598,552,287.10	-598,552,287.10
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	3,166,943,903.00			195,462,514.61	15,243,116,135.80	204,410,648.11	-18,755,949.09		461,533,590.11	842,644,268.96	19,686,533,815.28

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, 2025 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										Total equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit			
		Preferr ed shar es	Perpet ual bo nds	Others							
I. Balance at the end of prior year	3,179,506,670.00			266,914,714.33	15,324,662,735.39	94,132,795.17	-4,630,000.00		344,796,630.77	786,431,614.32	19,803,549,569.64
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,179,506,670.00			266,914,714.33	15,324,662,735.39	94,132,795.17	-4,630,000.00		344,796,630.77	786,431,614.32	19,803,549,569.64
III. Current period increase (or decrease)	-12,564,878.00			-904.15	-81,563,303.93	-94,132,795.17	-14,070,000.00		44,099,319.12	1,026,179.80	31,059,208.01
(I) Total comprehensive income							-14,070,000.00			440,993,191.17	426,923,191.17
(II) Capital contributed or withdrawn by owners	-12,564,878.00			-904.15	-81,563,303.93	-94,132,795.17					3,709.09
1. Ordinary shares contributed by owners	-12,565,382.00				-81,567,413.17	-94,132,795.17					
2. Capital contributed by holders of other equity instruments	504.00			-904.15	4,109.24						3,709.09
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution									44,099,319.12	-439,967,011.37	-395,867,692.25
1. Appropriation of surplus reserve									44,099,319.12	-44,099,319.12	
2. Appropriation of profit to owners										-395,867,692.25	-395,867,692.25
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	3,166,941,792.00			266,913,810.18	15,243,099,431.46		-18,700,000.00		388,895,949.89	787,457,794.12	19,834,608,777.65

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, 2025

Monetary unit: RMB Yuan

I. Company profile

Infore Environment Technology Group Co., Ltd. (the “Company”), formerly known as Zhejiang Shangfeng Industrial Co., Ltd., was registered at Zhejiang Administration for Industry and Commerce on November 18, 1993. Under the approval of Zhejiang Share System Pilot Work Coordination Group with document of approval numbered Zhe Gu [1993] 51, the Company was established by Zhejiang Fan Air Cooling Equipment Co., Ltd., the main initiator, and Shangyu Fan Factory and Shaoxing Fluid Engineering Research Institute, the joint initiators, through targeted fundraising. Headquartered in Shaoxing City, Zhejiang Province, the Company currently holds a business license with unified social credit code of 913300006096799222 and has registered capital of 3,166,941,288.00 yuan, and share capital of 3,166,943,903.00 yuan. The difference between the registered capital and share capital is because the change related to share capital increased has not been registered at the administration for market regulation. The Company has total share of 3,166,943,903 shares (each with par value of one yuan), of which, 1,507,700 shares are restricted outstanding A shares, and 3,165,436,203 shares are unrestricted outstanding A 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, sales, maintenance and operation services of environmental protection equipment, sanitation operation services, operation services of environmental treatment facilities, environmental engineering, environmental protection engineering, urban engineering, sale of ventilators, air-cooling, water-cooling and air-conditioning equipment, etc. Its revenue is mainly from business related to smart city services, intelligent cloud computing, ventilation equipment, etc.

The financial statements were approved and authorized for issue by the second meeting of the 11th session of the Board of Directors dated April 27, 2026.

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, inventories, depreciation of fixed assets, construction in progress, 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 functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations is the currency of the primary economic environment in which they operate.

(V) Determination method and basis for selection of materiality

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

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant accounts receivable with provision for bad debts made on an individual basis	With individual balance exceeding 0.3% of total assets
Significant accounts receivable written off	With individual balance exceeding 0.3% of total assets
Significant other receivables with provision for bad debts made on an individual basis	With individual balance exceeding 0.3% of total assets
Significant provisions for bad debts of other receivables collected or reversed	With individual balance exceeding 0.3% of total assets
Significant other receivables written off	With individual balance exceeding 0.3% of total assets

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant contract assets with provision for impairment made on an individual basis	With individual balance exceeding 0.3% of total assets
Significant advances paid with age over one year	With individual balance exceeding 0.3% of total assets
Significant construction in progress	With individual balance exceeding 0.3% of total assets
Significant accounts payable with age over one year	With individual balance exceeding 0.3% of total assets
Significant other payables with age over one year	With individual balance exceeding 0.3% of total assets
Significant contract liabilities with age over one year	With individual balance exceeding 0.3% of total assets
Contract liabilities with significant changes in carrying amount	With individual balance exceeding 0.3% of total assets
Significant cash flows from investing activities	With individual balance exceeding 10% of total assets
Significant capitalized R&D projects and outsourced R&D projects	With individual balance exceeding 0.3% of total assets
Significant subsidiaries, not wholly-owned subsidiaries	With total assets exceeding 15% of the group's total assets
Significant joint ventures and associates	With carrying amount of individual long-term equity investment exceeding 15% of the group's net assets or with individual investment income under equity method exceeding 15% of the group's profit before tax

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

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date.

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

2. Accounting treatment of business combination not under common control

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

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

1. Judgement of control

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

2. Compilation method of consolidated financial statements

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

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

1. Joint arrangements include joint operations and joint ventures.

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

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

(IX) Recognition criteria of cash and cash equivalents

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

(X) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the approximate exchange rate similar to 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 approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

(XI) Financial instruments

1. Classification of financial assets and financial liabilities

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

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

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

method or recognized with impairment loss.

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

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan

at a below-market interest rate, which do not fall within the above category 1)

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

3. Recognition criteria and measurement method of financial assets transfer

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

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset

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

4. Fair value determination method of financial assets and liabilities

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

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

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

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

5. Impairment of financial instruments

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

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

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

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

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

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

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

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

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

6. Offsetting financial assets and financial liabilities

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

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the

transferred asset and the associated liability.

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

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

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

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
		have exceeded the contractual payment deadline and have not yet been paid, provision for bad debts is accrued based on the age of the balance.
Contract assets – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of contract assets, so as to calculate expected credit loss.

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

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

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

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

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

(XIII) Inventories

1. Classification of inventories

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

2. Accounting method for dispatched inventories

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

3. Inventory system

Perpetual inventory method is adopted.

4. Amortization method of low-value consumables and packages

(1) Low-value consumables

One-off method is adopted.

(2) Packages

One-off method is adopted.

5. Provision for inventory write-down

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

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

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

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

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

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

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

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed

within one year due to one of the following reasons: (1) a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

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

(1) Initial measurement and subsequent measurement

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

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

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

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

(2) Reversal of assets impairment loss

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

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

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

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

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group held for sale shall be measured at the lower of:

1) its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and 2) its recoverable amount.

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

3. Recognition criteria of discontinued operations

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

- (1) it represents a separate major line of business or a separate geographical area of operations;
- (2) it is part of a related plan to dispose of a separate major line of business or a separate geographical area of operations; or
- (3) it is a subsidiary acquired exclusively with a review to resale.

4. Presentation method of discontinued operations

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

(XV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is

the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

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

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

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

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

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

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

income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

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

3. Subsequent measurement and recognition method of profit or loss

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

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

(1) Judgement principles of “bundled transaction”

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

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

(2) Accounting treatments of non-bundled transactions

1) Stand-alone financial statements

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

2) Consolidated financial statements

Before the Company’s loss of control, the difference between the disposal consideration and the proportionate

share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

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

(3) Accounting treatment of bundled transaction

1) Stand-alone financial statements

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

2) Consolidated financial statements

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

(XVI) Investment property

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

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

(XVII) Fixed assets

1. Recognition principles of fixed assets

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

Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	3-50	3.00-5.00	1.90-32.33
General equipment	Straight-line method	3-5	3.00-5.00	19.00-32.33
Special equipment	Straight-line method	2-15	0.00-5.00	6.33-50.00
Transport facilities	Straight-line method	3-15	3.00-5.00	6.33-32.33
Other equipment	Straight-line method	3-10	5.00	9.50-31.67

(XVIII) Construction in progress

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

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

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

(XIX) Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset

disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

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

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

3. Capitalization rate and capitalized amount of borrowing costs

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

(XX) Intangible assets

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

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

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

3. Permitted scope of R&D costs

(1) Personnel costs

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

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

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

(2) Direct input costs

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

(3) Depreciation and long-term prepayments

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

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

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

(4) Amortization of intangible assets

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

(5) Design expenses

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

breakthrough products.

(6) Equipment commissioning and testing expenses

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

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

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

(7) R&D outsourcing expenses

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

(8) Other expenses

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

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

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

The planned investigation phase for acquiring new technology and knowledge should be defined as the research phase, which has the characteristics of planning and exploratory nature; before commercial production or use, when the research results or other knowledge are applied to a certain plan or design with the intention to produce

new or substantially improved materials, devices, products, etc., such stage should be determined as the development phase, which has the characteristics of pertinence and greater possibility of forming results. The Company divides the research and development phases by forming the prototype drawing and starting the prototype trial production. Expenditures in the research phase of internal research and development projects are included in profit or loss when they incur. When the Company enters the development phase, project expenditures are first calculated by projects under “development expenditure”, and if the capitalization conditions are met, they are presented as development expenditures in the financial statements. The project will be transferred to intangible assets when the project has the conditions for sale or mass production.

(XXI) Impairment of part of long-term assets

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

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

(XXII) Long-term prepayments

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

(XXIII) Employee benefits

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

2. Short-term employee benefits

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

3. Post-employment benefits

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

(1) The Company recognizes in the accounting period in which an employee provides service the contribution

payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

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

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

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

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

4. Termination benefits

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

5. Other long-term employee benefits

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

(XXIV) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXV) Share-based payment

1. Types of share-based payment

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

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

(1) Equity-settled share-based payment

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

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

(2) Cash-settled share-based payment

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

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

If the modification increases the fair value of the equity instruments granted, the Company includes the

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

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

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

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

Pursuant to CASBEs on financial instruments and “Regulations on Accounting Treatments of Perpetual Bonds” (Cai Kuai [2019] No. 2) issued by the Ministry of Finance, for financial instruments such as convertible bonds etc., the Company classifies a financial instrument or its components at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

At the balance sheet date, for a financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as profit distribution, and share repurchase and 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.

(XXVII) Revenue

1. Revenue recognition principles

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

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the

economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

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

2. Revenue measurement principle

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

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

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

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

3. Revenue recognition method

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

(1) Sale of environmental and sanitation machinery is a performance obligation satisfied at a point in time.

Revenue from domestic sales is recognized when the products have been delivered and accepted, 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. 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, or when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been delivered to 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.

(2) 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.

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

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

(5) Computility service is a performance obligation satisfied over time. Revenue is recognized based on the performance progress according to service volume confirmed by customers.

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

(XXVIII) Costs to obtain a contract and costs to fulfill a contract

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

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

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

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

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

(XXIX) Contract assets, contract liabilities

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

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

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

(XXX) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company

will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

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

3. Government grants related to income

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

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

(XXXI) Deferred tax assets and deferred tax liabilities

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

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

deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

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

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

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

(XXXII) Leases

1. The Company as the lessee

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

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

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that

the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

2. The Company as the lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit

or loss in the periods in which they are incurred.

3. Sale and leaseback

(1) The Company as the lessee

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

(2) The Company as the lessor

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21 – Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement”.

(XXXIII) Work safety fund

The Company appropriates work safety fund in accordance with the “Circular on Management Measures on the Appropriation and Use of Work Safety Fund” (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management. Standard work safety fund is included in the cost or profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

(XXXIV) Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

(XXXV) Other significant accounting policies and estimates

1. PPP business

The Company adopts the build-operate-transfer approach (PPP projects, mainly using BOT, TOT, etc.) to participate in the public infrastructure business. The project company obtains the franchise of public infrastructure projects from government departments and participates in the construction and operation of the project. After the franchise expires, the project company needs to hand over relevant infrastructure to the government or the department designated by the government.

For the PPP project contract under which the Company provides multiple services (such as the rendering of construction services of PPP projects as well as post-completion operation services and maintenance services), the Company identifies each performance obligation in the contracts in accordance with the provisions of "CASBE 14 – Revenues", and allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices. If the stand-alone selling price cannot be directly observed, or if there is a lack of similar market prices, the Company will take into account market conditions, specific factors of the Company and information related to customers and other relevant information, and make a reasonable estimate of the stand-alone selling price using methods such as market adjustment method, cost-plus method, residual value method, etc. Construction services are performance obligations satisfied over time. Revenue from construction services is recognized by the percentage of completion of the performance obligations, which is determined based on the proportion of the incurred costs to the estimated total costs. In the circumstance that the percentage of completion cannot be measured reasonably, but the incurred costs are expected to be recovered, the Company recognizes revenue only to the extent of the incurred costs until it can reasonably measure the percentage of completion.

The Company has the right to charge users of public goods and services during the operation of the project in accordance with the PPP project contracts. However, if the amount of the fees is uncertain, such right does not constitute an unconditional right to receive cash, and the consideration or construction revenue of the relevant PPP project assets is recognized as intangible assets when the PPP project assets reach the designed useful conditions, which shall be accounted for in accordance with "CASBE 6 – Intangible Assets".

If the Company is qualified to have the right to receive a determinable amount of cash (or other financial assets)

during the operation of the project in accordance with the PPP project contracts, such amount is recognized as accounts receivable when the Company has the right to such consideration (the right depends only on the factor of the passage of time) and is accounted for in accordance with “CASBE 22 – Financial Instruments: Recognition and Measurement”. The Company recognizes the difference between the consideration or construction revenue of the relevant PPP project assets and the determinable amount of cash (or other financial assets) as intangible assets when the PPP project assets reach the designed useful conditions.

For the portion of the consideration or construction revenue recognized as intangible assets, the contract assets recognized during the relevant construction period are presented under “intangible assets” in the balance sheet; for other contract assets recognized during the construction period, they are presented under “contract assets”, or “other non-current assets” in the balance sheet if they are expected to be realized within twelve months of the balance sheet date.

After the PPP project assets reach the designed useful conditions, the Company recognizes revenue related to operating services in accordance with “CASBE 14 – Revenues”.

2. Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

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% [Note 2].
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% [Note 1] 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%

Taxes	Tax bases	Tax rates
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% [Note 2]

Note 1: For Changsha Zoomlion Environmental Industry Co., Ltd. (the “Zoomlion Environmental Company”) and some of its subsidiaries, housing property tax is levied on the basis of price and calculated at the rate of 1.2% of the balance after deducting 20% of the cost.

Note 2: The overseas subsidiaries are subject to local tax regulations of the places where they operate.

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Guangdong Infore Technology Co., Ltd. (the “Infore Technology Company”)	15%
Zoomlion Environmental Company	15%
Zhejiang Shangfeng Special Blower Industrial Co., Ltd. (the “Shangfeng Industrial Company”)	15%
Fengyun IoT Technology Co., Ltd.	15%
Huaian Chenjie Environmental Engineering Co., Ltd.	15%
Zhejiang Yolsh Electric Drive Technology Co., Ltd. (the “Yolsh Company”)	15%
Xiantao Green Oriental Environmental Power Generation Co., Ltd. (the “Xiantao Company”)	15%
Taxpayers other than the above-mentioned	25%, 20% for small enterprises with meager profit

(II) Tax preferential policies

1. Enterprise income tax

No.	Name of entities	Tax preferential policies
1	Shangfeng Industrial Company, Infore Technology Company	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2025 to 2027.
2	Zoomlion Environmental Company, Fengyun IoT Technology Co., Ltd., Huaian Chenjie Environmental Engineering Co., Ltd., Yolsh Company,	Pursuant to the preferential income tax policy for high-tech enterprises, enterprise income tax rate is reduced to 15% from 2023 to 2025.

No.	Name of entities	Tax preferential policies
	Xiantao Company	
3	Subsidiaries including Shenzhen Infore City Service Intelligent Technology Co., Ltd., Foshan Liansheng Environmental Sanitation Service Co., Ltd., Dingnan Zoomlion Environmental Industry Co., Ltd., etc.	Pursuant to the “Announcement of Ministry of Finance (MOF) and State Taxation Administration (STA) on Further Implementation of the Enterprises Income Tax Preferential Policies for Small Enterprises with Meager Profit and Individually-Owned Businesses” (Announcement [2023] No. 12), from January 1, 2023 to December 31, 2027, the enterprise income tax for the portion of the taxable income within 3 million yuan is levied at 20% based on 25% of that portion of income.
4	Subsidiaries and sub-subsidiaries including Pingdingshan Yinghe Environmental Sanitation Management Co., Ltd., Heyang Yinghe Urban Environmental Service Co., Ltd., Huai’an Yinghe Environmental Technology 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, 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.
5	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 2025, the

subsidiary Zoomlion Environmental Company is entitled to enjoy the VAT refund upon collection policy for sale of their self-developed and self-produced software products.

(2) Pursuant to the “Notice of MOF and STA on Extra VAT Deduction Policy for Advanced Manufacturing Enterprises” (Announcement of MOF and STA [2023] No. 43), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are eligible to enjoy an extra 5% VAT credit. In 2025, the subsidiaries Zoomlion Environmental Company, Infore Technology Company, Shangfeng Industrial Company and Yolsh Company are entitled to enjoy such preferential policy.

(3) Pursuant to Article 2 of the “Announcement of MOF and STA on Improving VAT Policy for Improving Comprehensive Utilization of Resources” (Announcement of MOF and STA [2021] No. 40), enterprises producing electricity and heat products with fuel from garbage and biogas resources produced by garbage fermentation are entitled to enjoy 100% VAT refund upon collection. Pursuant to Article 5, enterprises rendering garbage treatment and sewage treatment services are entitled to enjoy 70% VAT refund upon collection. The subsidiary Huaian Chenjie Environmental Engineering Co., Ltd. is entitled to enjoy such preferential policy in the current period.

(4) 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 2025, the subsidiary Shenzhen Dingzhu Environmental Technology Co., Ltd. meets the condition and is exempt from VAT.

(5) Pursuant to the “Announcement of MOF, STA and Ministry of Veterans Affairs (MVA) on Tax Policies for Further Supporting the Business Startup by and the Employment of Veterans Seeking Independent Employment” (Announcement of MOF, STA and MVA [2023] No. 14), from January 1, 2023 to December 31, 2027, if an enterprise enters into an employment contract with veteran seeking independent employment for a term of one year or more and pays social insurance premiums in accordance with the law, it may enjoy a credit within the standard quota against, in sequential order, VAT, urban maintenance and construction tax, educational surcharge, local education surcharges and enterprise income tax according to the number of persons actually employed for three years from the month when the employment contract is signed and the social premiums are paid. In 2025, the subsidiaries Huaian Chenjie Environmental Engineering Co., Ltd., Changsha Zhongbiao Environmental Industry Co., Ltd., Zoomlion Environmental Company and some of its subsidiaries are entitled to enjoy such tax reduction and exemption policy.

(6) Pursuant to the “Announcement of the MOF, SAT, Ministry of Human Resources and Social Security (MHR), Ministry of Agriculture and Rural Affairs (MAR) on Tax Policies for Further Supporting the Business Startup by and the Employment of Key Populations” (Announcement [2023] No. 15), from January 1, 2023 to December 31, 2027, if an enterprise enters into an employment contract with people who have

been lifted out of poverty, as well as people who have been registered as unemployed for more than six months at the public employment service agency of MHR with an “Entrepreneurship Certificate” or “Unemployment Registration Certificate” (Indicated “Enterprise Employment Promotion Tax Incentives”), for a term of one year or more and pays social insurance premiums in accordance with the law, it may enjoy a credit within the standard quota against, in sequential order, VAT, urban maintenance and construction tax, educational surcharge, local education surcharges and enterprise income tax according to the number of persons actually employed for three years from the month when the employment contract is signed and the social premiums are paid. In 2025, the subsidiary Zoomlion Environmental Company and its certain subsidiaries are entitled to enjoy such tax reduction and exemption policy.

3. Reduction and exemption policy on six local taxes and two rates

Pursuant to the “Announcement of the MOF and SAT on Tax Policies for Further Supporting the Development of Small Enterprises with Meager Profit and Individually-Owned Businesses” (Announcement of MOF and STA [2023] No. 12), from January 1, 2023 to December 31, 2027, for VAT small-scale taxpayers, small enterprises with meager profit and individually-owned businesses, resource tax (excluding water resources tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty) cultivated land occupation tax and education surcharge, local education surcharge will be halved. In 2025, some subsidiaries of Zoomlion Environmental Company, and Shenzhen Infore City Service Intelligent Technology Co., Ltd. are eligible to enjoy such tax preferential policy.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	690,474.26	165,440.86
Cash in bank	6,630,205,438.27	4,998,036,090.59
Other cash and bank balances	84,854,719.57	119,793,585.77
Total	6,715,750,632.10	5,117,995,117.22
Including: Deposited overseas	80,350,663.47	36,016,679.21

(2) Other remarks

1) Closing balance of cash in bank included certificates of deposit of 187,776,429.44 yuan, funds frozen due to

lawsuits of 25,717,611.75 yuan, escrow accounts of 709,561.47 yuan, funds temporarily frozen due to account changes of 131,634.79 yuan, factoring collections on behalf of others of 5,741.46 yuan and others of 456,530.01 yuan, totaling 214,797,508.92 yuan, which was with use restrictions.

2) Closing balance of other cash and bank balances included deposits for letters of guarantee of 50,095,225.69 yuan, deposits for notes of 22,641,659.30 yuan, credit deposits of 6,007,747.58 yuan, performance bond of 3,030,070.99 yuan, deposits for buyer's credit of 864,082.95 yuan, engineering deposits of 609,312.68 yuan, deposits for land reclamation of 205,331.35 yuan and ETC deposits of 245,500.00 yuan, totaling 83,698,930.54 yuan, which was with use restrictions.

2. Held-for-trading financial assets

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	1,520,255,634.13	
Including: Structured deposits and financial products	1,520,255,634.13	
Total	1,520,255,634.13	

3. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	240,500.00	1,153,333.58
Trade acceptance	1,709,268.00	1,290,912.03
Total	1,949,768.00	2,444,245.61

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	2,747,740.00	100.00	797,972.00	29.04	1,949,768.00
Including: Bank acceptance	240,500.00	8.75			240,500.00
Trade acceptance	2,507,240.00	91.25	797,972.00	31.83	1,709,268.00
Total	2,747,740.00	100.00	797,972.00	29.04	1,949,768.00

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	2,887,435.03	100.00	443,189.42	15.35	2,444,245.61
Including: Bank acceptance	1,153,333.58	39.94			1,153,333.58
Trade acceptance	1,734,101.45	60.06	443,189.42	25.56	1,290,912.03
Total	2,887,435.03	100.00	443,189.42	15.35	2,444,245.61

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	240,500.00		
Trade acceptance portfolio	2,507,240.00	797,972.00	31.83
Subtotal	2,747,740.00	797,972.00	29.04

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis	443,189.42	354,782.58				797,972.00
Total	443,189.42	354,782.58				797,972.00

(4) No pledged notes at the balance sheet date.

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance		105,500.00
Subtotal		105,500.00

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

Items	Amount transferred to accounts receivable at the balance sheet date
Trade acceptance	7,868,914.61
Subtotal	7,868,914.61

4. Accounts receivable

(1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	5,069,314,658.48	5,167,753,317.61
1-2 years	933,517,635.82	1,014,928,501.08
2-3 years	450,761,695.55	488,245,197.47
3-5 years	473,393,819.33	403,022,500.69
Over 5 years	179,449,381.61	108,571,288.31
Book balance	7,106,437,190.79	7,182,520,805.16
Less: Provision for bad debts	1,081,611,486.79	958,090,587.39
Carrying amount	6,024,825,704.00	6,224,430,217.77

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	269,873,164.37	3.80	268,198,572.88	99.38	1,674,591.49
Receivables with provision made on a collective basis	6,836,564,026.42	96.20	813,412,913.91	11.90	6,023,151,112.51
Total	7,106,437,190.79	100.00	1,081,611,486.79	15.22	6,024,825,704.00

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	205,388,214.20	2.86	175,166,701.01	85.29	30,221,513.19
Receivables with provision made on a collective basis	6,977,132,590.96	97.14	782,923,886.38	11.22	6,194,208,704.58
Total	7,182,520,805.16	100.00	958,090,587.39	13.34	6,224,430,217.77

2) Significant accounts receivable with provision for bad debts made on an individual basis

Debtors	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	Basis for provision made
Guangdong Tianshu New Energy Technology Co., Ltd.	130,800,778.19	104,640,622.55	131,161,314.76	131,161,314.76	100.00	Expected credit losses
Subtotal	130,800,778.19	104,640,622.55	131,161,314.76	131,161,314.76	100.00	

3) Accounts receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	6,809,368,796.68	808,775,286.86	11.88
Portfolio grouped with commercial factoring receivable	27,195,229.74	4,637,627.05	17.05
Subtotal	6,836,564,026.42	813,412,913.91	11.90

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	4,922,808,635.64	246,140,431.91	5.00
1-2 years	924,873,864.22	92,487,386.42	10.00
2-3 years	419,166,217.56	125,749,865.26	30.00
3-5 years	396,244,951.98	198,122,475.99	50.00
Over 5 years	146,275,127.28	146,275,127.28	100.00
Subtotal	6,809,368,796.68	808,775,286.86	11.88

5) Commercial factoring portfolio grouped by five-level classification

Five-level classification	Closing balance			
	Book balance	Unrealized finance income	Provision for bad debts	Provision proportion (%)
Pass	617,259.32		9,258.89	1.50
Special-mention	13,149,705.42		394,491.16	3.00

Five-level classification	Closing balance			
	Book balance	Unrealized finance income	Provision for bad debts	Provision proportion (%)
Substandard	13,134,840.00		3,940,452.00	30.00
Loss	293,425.00		293,425.00	100.00
Subtotal	27,195,229.74		4,637,627.05	17.05

(3) Changes in provision for bad debts

1) Details

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis	175,166,701.01	108,463,507.51	2,106,976.09	13,297,599.55	27,060.00	268,198,572.88
Receivables with provision made on a collective basis	782,923,886.38	72,591,006.01			42,101,978.48	813,412,913.91
Total	958,090,587.39	181,054,513.52	2,106,976.09	13,297,599.55	42,129,038.48	1,081,611,486.79

2) No significant provisions collected or reversed in the current period.

(4) Accounts receivable actually written off in the current period

1) Accounts receivable written off

Items	Amount written off
Accounts receivable actually written off	13,297,599.55

2) No significant accounts receivable written off in the current period.

(5) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance			Proportion to the total balance of accounts receivable and contract assets (including contract assets presented under other non-current assets) (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets (including contract assets presented under other non-current assets)	Subtotal		
No. 1	124,524,325.33	24,734,173.85	149,258,499.18	2.03	25,081,378.79
No. 2	131,161,314.76		131,161,314.76	1.79	131,161,314.76
No. 3	116,663,930.01		116,663,930.01	1.59	5,833,196.50
No. 4	79,165,168.00	1,014,832.00	80,180,000.00	1.09	5,336,500.00

Debtors	Closing book balance			Proportion to the total balance of accounts receivable and contract assets (including contract assets presented under other non-current assets) (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets (including contract assets presented under other non-current assets)	Subtotal		
No. 5	76,898,431.86		76,898,431.86	1.05	3,844,921.59
Subtotal	528,413,169.96	25,749,005.85	554,162,175.81	7.55	171,257,311.64

5. Receivables financing

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	240,630,370.22	201,675,177.13
Total	240,630,370.22	201,675,177.13

(2) No pledged receivables financing at the balance sheet date.

(3) Endorsed or discounted but undue receivables financing at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	91,430,156.09
Subtotal	91,430,156.09

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.

6. 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	109,302,319.73	94.26		109,302,319.73	105,675,560.02	90.67		105,675,560.02
1-2 years	4,416,670.13	3.81		4,416,670.13	6,563,741.82	5.63		6,563,741.82
2-3 years	1,053,846.60	0.91		1,053,846.60	3,747,053.86	3.21		3,747,053.86
Over 3 years	1,187,891.87	1.02		1,187,891.87	569,326.97	0.49		569,326.97
Total	115,960,728.33	100.00		115,960,728.33	116,555,682.67	100.00		116,555,682.67

2) No material balance with age over one year.

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
No. 1	3,061,959.94	2.64
No. 2	2,663,442.01	2.30
No. 3	2,272,396.93	1.96
No. 4	1,380,000.00	1.19
No. 5	1,271,577.96	1.10
Subtotal	10,649,376.84	9.19

7. Other receivables

(1) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable and petty cash	589,135,944.74	130,942,325.64
Payments for equity transfer	244,858,978.00	
Security deposits	159,508,226.55	70,844,070.44
Performance compensation	14,231,285.04	14,231,285.04
Others	15,114,653.65	12,785,184.45
Book balance	1,022,849,087.98	228,802,865.57
Less: Provision for bad debts	97,976,339.63	68,535,412.08
Carrying amount	924,872,748.35	160,267,453.49

(2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	906,192,085.47	116,428,153.86
1-2 years	47,415,171.26	29,572,716.48
2-3 years	10,841,253.42	31,226,881.64
3-4 years	26,097,387.94	32,266,905.43

Ages	Closing balance	Opening balance
4-5 years	17,808,769.97	4,812,643.70
Over 5 years	14,494,419.92	14,495,564.46
Book balance	1,022,849,087.98	228,802,865.57
Less: Provision for bad debts	97,976,339.63	68,535,412.08
Carrying amount	924,872,748.35	160,267,453.49

(3) Provision for bad debts

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	39,378,317.20	3.85	34,346,581.34	87.22	5,031,735.86
Receivables with provision made on a collective basis	983,470,770.78	96.15	63,629,758.29	6.47	919,841,012.49
Total	1,022,849,087.98	100.00	97,976,339.63	9.58	924,872,748.35

(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	26,497,378.65	11.58	26,497,378.65	100.00	
Receivables with provision made on a collective basis	202,305,486.92	88.42	42,038,033.43	20.78	160,267,453.49
Total	228,802,865.57	100.00	68,535,412.08	29.95	160,267,453.49

2) Other receivables with provision made on a collective basis

a. Other receivables with provision made on a collective basis – parent company

Portfolios	Closing balance

	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with buyer's credit	3,483,910.52	765,530.84	21.97
Portfolio grouped with ages	235,201,570.36	760,845.61	0.32
Including: 1-180 days	234,060,000.00		
2-3 years	77,782.54	23,334.76	30.00
3-5 years	378,398.03	189,199.02	50.00
Over 5 years	685,389.79	548,311.83	80.00
Subtotal	238,685,480.88	1,526,376.45	0.64

b. Other receivables with provision made on a collective basis – ventilation equipment manufacturing industry and environmental integrated industry

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	744,785,289.90	62,103,381.84	8.34
Including: Within 1 year	671,393,018.38	33,569,650.96	5.00
1-2 years	32,047,803.18	3,204,780.32	10.00
2-3 years	10,763,470.88	3,229,041.26	30.00
3-5 years	16,962,176.33	8,481,088.17	50.00
Over 5 years	13,618,821.13	13,618,821.13	100.00
Subtotal	744,785,289.90	62,103,381.84	8.34

(4) 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	5,459,356.06	2,509,797.64	60,566,258.38	68,535,412.08
Opening balance in the current period	—	—	—	

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)	
--Transferred to stage 2	-1,602,390.16	1,602,390.16		
--Transferred to stage 3		-1,084,125.34	1,084,125.34	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	31,124,296.30	1,976,708.35	827,925.06	33,928,929.71
Provision recovered or reversed in the current period				
Provision written off in the current period			36,933.98	36,933.98
Other changes [Note]	1,411,611.24	1,799,990.49	1,239,466.45	4,451,068.18
Closing balance	33,569,650.96	3,204,780.32	61,201,908.35	97,976,339.63
Provision proportion at the balance sheet date (%)	3.71	10.00	71.71	9.58

Note: Other changes refer to balances transferred out due to the disposal of subsidiaries and balances transferred in due to the acquisition of subsidiaries in the current period.

Division basis for each stage: ages of other receivables.

(5) Other receivables actually written off in the current period

1) Other receivables written off

Items	Amount written off
Other receivables actually written off	36,933.98

2) No significant other receivables written off in the current period.

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

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Temporary advance payment receivable and petty cash	503,985,280.30	Within 1 year	49.27	13,496,264.02
No. 2	Payments for equity transfer	244,858,978.00	Within 1 year	23.94	12,242,948.90
No. 3	Security deposits	81,600,000.00	Within 1 year	7.98	4,080,000.00
No. 4	Performance compensation and temporary advance payment receivable	14,563,576.23	[Note 1]	1.42	14,563,576.23
No. 5	Security deposits	12,616,900.00	[Note 2]	1.23	986,850.00
Subtotal		857,624,734.53		83.84	45,369,639.15

Note 1: It includes performance compensation with age of 4 to 5 years of 14,231,285.04 yuan, and temporary advance payment receivable with age over 5 years of 332,291.19 yuan.

Note 2: It includes balances with age within 1 year of 5,496,800.00 yuan and balances with age of 1 to 2 years of 7,120,100.00 yuan.

8. Inventories

(1) Details

Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Raw materials	115,798,793.57	21,229,538.96	94,569,254.61
Work in process	231,739,492.46	6,638,399.87	225,101,092.59
Goods on hand	743,913,120.94	25,604,854.11	718,308,266.83
Materials on consignment for further processing	89,954.92		89,954.92
Costs to fulfill a contract	43,177,680.17		43,177,680.17
Total	1,134,719,042.06	53,472,792.94	1,081,246,249.12

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Raw materials	106,242,420.19	19,036,911.54	87,205,508.65
Work in process	217,036,401.50	4,864,512.39	212,171,889.11
Goods on hand	722,312,988.73	20,357,600.16	701,955,388.57
Materials on consignment for further processing	202,066.19		202,066.19
Costs to fulfill a contract	39,580,638.48		39,580,638.48
Total	1,085,374,515.09	44,259,024.09	1,041,115,491.00

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others [Note]	Reversal or transfer-out	Others	
Raw materials	19,036,911.54	5,041,206.86	1,372,740.49	4,221,319.93		21,229,538.96
Work in process	4,864,512.39	4,743,139.77	1,138,966.22	4,108,218.51		6,638,399.87
Goods on hand	20,357,600.16	7,683,562.02	6,958,765.09	9,395,073.16		25,604,854.11
Total	44,259,024.09	17,467,908.65	9,470,471.80	17,724,611.60		53,472,792.94

Note: Other increases in the current period were due to business combination not under common control and translation reserves.

2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for transfer-out of provision for inventory write-down
Raw materials and 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) Costs to fulfill a contract

Items	Opening balance	Increase	Carried forward	Closing balance
Foshan Sanshui Blogis Park distributed PV project		5,010,093.78		5,010,093.78
Jiangxi water conservancy and hydropower energy storage microgrid solomon project		1,710,067.81		1,710,067.81
Morin Dawa Daur Autonomous Banner aerobic project		1,528,617.68		1,528,617.68
Hequ county domestic waste sorting and treatment project	788,113.64	393,500.54		1,181,614.18
Taicang Shaxi waste station leachate treatment project		1,161,253.86		1,161,253.86
Hong Kong GTW grease treatment project		1,157,721.24		1,157,721.24
Shangri-la landfill leachate full-quantification treatment project		741,103.66		741,103.66
Township sewage delivery project phase II of Hanshou County	7,288,974.85		7,288,974.85	
Power distribution project phase II of Shunde District	4,499,626.02		4,499,626.02	
Old equipment renewal project of provincial environmental air automatic monitoring stations under Sichuan Provincial Department of Ecology and Environment	3,566,624.87		3,566,624.87	
Xinning II Project of Hunan Province	1,976,576.49	2,815,552.95	4,792,129.44	
Construction project of township air automatic monitoring stations in Yangquan City	1,968,007.73		1,968,007.73	
Shimen II Project of Hunan Province	1,702,005.83	923,233.85	2,625,239.68	
Leachate project of Nantong Tianhong Environmental Services	1,424,274.90	566,318.26	1,990,593.16	
Leachate and integrated water-waste management project of Menghai County	1,059,753.35	155,157.49	1,214,910.84	
Freight for contract performance		18,412,503.90		18,412,503.90
Others	15,306,680.80	19,063,425.46	22,095,402.20	12,274,704.06
Subtotal	39,580,638.48	53,638,550.48	50,041,508.79	43,177,680.17

9. 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	81,241,244.56	12,343,999.88	68,897,244.68	109,251,241.27	15,133,299.24	94,117,942.03
Total	81,241,244.56	12,343,999.88	68,897,244.68	109,251,241.27	15,133,299.24	94,117,942.03

(2) Details on provision for impairment

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
On an individual basis					
On a collective basis	81,241,244.56	100.00	12,343,999.88	15.19	68,897,244.68
Total	81,241,244.56	100.00	12,343,999.88	15.19	68,897,244.68

(Continued)

Categories	Opening balance				
	Book balance		Provision for impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
On an individual basis	90,969.10	0.08	90,969.10	100.00	
On a collective basis	109,160,272.17	99.92	15,042,330.14	13.78	94,117,942.03
Total	109,251,241.27	100.00	15,133,299.24	13.85	94,117,942.03

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 ages	81,241,244.56	12,343,999.88	15.19
Subtotal	81,241,244.56	12,343,999.88	15.19

(3) Changes in provision for impairment

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Transfer-out/ Write-off	Others	
On an individual basis	90,969.10				90,969.10	
On a collective basis	15,042,330.14	-2,698,330.26				12,343,999.88
Total	15,133,299.24	-2,698,330.26			90,969.10	12,343,999.88

10. Non-current assets due within one year

Items	Closing balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Goods sold by installments	407,575,436.69	9,503,837.25	53,611,919.42	344,459,680.02	3.50-4.65
Finance lease payment	291,687,237.14	62,335,677.12	4,375,308.56	224,976,251.46	3.50-4.65
Factoring of receivables financing	424,463,740.08	4,070,089.18	6,366,956.10	414,026,694.80	3.50-4.65
Total	1,123,726,413.91	75,909,603.55	64,354,184.08	983,462,626.28	

(Continued)

Items	Opening balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Goods sold by installments	447,835,809.91	8,495,844.14	69,314,228.75	370,025,737.02	3.60-4.30
Finance lease payment	28,609,032.71	1,429,392.82	553,141.68	26,626,498.21	3.60-4.30
Factoring of receivables financing	91,339,416.68	3,119,663.56	1,387,491.25	86,832,261.87	3.60-4.30
Total	567,784,259.30	13,044,900.52	71,254,861.68	483,484,497.10	

11. 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	513,362,646.77		513,362,646.77	591,058,310.42		591,058,310.42
Costs to obtain a contract	7,399,579.18		7,399,579.18	6,409,973.49		6,409,973.49

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	520,762,225.95		520,762,225.95	597,468,283.91		597,468,283.91

(2) Costs to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Costs to obtain a contract	6,409,973.49	13,211,090.68	12,221,484.99		7,399,579.18
Subtotal	6,409,973.49	13,211,090.68	12,221,484.99		7,399,579.18

12. Long-term receivables

(1) Details

Items	Closing balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Goods sold by installments	191,402,520.12	14,559,273.54	9,570,126.01	167,273,120.57	3.50-4.65
Guaranteed collection amount for BOT projects	25,313,302.75	960,582.13	1,265,665.14	23,087,055.48	4.30-4.65
Finance lease payment	1,266,963,076.91	124,469,009.24	19,004,446.16	1,123,489,621.51	3.50-4.65
Factoring of receivables financing	7,704,300.90	657,303.43	115,564.51	6,931,432.96	3.50-4.65
Total	1,491,383,200.68	140,646,168.34	29,955,801.82	1,320,781,230.52	

(Continued)

Items	Opening balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Goods sold by installments	284,404,413.84	24,302,615.80	14,518,418.91	245,583,379.13	3.60-4.30
Guaranteed collection amount for BOT projects	27,148,165.14	1,980,892.63	1,357,408.26	23,809,864.25	4.30-4.65
Finance lease payment	27,114,735.40	1,456,539.74	605,069.27	25,053,126.39	3.60-4.30
Factoring of receivables	355,617,452.50	19,385,569.41	5,374,091.54	330,857,791.55	3.60-4.30

Items	Opening balance				
	Book balance	Unrealized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
financing					
Total	694,284,766.88	47,125,617.58	21,854,987.98	625,304,161.32	

(2) Provision for bad debts

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	1,350,737,032.34	100.00	29,955,801.82	2.22	1,320,781,230.52
Total	1,350,737,032.34	100.00	29,955,801.82	2.22	1,320,781,230.52

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	647,159,149.30	100.00	21,854,987.98	3.38	625,304,161.32
Total	647,159,149.30	100.00	21,854,987.98	3.38	625,304,161.32

2) No significant long-term receivables with provision for bad debts made on an individual basis.

3) Long-term receivables with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	216,715,822.87	10,835,791.15	5.00
Portfolio grouped with finance lease payment	1,266,963,076.91	19,004,446.16	1.50
Portfolio grouped with receivables financing factoring payment	7,704,300.90	115,564.51	1.50
Subtotal	1,491,383,200.68	29,955,801.82	2.01

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis						
Receivables with provision made on a collective basis	21,854,987.98	8,100,813.84				29,955,801.82
Total	21,854,987.98	8,100,813.84				29,955,801.82

13. 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	738,196,845.70		738,196,845.70	682,287,056.09		682,287,056.09
Total	738,196,845.70		738,196,845.70	682,287,056.09		682,287,056.09

(2) Details

Investees	Opening balance	Increase/Decrease			
	Carrying amount	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	25,353,337.43			743,686.62	
Guangdong Shunkong Environmental Investment Co., Ltd.	268,323,374.49			39,778,873.75	
Guangdong Tianshu New Energy Technology Co., Ltd. [Note 1]					
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	26,672,079.85			1,460,541.90	

Investees	Opening balance	Increase/Decrease			
	Carrying amount	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	32,427,620.55			328,594.54	
Guangdong Liangke Environmental Engineering Co., Ltd.	34,256,021.16			-1,801,020.64	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	3,220,652.49			183,144.89	
Shenzhen Yingmei City Housekeeper Co., Ltd.	28,238.49			13.02	
Foshan Yingtong Electrical Materials Co., Ltd.	174,224,181.00			-46,027,324.65	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.	103,285,603.35			229,454.55	
Beijing Xingyun Zhixing Technology Co., Ltd.	8,286,405.28			224,387.80	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]					
Taizhou Jinzhong Environmental Industry Co., Ltd.	6,209,542.00			501,369.00	
Hunan Red Solar New Energy Science and Technology Co., Ltd.		149,349,269.90	57,898,616.46	8,707,961.70	-55,949.09
Guangdong Infore New Energy Technology Innovation Co., Ltd. [Note 3]					
Zhongshan Lianying Smart City Environmental Services Co., Ltd. [Note 4]					
Total	682,287,056.09	149,349,269.90	57,898,616.46	4,329,682.48	-55,949.09

(Continued)

Investees	Increase/Decrease	Closing balance
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	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					26,097,024.05	
Guangdong Shunkong Environmental Investment Co., Ltd.		38,779,597.22			269,322,651.02	
Guangdong Tianshu New Energy Technology Co., Ltd. [Note 1]						
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					28,132,621.75	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					32,756,215.09	
Guangdong Liangke Environmental Engineering Co., Ltd.					32,455,000.52	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.					3,403,797.38	
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,251.51	
Foshan Yingtong Electrical Materials Co., Ltd.					128,196,856.35	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.		1,035,000.00			102,480,057.90	
Beijing Xingyun Zhixing Technology Co., Ltd.					8,510,793.08	
Guangdong Yingling Testing Technology Service Co., Ltd. [Note 2]						
Taizhou Jinzhong Environmental Industry Co., Ltd.					6,710,911.00	
Hunan Red Solar New Energy Science and Technology Co., Ltd.					100,102,666.05	

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Guangdong Infore New Energy Technology Innovation Co., Ltd. [Note 3]						
Zhongshan Lianying Smart City Environmental Services Co., Ltd. [Note 4]						
Total		39,814,597.22			738,196,845.70	

Note 1: Long-term equity investment of 0.00 yuan in Guangdong Tianshu New Energy Technology Co., Ltd. was due to its long-term loss. The carrying amount of such long-term equity investment was adjusted to 0.00 yuan by the Company under the equity method.

Note 2: Long-term equity investment 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.

Note 3: Long-term equity investment in Guangdong Infore New Energy Technology Innovation Co., Ltd. was 0.00 yuan as the entity was established in 2025, its shareholders had not paid capital contributions, and it had not yet commenced operations.

Note 4: Long-term equity investment in Zhongshan Lianying Smart City Environmental Services Co., Ltd. was 0.00 yuan as the entity was established in 2025, its shareholders had not paid capital contributions, and it had not yet commenced operations.

14. Other equity instrument investments

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00				
Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.	270,000.00				
Shenzhen Infore Environmental Protection Industry M&A Fund	212,971.01				

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others
Total	1,282,971.01				

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00	432,250.00	
Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.	270,000.00		
Shenzhen Infore Environmental Protection Industry M&A Fund	212,971.01		-18,700,000.00
Total	1,282,971.01	432,250.00	-18,700,000.00

15. Investment property

(1) Details

Items	Buildings and structures	Total
Cost		
Opening balance	1,804,955.43	1,804,955.43
Increase		
Decrease		
Closing balance	1,804,955.43	1,804,955.43
Accumulated depreciation and amortization		
Opening balance	751,822.23	751,822.23
Increase	85,735.39	85,735.39
1) Accrual or amortization	85,735.39	85,735.39
Decrease		
Closing balance	837,557.62	837,557.62

Items	Buildings and structures	Total
Carrying amount		
Closing carrying amount	967,397.81	967,397.81
Opening carrying amount	1,053,133.20	1,053,133.20

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Shangyu Wanda real estate	967,397.81	In processing
Subtotal	967,397.81	

16. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Cost						
Opening balance	1,604,519,119.86	185,736,548.61	1,588,915,699.76	66,120,506.71	37,469,976.89	3,482,761,851.83
Increase	343,451,780.88	26,508,389.35	372,953,655.28	4,730,592.24	25,138.06	747,669,555.81
1) Acquisition		18,389,540.02	320,808,835.75	3,921,094.81	25,138.06	343,144,608.64
2) Transferred in from construction in progress	343,451,780.88	7,976,477.17	42,603,254.00			394,031,512.05
3) Business combination		133,411.31	7,683,558.85	787,532.53		8,604,502.69
4) Transferred in from inventories			1,852,293.58			1,852,293.58
5) Translation reserves		8,960.85	5,713.10	21,964.90		36,638.85
Decrease	1,765,922.57	11,593,427.61	129,212,912.34	4,090,645.46	1,317,199.13	147,980,107.11
1) Disposal/Scrapping	1,165,922.57	9,801,397.56	117,528,571.04	2,956,385.74	1,305,600.13	132,757,877.04
2) Disposal of subsidiaries	600,000.00	1,517,431.14	11,684,341.30	598,472.11	11,599.00	14,411,843.55
3) Transferred out to intangible assets		274,598.91		535,787.61		810,386.52
Closing balance	1,946,204,978.17	200,651,510.35	1,832,656,442.70	66,760,453.49	36,177,915.82	4,082,451,300.53
Accumulated depreciation						
Opening balance	336,864,235.54	101,009,869.99	743,297,447.95	22,962,561.22	18,727,595.53	1,222,861,710.23
Increase	65,153,720.79	19,219,765.93	239,871,584.54	6,842,181.84	1,208,302.25	332,295,555.35
1) Accrual	65,153,720.79	19,185,680.95	235,162,261.39	6,362,020.84	1,208,302.25	327,071,986.22
2) Business combination		62,846.61	4,719,622.68	519,462.35		5,301,931.64

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
3) Translation reserves		-28,761.63	-10,299.53	-39,301.35		-78,362.51
Decrease	862,800.56	7,475,194.58	78,186,986.15	2,658,525.18	1,127,821.64	90,311,328.11
1) Disposal/Scrapping	280,800.56	6,229,839.35	69,477,013.05	2,308,778.50	1,118,210.21	79,414,641.67
2) Disposal of subsidiaries	582,000.00	1,124,811.40	8,709,973.10	189,829.15	9,611.43	10,616,225.08
3) Transferred out to intangible assets		120,543.83		159,917.53		280,461.36
Closing balance	401,155,155.77	112,754,441.34	904,982,046.34	27,146,217.88	18,808,076.14	1,464,845,937.47
Provision for impairment						
Opening balance						
Increase		30,432.07	6,827,029.92			6,857,461.99
1) Accrual		30,432.07	6,827,029.92			6,857,461.99
Decrease						
Closing balance		30,432.07	6,827,029.92			6,857,461.99
Carrying amount						
Closing carrying amount	1,545,049,822.40	87,866,636.94	920,847,366.44	39,614,235.61	17,369,839.68	2,610,747,901.07
Opening carrying amount	1,267,654,884.32	84,726,678.62	845,618,251.81	43,157,945.49	18,742,381.36	2,259,900,141.60

(2) Fixed assets leased out under operating leases

Items	Closing carrying amount
Buildings and structures	39,600,428.82
Subtotal	39,600,428.82

(3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Bottom renovation workshop in Lueryuan	19,954,287.45	In processing
Lueryuan Exhibition Center	14,724,190.57	In processing
Staff canteen in Lueryuan	21,491,146.11	In processing
Subtotal	56,169,624.13	

(4) Impairment test on fixed assets

Recoverable amount determined based on the fair value less costs of disposal

Items	Carrying amount	Recoverable amount	Provision for impairment
Equipment for renewable resource projects	13,446,003.90	6,588,541.91	6,857,461.99
Subtotal	13,446,003.90	6,588,541.91	6,857,461.99

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters and determination basis
Equipment for renewable resource projects	Comprehensive judgment made by the management with reference to market factors	Comprehensive judgment made by the management with reference to market factors

17. Construction in progress

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	203,438,715.46		203,438,715.46	392,643,101.57		392,643,101.57
Shangyu East China Base (Phase I) Project	66,665,492.16		66,665,492.16			
Network Engineering Project No. 2	64,920,445.00		64,920,445.00			
Xiantao New Energy Power Battery Dismantling, Recycling and Resource Utilization (Phase I) Project				53,895,734.40		53,895,734.40
Equipment to be installed	8,470,689.38		8,470,689.38	9,599,505.81		9,599,505.81
Piecemeal projects	4,882,250.40		4,882,250.40	4,524,337.94		4,524,337.94
Total	348,377,592.40		348,377,592.40	460,662,679.72		460,662,679.72

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Other decreases	Closing balance
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	550,458,715.60	392,643,101.57	108,771,227.43	297,975,613.54			203,438,715.46
Total		392,643,101.57	108,771,227.43	297,975,613.54			203,438,715.46

(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 (%)	Source of funds
Infore Environment Shunde Environmental Protection Technology Industrial Park (Phase II) Project	91.09	91.09	18,966,923.09	8,164,018.31	3.35	Self-raised, long-term borrowings
Total			18,966,923.09	8,164,018.31		

18. Right-of-use assets

Items	Buildings and structures	Special equipment	Total
Cost			
Opening balance	39,902,430.79		39,902,430.79
Increase	36,142,215.50	2,210,746,904.79	2,246,889,120.29
1) Leased in	29,828,567.34	2,210,746,904.79	2,240,575,472.13
2) Business combination	6,313,648.16		6,313,648.16
Decrease	21,447,717.82		21,447,717.82
1) Disposal	21,447,717.82		21,447,717.82
Closing balance	54,596,928.47	2,210,746,904.79	2,265,343,833.26
Accumulated depreciation			
Opening balance	23,446,387.19		23,446,387.19
Increase	20,049,541.09	147,383,126.98	167,432,668.07
1) Accrual	14,585,224.67	147,383,126.98	161,968,351.65
2) Business combination	5,464,316.42		5,464,316.42

Items	Buildings and structures	Special equipment	Total
Decrease	19,252,804.79		19,252,804.79
1) Disposal	19,252,804.79		19,252,804.79
Closing balance	24,243,123.49	147,383,126.98	171,626,250.47
Carrying amount			
Closing carrying amount	30,353,804.98	2,063,363,777.81	2,093,717,582.79
Opening carrying amount	16,456,043.60		16,456,043.60

19. Intangible assets

(1) Details

Items	Land use right	Software	Franchise	Patented technology	Non-patented technology	Total
Cost						
Opening balance	694,052,647.37	93,054,087.35	6,624,927,703.83	489,148,126.08		7,901,182,564.63
Increase	181,695.45	3,899,775.56	219,138,195.76		28,662,608.79	251,882,275.56
1) Acquisition	181,695.45	3,286,230.81	212,716,594.19			216,184,520.45
2) Business combination		613,544.75			28,662,608.79	29,276,153.54
3) Investments from non-controlling shareholders			3,500,000.00			3,500,000.00
4) Transferred in from construction in progress			2,111,215.05			2,111,215.05
5) Transferred in from fixed assets			810,386.52			810,386.52
Decrease		91,400.90	1,566,983,403.50	13,179,750.37		1,580,254,554.77
1) Disposal		91,400.90	174,001,435.22			174,092,836.12
2) Disposal of subsidiaries			1,392,981,968.28	13,179,750.37		1,406,161,718.65
Closing balance	694,234,342.82	96,862,462.01	5,277,082,496.09	475,968,375.71	28,662,608.79	6,572,810,285.42
Accumulated						

Items	Land use right	Software	Franchise	Patented technology	Non-patented technology	Total
amortization						
Opening balance	112,979,383.04	41,424,283.89	1,702,063,980.87	339,455,712.98		2,195,923,360.78
Increase	14,400,278.64	11,724,321.82	461,442,680.35	26,115,588.09	10,622,941.97	524,305,810.87
1) Accrual	14,400,278.64	11,110,870.57	461,162,218.99	26,115,588.09	885,104.46	513,674,060.75
2) Business combination		613,451.25			9,737,837.51	10,351,288.76
3) Transferred in from fixed assets			280,461.36			280,461.36
Decrease		88,746.04	493,251,136.76	13,118,700.86		506,458,583.66
1) Disposal		88,746.04	148,796,323.38			148,885,069.42
2) Disposal of subsidiaries			344,454,813.38	13,118,700.86		357,573,514.24
Closing balance	127,379,661.68	53,059,859.67	1,670,255,524.46	352,452,600.21	10,622,941.97	2,213,770,587.99
Provision for impairment						
Opening balance			24,687,522.85	20,185,580.19		44,873,103.04
Increase			33,890,000.00			33,890,000.00
1) Accrual			33,890,000.00			33,890,000.00
Decrease			33,890,000.00			33,890,000.00
1) Disposal of subsidiaries			33,890,000.00			33,890,000.00
Closing balance			24,687,522.85	20,185,580.19		44,873,103.04
Carrying amount						
Closing carrying amount	566,854,681.14	43,802,602.34	3,582,139,448.78	103,330,195.31	18,039,666.82	4,314,166,594.39
Opening carrying amount	581,073,264.33	51,629,803.46	4,898,176,200.11	129,506,832.91		5,660,386,100.81

(2) All certificates of title of land use rights were settled at the balance sheet date.

20. Goodwill

(1) Details

Investees or events resulting in goodwill	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Zoomlion Environmental Company	5,714,428,315.99	622,974,973.53	5,091,453,342.46	5,714,428,315.99	620,675,633.32	5,093,752,682.67
Shenzhen Green Oriental Environmental Protection Co., Ltd. (the "Green Oriental Company")	56,487,583.53		56,487,583.53	65,456,185.12		65,456,185.12
Shangfeng Industrial Company	100,455,813.40	9,788,345.94	90,667,467.46	100,455,813.40		100,455,813.40
Yolsh Company	13,389,232.61	12,084,448.55	1,304,784.06	13,389,232.61		13,389,232.61
Lianjiang Company				46,032,017.84	3,445,945.99	42,586,071.85
Ladurner Equipment S.R.L.	47,807,505.26	93,684.91	47,713,820.35			
Total	5,932,568,450.79	644,941,452.93	5,287,626,997.86	5,939,761,564.96	624,121,579.31	5,315,639,985.65

(2) Cost

Investees or events resulting in goodwill	Opening balance	Increase	Decrease	Translation reserves	Closing balance
Zoomlion Environmental Company	5,714,428,315.99				5,714,428,315.99
Green Oriental Company	65,456,185.12		8,968,601.59 [Note]		56,487,583.53
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 [Note]		
Ladurner Equipment S.R.L.		48,385,688.43		-578,183.17	47,807,505.26
Total	5,939,761,564.96	48,385,688.43	55,000,619.43	-578,183.17	5,932,568,450.79

Note: It was due to disposal of subsidiaries by the Company.

(3) Provision for impairment

Investees or events resulting in goodwill	Opening balance	Increase	Decrease	Translation reserves	Closing balance
Zoomlion Environmental	620,675,633.32	2,299,340.21			622,974,973.53

Company [Note 1]					
Lianjiang Company [Note 2]	3,445,945.99	1,216,216.23	4,662,162.22		-
Shangfeng Industrial Company		9,788,345.94			9,788,345.94
Yolsh Company		12,084,448.55			12,084,448.55
Ladurner Equipment S.R.L. [Note 3]		91,931.80		1,753.11	93,684.91
Total	624,121,579.31	25,480,282.73	4,662,162.22	1,753.11	644,941,452.93

Note 1: For current increase in the provision for impairment 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 goodwill of 2,299,340.21 yuan was made along with changes in deferred tax liabilities in the current period.

Note 2: For impairment of goodwill of Lianjiang Company, as the goodwill of 30,000,000.00 yuan was recognized at the time of the acquisition of Lianjiang Company through deferred tax liabilities due to appraisal appreciation at the date of business combination not under common control, provision for impairment of 1,216,216.23 yuan was made along with changes in deferred tax liabilities in the current period. Decrease in provision for impairment of goodwill in the current period was due to disposal of subsidiaries.

Note 3: For current increase in the impairment of goodwill of Ladurner Equipment S.R.L., as the goodwill of 1,967,383.79 yuan was recognized at the time of the acquisition of Ladurner Equipment S.R.L. through deferred tax liabilities due to appraisal appreciation at the date of business combination not under common control, provision for impairment of 91,931.80 yuan was made along with changes in deferred tax liabilities in the current period.

(4) Related information of asset groups or asset group portfolios which include goodwill

Related information of asset groups or asset group portfolios

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
Sanitation vehicles and equipment manufacturing and sales asset group	Operating long-term assets of 15 entities including Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment), Changsha Zhongbiao Environmental	15 entities including Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment), Changsha Zhongbiao Environmental Industry	[Note 1]

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
	Industry Co., Ltd., Fengyun IoT Technology Co., Ltd., Ningbo Infore Trading Co., Ltd., Infore Environment Intelligent Sanitation Equipment (Thailand) Co., Ltd. and Ladurner Equipment S.R.L.	Co., Ltd., Fengyun IoT Technology Co., Ltd., Ningbo Infore Trading Co., Ltd., Infore Environment Intelligent Sanitation Equipment (Thailand) Co., Ltd. and Ladurner Equipment S.R.L.	
Urban-rural sanitation integrated operation asset group portfolio	Operating long-term assets of Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Huaian Chenjie Environmental Engineering Co., Ltd., and Biyang County Fenghe New Energy Power Co., Ltd.	Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Huaian Chenjie Environmental Engineering Co., Ltd., and Biyang County Fenghe New Energy Power Co., Ltd.	Yes [Note 2]
Ventilation equipment manufacturing and sales asset group	Operating long-term assets of Shangfeng Industrial Company	Shangfeng Industrial Company	Yes
Electrical equipment manufacturing and sales asset group	Operating long-term assets of Yolsh Company	Yolsh Company	Yes

Note 1: The Company acquired Ladurner Equipment S.R.L. through business combination not under common control in October 2025. After the business combination of Ladurner Equipment S.R.L., as its asset group was similar to the sanitation vehicles and equipment manufacturing and sales asset group in terms of business acquisition, production and operation activities, and cash return realization methods, and the Management had carried out integrated management, Ladurner Equipment S.R.L. was included into the sanitation vehicles and equipment manufacturing and sales asset group.

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 Company acquired Lianjiang Company through business combination not under common control in February 2022. After the business combination of Lianjiang Company, as its asset group and urban-rural sanitation integrated operation asset group and the waste incineration power generation operation asset group of the Company were similar in terms of business acquisition, production and operation activities, and cash return realization methods, and the Management had carried out integrated management, the asset group of Lianjiang Company was identified as the urban-rural sanitation integrated operation asset group portfolio.

As the Company disposed of Shouxian Green Oriental New Energy Co., Ltd. and Lianjiang Company on December 31, 2025, Shouxian Green Oriental New Energy Co., Ltd. and Lianjiang Company were removed from the disposed urban-rural sanitation integrated operation asset group portfolio.

(5) Specific method for determining recoverable amount

Recoverable amount determined based on the present value of estimated future cash flows

Items	Carrying amount of asset groups or asset group portfolios which include goodwill [Note 1]	Recoverable amount [Note 2]	Provision for impairment
Sanitation vehicles and equipment manufacturing and sales asset group	11,174,417,863.25	12,068,180,000.00	
Urban-rural sanitation integrated operation asset group portfolio	3,584,332,233.46	3,845,830,000.00	
Ventilation equipment manufacturing and sales asset group	256,256,187.34	240,710,000.00	9,788,345.94
Electrical equipment manufacturing and sales asset group	129,303,497.93	112,040,000.00	12,084,448.55
Subtotal	15,144,309,781.98	16,266,760,000.00	21,872,794.49

Note 1: The goodwill of the asset group portfolio has included the portion attributable to non-controlling shareholders.

Note 2: The present value of estimated future cash flows (recoverable amount) of sanitation vehicles and equipment manufacturing and sales asset group was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2026] 600914 issued by Chung Rui Worldunion Assets Appraisal Group Co., Ltd.

The present value of estimated future cash flows (recoverable amount) of urban-rural sanitation integrated operation asset group portfolio was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2026] 600910 issued by Chung Rui Worldunion Assets Appraisal Group Co., Ltd. and the appraisal report numbered Jun Rui Ping Bao Zi

[2026] 75 issued by Shenzhen Junrui Assets Appraisals LLP.

The present value of estimated future cash flows (recoverable amount) of ventilation equipment manufacturing and sales asset group portfolio was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2026] 600752 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd.

The present value of estimated future cash flows (recoverable amount) of electrical equipment manufacturing and sales asset group portfolio was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2026] 600751 issued by Chungrui Worldunion Assets Appraisal Group Co., Ltd.

(Continued)

Items	Forecast period (years)	Parameters including revenue growth rate and gross margin for forecast period and their determination basis	Parameters including revenue growth rate and gross margin for stable period and their determination basis	Discount rate and its determination basis [Note 4]
Sanitation vehicles and equipment manufacturing and sales asset group	5	[Note 1]	The revenue growth rate is 0	9.40%
Urban-rural sanitation integrated operation asset group portfolio	[Note 1]	[Note 1]	[Note 1]	7.43%-9.76%
Ventilation equipment manufacturing and sales asset group	5	[Note 2]	The revenue growth rate is 0	12.61%
Electrical equipment manufacturing and sales asset group	5	[Note 3]	The revenue growth rate is 0	13.48%

Note 1: The recoverable amount of asset groups and asset group portfolios is estimated based on the business characteristics of different asset groups or asset group portfolios according to the budget approved by the Management. The revenue growth rate of the product production and sales asset group in 2025 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 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, which include multiple concurrent projects with varying revenue, profit rates, and operating periods,, resulting in an irregular distribution of the expected growth rate, stable period growth rate and profit rate of the asset groups and asset group portfolios when multiple projects are run in parallel, and the income, costs and expenses are estimated based on the time to mature operation and design capacity of each specific project.

Note 2: The revenue growth rate of ventilation equipment manufacturing and sales asset group during the forecast period from 2026 to 2030 is 18.54%, 8.86%, 8.08%, 5.99% and 3.00%, respectively, which are determined based on the Company's historical annual operating performance, growth rates, existing orders, and the Management's

expectations and forecasts for market development.

Note 3: The revenue growth rate of electrical equipment manufacturing and sales asset group during the forecast period from 2026 to 2030 is 77.24%, 50.00%, 39.04%, 30.00%, and 10.00%, respectively, which are determined based on the Company's historical annual operating performance, growth rates, existing orders, and the Management's expectations and forecasts for market development.

Note 4: Discount rate: determined based on weighted average cost of capital (WACC), cost of equity capital and cost of liabilities.

21. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Expenditures on improvement of leased-in fixed assets	22,069,466.60	17,262,211.36	14,718,387.19	4,751,894.48	19,861,396.29
Others	10,389,902.62	4,425,107.71	7,590,966.66	136,535.00	7,087,508.67
Total	32,459,369.22	21,687,319.07	22,309,353.85	4,888,429.48	26,948,904.96

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	766,721,920.21	118,131,323.81	749,632,120.63	114,522,455.34
Unrealized profit from internal transactions	14,034,549.60	2,105,182.43	21,039,511.36	3,155,926.70
Deductible losses	130,729,797.20	32,259,705.64	77,488,185.09	16,409,996.88
Lease liabilities	2,098,303,701.64	522,730,208.95	21,892,910.99	3,344,937.55
Total	3,009,789,968.65	675,226,420.83	870,052,728.07	137,433,316.47

(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	163,257,891.32	39,724,891.46	48,454,673.35	10,671,145.87

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
fixed assets				
Assets appraisal appreciation due to business combination not under common control	131,324,239.88	14,687,575.31	245,062,312.00	41,667,270.65
Right-of-use assets	2,080,833,277.41	518,903,743.98	16,456,043.60	2,529,407.44
Interest on bonds payable	29,672,290.17	7,418,072.54		
Total	2,405,087,698.78	580,734,283.29	309,973,028.95	54,867,823.96

(3) Deferred tax assets or liabilities after offset

Items	Closing balance		Opening balance	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	551,617,901.69	123,608,519.14	9,453,464.44	127,979,852.03
Deferred tax liabilities	551,617,901.69	29,116,381.60	9,453,464.44	45,414,359.52

(4) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	1,377,426,484.82	1,113,242,396.91
Deductible losses	1,249,702,479.02	926,437,145.29
Unrealized profit from internal transactions	367,716,285.71	359,675,062.25
Total	2,994,845,249.55	2,399,354,604.45

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2025		147,216,122.42	
Year 2026	81,965,849.58	82,144,535.23	

Maturity years	Closing balance	Opening balance	Remarks
Year 2027	128,424,995.04	102,646,185.14	
Year 2028	153,591,222.91	179,079,090.77	
Year 2029	297,104,891.52	415,351,211.73	
Year 2030 and beyond	683,048,158.90		
Total	1,344,135,117.95	926,437,145.29	

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
Assets to be disposal of	174,420,684.71		174,420,684.71	200,218,595.42		200,218,595.42
Contract assets – Quality guarantee deposit receivable	147,753,616.84	18,420,575.52	129,333,041.32	159,404,912.28	19,779,021.81	139,625,890.47
Advances for long-term assets	18,561,709.45		18,561,709.45	14,871,583.56		14,871,583.56
Costs to obtain a contract	47,742,564.04		47,742,564.04	58,648,666.24		58,648,666.24
Total	388,478,575.04	18,420,575.52	370,057,999.52	433,143,757.50	19,779,021.81	413,364,735.69

(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	147,753,616.84	18,420,575.52	129,333,041.32	159,404,912.28	19,779,021.81	139,625,890.47
Subtotal	147,753,616.84	18,420,575.52	129,333,041.32	159,404,912.28	19,779,021.81	139,625,890.47

2) Details on provision for impairment

a. Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for impairment		
	Amount	% to total	Amount	Provision proportion (%)	
On an individual basis	270,212.30	0.18	270,212.30	100.00	
On a collective basis	147,483,404.54	99.82	18,150,363.22	12.31	129,333,041.32
Total	147,753,616.84	100.00	18,420,575.52	12.47	129,333,041.32

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for impairment		
	Amount	% to total	Amount	Provision proportion (%)	
On an individual basis	417,980.12	0.26	417,980.12	100.00	
On a collective basis	158,986,932.16	99.74	19,361,041.69	12.18	139,625,890.47
Total	159,404,912.28	100.00	19,779,021.81	12.41	139,625,890.47

b. Contract assets with provision for impairment made on a collective basis

Items	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Portfolio grouped with ages	147,483,404.54	18,150,363.22	12.31
Subtotal	147,483,404.54	18,150,363.22	12.31

3) Changes in provision for impairment

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Transfer-out/Write-off	Others	
On an individual basis	417,980.12	17,846.43	165,614.25			270,212.30
On a collective basis	19,361,041.69	-1,210,678.47				18,150,363.22
Total	19,779,021.81	-1,192,832.04	165,614.25			18,420,575.52

(3) Costs to obtain a contract

Items	Opening balance	Increase	Amortization	Provision for impairment	Closing balance
Costs to obtain a contract	58,648,666.24	9,077,998.35	19,984,100.55		47,742,564.04
Subtotal	58,648,666.24	9,077,998.35	19,984,100.55		47,742,564.04

24. Assets with title or use right restrictions

(1) Details on assets with restrictions at the balance sheet date

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	298,496,439.46	298,496,439.46	Guaranteed, frozen, etc.	Deposits, escrow accounts, frozen due to litigation, etc.
Notes receivable – Bank acceptance	105,500.00	105,500.00	Endorsed or discounted	Endorsed or discounted but undue
Accounts receivable	385,635,265.02	358,599,321.50	Pledged	Pledged
Fixed assets	297,975,613.54	294,416,008.64	Mortgaged	Mortgaged
Intangible assets	77,203,036.18	72,454,489.64	Mortgaged	Mortgaged
Construction in progress	203,438,715.46	203,438,715.46	Mortgaged	Mortgaged
100% of equity of Biyang County Fenghe New Energy Power Co., Ltd.	110,511,170.80	110,511,170.80	Pledged	Pledged [Note]
100% of equity of Poyang Green Oriental Renewable Energy Co., Ltd.	76,909,553.37	76,909,553.37	Pledged	
20.87% of equity of Hunan Red Solar New Energy Science and Technology Co., Ltd.	100,102,666.05	100,102,666.05	Pledged	
Total	1,550,377,959.88	1,515,033,864.92		

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

(2) Details on assets with restrictions at the beginning of the period

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	427,777,886.01	427,777,886.01	Guaranteed, frozen, etc.	Deposits, escrow accounts, frozen due to litigation preservation

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Notes receivable – Trade acceptance	1,734,101.45	1,290,912.03	Endorsed or discounted	Endorsed or discounted but undue
Accounts receivable	440,028,528.05	417,447,902.95	Pledged	Pledged
Long-term receivables and non-current assets due within one year	1,047,731.00	959,813.58	Recourse factoring, pledged	Recourse factoring, pledged
Intangible assets	69,926,700.00	66,896,543.00	Mortgaged	Mortgaged
100% of equity of Biyang County Fenghe New Energy Power Co., Ltd.	106,118,119.06	106,118,119.06	Pledged	Pledged [Note]
100% of equity of Poyang Green Oriental Renewable Energy Co., Ltd.	73,614,538.73	73,614,538.73	Pledged	
75% of equity of Lianjiang Company	120,095,125.17	120,095,125.17	Pledged	
Total	1,240,342,729.47	1,214,200,840.53		

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

25. Short-term borrowings

Items	Closing balance	Opening balance
Guaranteed borrowings	45,222,873.41	94,979,664.72
Pledged borrowings	105,500.00	9,807,159.38
Credit borrowings	1,164,947,029.57	3,903,916.78
Pledged and guaranteed borrowings	5,004,333.33	5,006,875.00
Total	1,215,279,736.31	113,697,615.88

26. Notes payable

Items	Closing balance	Opening balance
Trade acceptance	46,082,561.54	39,834,082.33
Bank acceptance	1,775,921,491.06	1,942,688,270.12
Total	1,822,004,052.60	1,982,522,352.45

27. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Payments for goods	3,519,940,020.65	3,370,627,251.09
Payments for engineering equipment	244,509,045.71	275,421,830.10
Others	26,978,893.88	26,450,257.10
Total	3,791,427,960.24	3,672,499,338.29

(2) No material closing balance with age over one year.

28. Contract liabilities

(1) Details

Items	Closing balance	Opening balance
Payments for goods	387,960,277.06	226,592,307.86
Rebate for customers	9,275,725.68	13,268,364.17
Total	397,236,002.74	239,860,672.03

(2) No material closing balance with age over one year.

29. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease [Note]	Closing balance
Short-term employee benefits	582,914,883.51	2,794,407,312.82	2,874,857,238.88	502,464,957.45
Post-employment benefits - defined contribution plan	1,345,842.90	154,659,391.24	154,847,935.42	1,157,298.72
Termination benefits	2,182,197.60	23,487,199.68	23,924,474.40	1,744,922.88
Total	586,442,924.01	2,972,553,903.74	3,053,629,648.70	505,367,179.05

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease [Note]	Closing balance
Wage, bonus, allowance and subsidy	568,653,952.61	2,627,808,707.27	2,706,986,324.47	489,476,335.41
Employee welfare fund	1,419,463.49	52,869,447.61	52,963,791.32	1,325,119.78

Items	Opening balance	Increase	Decrease [Note]	Closing balance
Social insurance premium	772,240.88	74,159,000.49	74,229,308.55	701,932.82
Including: Medicare premium	725,094.25	63,628,168.65	63,715,417.06	637,845.84
Occupational injuries premium	47,146.63	10,530,831.84	10,513,891.49	64,086.98
Housing provident fund	1,798,710.07	34,885,002.89	34,911,642.05	1,772,070.91
Trade union fund and employee education fund	10,270,516.46	4,685,154.56	5,766,172.49	9,189,498.53
Subtotal	582,914,883.51	2,794,407,312.82	2,874,857,238.88	502,464,957.45

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease [Note]	Closing balance
Basic endowment insurance premium	1,284,302.72	149,536,491.60	149,741,384.44	1,079,409.88
Unemployment insurance premium	61,540.18	5,122,899.64	5,106,550.98	77,888.84
Subtotal	1,345,842.90	154,659,391.24	154,847,935.42	1,157,298.72

Note: Current decrease includes amount of 4,728,874.72 yuan transferred out due to disposal of subsidiaries.

30. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	93,063,399.14	128,140,253.73
Enterprise income tax	123,852,490.82	81,407,710.07
Individual income tax withheld for tax authorities	5,879,737.05	5,179,247.03
Urban maintenance and construction tax	4,909,287.12	1,046,557.99
Housing property tax	3,555,945.08	1,308,651.99
Land use tax	1,765,099.62	1,131,184.98
Stamp duty	3,295,050.36	1,402,540.97
Education surcharge	2,111,643.72	444,401.41
Local education surcharge	1,400,336.62	294,627.34

Items	Closing balance	Opening balance
Others	177,940.52	3,045.95
Total	240,010,930.05	220,358,221.46

31. Other payables

(1) Details

Items	Closing balance	Opening balance
Dividend payable	1,233,405.67	536,634.94
Other payables	629,645,510.94	736,186,434.46
Total	630,878,916.61	736,723,069.40

(2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	1,233,405.67	536,634.94
Subtotal	1,233,405.67	536,634.94

(3) Other payables

1) Details

Items	Closing balance	Opening balance
Recourse factoring of accounts receivable [Note]		82,837,731.00
Temporary receipts payable	348,430,340.62	324,686,486.30
Security deposits	106,677,118.00	130,234,447.82
Others	174,538,052.32	198,427,769.34
Subtotal	629,645,510.94	736,186,434.46

Note: The balance refers to the recourse factoring of accounts receivable made by Zoomlion Environmental Company to the non-bank financial institutions. However, as non-bank financial institutions have the right to request Zoomlion Environmental Company to repurchase the accounts receivable if they are overdue, the accounts receivable shall not be derecognized, and the receipts of factoring shall be recognized as other payables.

2) No material closing balance with age over one year.

32. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Bonds payable due within one year	1,446,356,909.83	
Long-term borrowings due within one year	562,429,202.77	193,724,340.76
Lease liabilities due within one year	472,613,752.78	8,310,036.06
Long-term payables due within one year	7,845,333.24	9,104,000.00
Total	2,489,245,198.62	211,138,376.82

33. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	45,021,884.13	28,803,209.66
Total	45,021,884.13	28,803,209.66

34. Long-term borrowings

Items	Closing balance	Opening balance
Pledged borrowings	127,015,135.04	150,712,074.55
Mortgaged borrowings	365,235,695.00	290,530,000.00
Guaranteed borrowings	108,219,369.99	262,950,450.00
Credit borrowings	3,261,200,000.00	82,600,000.00
Pledged and guaranteed borrowings	1,070,669,298.65	1,200,444,317.88
Mortgaged and guaranteed borrowings	31,624,779.47	
Total	4,963,964,278.15	1,987,236,842.43

35. Bonds payable

(1) Details

Items	Closing balance	Opening balance
Convertible bonds		1,404,699,758.75
Total		1,404,699,758.75

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

Bonds	Par value	Coupon rate (%)	Issuing date	Maturity	Amount outstanding	Whether default
Infore convertible bonds	100	[Note]	November 4, 2020	6 years	1,476,189,600.00	No
Subtotal	100				1,476,189,600.00	

(Continued)

Bonds	Opening balance	Current period issuance	Par value interest	Premium/Discount amortization
Infore convertible bonds	1,404,699,758.75		27,037,753.07	41,203,773.97
Subtotal	1,404,699,758.75		27,037,753.07	41,203,773.97

(Continued)

Bonds	Current period repayment	Converted to shares	Funds returned due to conversion of bonds into shares	Current period redemption	Transferred in non-current liabilities due within one year	Closing balance
Infore convertible bonds	26,568,525.60	15,831.64	18.72		1,446,356,909.83	
Subtotal	26,568,525.60	15,831.64	18.72		1,446,356,909.83	

Note: The coupon rate is 0.20% in the first year, 0.50% in the second year, 0.80% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year.

(3) Converting conditions, time, accounting treatment and judgement basis of convertible bonds

Under the “Approval of the Public Offering of Convertible Bonds by Infore Environment Technology Group Co., Ltd.” issued by China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] 2219) dated September 10, 2020, on November 4, 2020, the Company issued publicly convertible bonds of 1,476,189,600 yuan, with a total issuance of 14,761,896 pieces, and a term of 6 years. The coupon rate of the convertible bonds issued this time is 0.20% in the first year, 0.50% in the second year, 0.80% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Interest of the convertible corporate bonds is paid once a year, and principal and the last year’s interest are paid at maturity. The Company will redeem all convertible bonds not converted by investors at the 110% of the par value (including the last year’s interest) within 5 trading days upon maturity of the convertible bonds issued this time.

The duration of the convertible bonds issued this time is 6 years from the date of issuance, that is, from November 4, 2020 to November 3, 2026. The initial conversion price of the convertible bonds issued this time is 8.31 yuan/share; the conversion period of the convertible bonds issued this time starts from the first trading day (May 10, 2021) after the expiration of six months from the end date of the issuance on November 10, 2020 to the

maturity date of the convertible bonds (November 3, 2026).

In the current period, a total of 165 Infore convertible bonds had been converted to the Company's ordinary A shares, with a total of 2111 shares converted. Capital reserve (share premium) of 16,704.34 yuan was recognized at the difference between the carrying amount of the convertible bonds actually converted and other equity instruments and share capital increased due to actual conversion of bonds into shares.

36. Lease liabilities

Items	Closing balance	Opening balance
Unpaid lease payments	1,718,851,773.45	8,192,889.91
Less: Unrecognized financing expenses	103,262,427.85	362,019.75
Total	1,615,589,345.60	7,830,870.16

37. Long-term payables

(1) Details

Items	Closing balance	Opening balance
Long-term payables		7,087,999.95
Special payables	24,600,000.00	24,600,000.00
Total	24,600,000.00	31,687,999.95

(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
Hubei Fenghui Battery Dismantling Project	21,600,000.00			21,600,000.00	Special treasury bond funds
Subtotal	24,600,000.00			24,600,000.00	

38. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Credit guarantees	920,158.78	1,049,769.45	Guarantee for buyer's credit

Items	Closing balance	Opening balance	Reasons for balance
Total	920,158.78	1,049,769.45	

39. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	386,252,654.20	6,793,941.13	299,016,299.66	94,030,295.67	Government grants related to assets
Total	386,252,654.20	6,793,941.13	299,016,299.66	94,030,295.67	

40. Other non-current liabilities

Items	Closing balance	Opening balance
Central special construction funds	8,148,148.14	8,148,148.14
Total	8,148,148.14	8,148,148.14

41. Share capital

(1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Conversion of reserve to shares	Others	Subtotal	
Total shares	3,166,941,792.00	2,111.00				2,111.00	3,166,943,903.00

(2) Other remarks

The Company converted convertible corporate bonds with par value of 16,500 yuan into the Company's ordinary A shares of 2,111 shares, with capital premium (share premium) recognized at 16,704.34 yuan.

42. Other equity instruments

(1) Please refer to section V (I) 35 of notes to financial statements for basic information of convertible corporate bonds outstanding at the balance sheet date.

(2) Current period movements of financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

Items	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible bonds	14,760,457	266,913,810.18			165	71,451,295.57	14,760,292	195,462,514.61

Items	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Total	14,760,457	266,913,810.18			165	71,451,295.57	14,760,292	195,462,514.61

(3) Other remarks

Current decrease was due to the following events: 1) in the current period, convertible corporate bonds with par value of 16,500 yuan were converted into ordinary A shares, with other equity instruments decreased by 2,983.70 yuan accordingly; 2) in the current period, deferred tax liabilities was recognized due to taxable temporary difference of convertible bonds, with other equity instruments decreased by 71,448,311.87 yuan accordingly.

43. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	9,499,336,397.96	16,704.34	13,660,943.03	9,485,692,159.27
Other capital reserve	57,900,930.24			57,900,930.24
Total	9,557,237,328.20	16,704.34	13,660,943.03	9,543,593,089.51

(2) Other remarks

1) Current increase of capital premium (share premium) was due to the conversion of convertible bonds issued by the Company in the current period, with the corresponding premium recognized as capital reserve in accordance with the CASBEs. Please refer to section V (I) 35 of notes to the financial statements for details

2) Decrease of capital premium (share premium) was due to:

a. the difference of 12,865,569.18 yuan between the consideration for acquisition of 8.97% of equity of the subsidiary Shangfeng Industrial Company in June 2025 and the proportionate share in net assets of Shangfeng Industrial Company continuously calculated from the acquisition date or combination date;

b. the difference of 795,373.85 yuan between the consideration for acquisition of 30% of equity of the subsidiary Zhongwei Yinglian Urban Environmental Service Co., Ltd. in November 2025 and the proportionate share in net assets of Zhongwei Yinglian Urban Environmental Service Co., Ltd. continuously calculated from the acquisition date or combination date.

44. Treasury shares

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
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Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares		204,410,648.11		204,410,648.11
Total		204,410,648.11		204,410,648.11

(2) Other remarks

For current increase, pursuant to the ninth interim meeting of the tenth session of the Board of Directors dated April 10, 2025, the proposal on share repurchase plan and commitment letter for obtaining special repurchase loans was approved, and the Company decided to repurchase its shares through centralized bidding using self-owned funds and special bank repurchase loans. In the current period, the Company repurchased 29,614,425 shares through centralized bidding, with total payments of 204,410,648.11 yuan. As of December 31, 2025, the Company's share repurchase plan had been fully implemented.

45. Other comprehensive income (OCI)

Details

Items	Opening balance	Current period cumulative						Closing balance
		Other comprehensive income after tax					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Items not to be reclassified subsequently to profit or loss	18,700,000.00						18,700,000.00	
Including: Changes in fair value of other equity instrument investments	18,700,000.00						18,700,000.00	
Items to be reclassified subsequently to profit or loss	954,265.16	-689,438.15			-689,438.15		264,827.01	
Including: OCI to be transferred to profit or loss under equity method		-55,949.09			-55,949.09		-55,949.09	
Translation reserves	954,265.16	-633,489.06			-633,489.06		320,776.10	
Total	17,745,734.84	-689,438.15			-689,438.15		18,435,172.99	

46. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund		9,171,060.19	9,171,060.19	
Total		9,171,060.19	9,171,060.19	

47. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	423,116,339.31	72,637,640.22		495,753,979.53
Total	423,116,339.31	72,637,640.22		495,753,979.53

(2) Other remarks

Current increase of 72,637,640.22 yuan was due to the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in the current period.

48. Undistributed profit

(1) Details

Items	Current period cumulative	Preceding period comparative
Opening balance	4,122,982,090.28	4,049,434,826.11
Add: Net profit attributable to owners of the parent company	549,799,271.94	513,514,275.54
Less: Appropriation of statutory surplus reserve	72,637,640.22	44,099,319.12
Dividend payable on ordinary shares	598,552,287.10	395,867,692.25
Closing balance	4,001,591,434.90	4,122,982,090.28

(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	13,817,385,937.47	10,802,878,509.09	13,092,045,278.10	10,246,959,377.89
Other operations	26,421,694.98	12,253,009.41	25,849,045.85	14,596,417.46

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Total	13,843,807,632.45	10,815,131,518.50	13,117,894,323.95	10,261,555,795.35
Including: Revenue from contracts with customers	13,839,440,069.90	10,812,681,015.47	13,115,089,788.96	10,259,158,457.63

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Smart city services	12,248,629,252.39	9,618,976,318.83	11,610,553,999.66	9,118,968,626.57
Intelligent cloud computing	247,516,137.54	203,220,860.12	17,989,394.64	6,405,815.90
Other businesses	1,343,294,679.97	990,483,836.52	1,486,546,394.66	1,133,784,015.16
Subtotal	13,839,440,069.90	10,812,681,015.47	13,115,089,788.96	10,259,158,457.63

2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Domestic	13,689,974,476.04	10,709,172,330.21	13,045,493,647.53	10,206,828,132.10
Overseas	149,465,593.86	103,508,685.26	69,596,141.43	52,330,325.53
Subtotal	13,839,440,069.90	10,812,681,015.47	13,115,089,788.96	10,259,158,457.63

3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	6,765,718,487.18	6,135,772,464.01
Recognized over time	7,073,721,582.72	6,979,317,324.95
Subtotal	13,839,440,069.90	13,115,089,788.96

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	29,582,059.27	24,148,825.72
Education surcharge	13,251,490.98	10,666,964.16
Housing property tax	18,406,118.53	16,203,888.67
Land use tax	11,141,848.37	10,199,996.02
Local education surcharge	8,657,234.16	6,868,443.19
Stamp duty	8,229,691.46	6,587,025.93
Vehicle and vessel use tax	1,958,480.58	2,112,684.94
Environmental protection tax	481,670.42	52,355.08
Others	556,536.55	51,508.12
Total	92,265,130.32	76,891,691.83

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	322,389,378.37	307,251,216.27
Marketing expenses and agency fees	202,968,398.97	220,819,033.76
Business entertainment expenses	58,633,665.08	51,112,112.30
Office expenses	31,922,050.80	38,257,930.59
Expenses for tendering and bidding	25,912,613.48	24,630,610.09
Vehicle usage fees	23,133,021.05	24,639,231.23
Business travelling expenses	28,281,711.12	24,984,948.00
Depreciation and amortization	4,888,153.85	3,406,740.19
Others	18,395,503.38	18,406,142.13
Total	716,524,496.10	713,507,964.56

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	465,877,202.38	445,519,388.01
Depreciation and amortization	82,682,936.26	85,688,115.35

Items	Current period cumulative	Preceding period comparative
Office expenses	69,999,065.39	66,533,790.62
Business entertainment expenses	46,709,142.82	47,715,823.66
Agency consulting fees	55,057,061.96	56,947,385.40
Vehicle usage fees	14,160,585.94	10,655,045.66
Business travelling expenses	12,848,971.82	13,607,851.02
Repair fees	4,195,157.08	3,188,966.37
Others	52,349,916.55	43,655,243.82
Total	803,880,040.20	773,511,609.91

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	213,212,375.92	225,296,261.02
Direct inputs	26,106,764.70	24,575,277.27
Other expenses	55,179,566.54	67,245,745.71
Total	294,498,707.16	317,117,284.00

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	209,723,030.86	148,707,477.58
Interest income	-49,570,028.64	-74,268,310.95
Gains and losses on foreign exchange	227,408.50	484,792.16
Others	11,579,083.89	6,082,393.21
Total	171,959,494.61	81,006,352.00

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	27,883,230.49	26,869,378.43	2,301,273.80

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income	95,922,004.82	74,123,506.76	68,108,510.60
Refund of handling fees for withholding individual income tax	1,007,465.90	954,133.65	
VAT extra deductions	26,329,566.04	35,161,533.86	
Total	151,142,267.25	137,108,552.70	70,409,784.40

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	3,724,247.73	21,424,762.72
Investment income from disposal of long-term equity investments	10,978,089.91	-21,453,627.50
Investment income from financial products	22,649,967.63	24,183,474.63
Losses from debt restructuring		-2,318,575.60
Gains from non-recourse factoring of accounts receivable	-57,489,918.93	-67,388,725.85
Gains from sale of accounts receivable	1,890,935.69	17,102,059.94
Others	-3,089,791.13	-2,438,796.80
Total	-21,336,469.10	-30,889,428.46

9. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	333,964.13	
Including: Gains on changes in fair value of financial assets designated as at fair value through profit or loss	333,964.13	
Total	333,964.13	

10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative

Items	Current period cumulative	Preceding period comparative
Bad debts	-214,431,385.98	-263,315,661.50
Credit guarantee loss	129,610.67	944,741.96
Total	-214,301,775.31	-262,370,919.54

11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-17,467,908.65	-24,337,915.42
Impairment loss of goodwill	-25,480,282.73	-3,793,868.72
Impairment loss of other non-current assets	1,358,446.29	1,839,208.07
Impairment loss of contract assets	2,789,299.36	-5,417,609.68
Impairment loss of intangible assets	-33,890,000.00	
Impairment loss of fixed assets	-6,857,461.99	
Total	-79,547,907.72	-31,710,185.75

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	-9,506,218.52	-996,886.09	-9,506,218.52
Gains on disposal of intangible assets	-2,180,291.45	964,954.40	-2,180,291.45
Gains on disposal of right-of-use assets	165,625.88		165,625.88
Gains on disposal of long-term prepayments	25,340.40		25,340.40
Total	-11,495,543.69	-31,931.69	-11,495,543.69

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-	748,124.62	66,171.96	748,124.62

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
current assets			
Penalty and confiscatory income	13,075,677.96	17,560,236.12	13,075,677.96
Others	9,557,766.46	3,588,241.87	9,557,766.46
Total	23,381,569.04	21,214,649.95	23,381,569.04

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	28,645,774.03	25,496,831.59	28,645,774.03
Donation expenditures	6,714,205.00	1,499,766.00	6,714,205.00
Special funds for local water conservancy construction	227,088.33	655,418.93	
Penalty and confiscatory expenses	20,552,156.33	44,581,056.24	20,552,156.33
Others	7,363,800.69	7,061,840.39	7,363,800.69
Total	63,503,024.38	79,294,913.15	63,275,936.05

15. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	248,739,242.50	122,573,790.57
Deferred income tax expenses	-59,394,831.79	-17,319,457.97
Total	189,344,410.71	105,254,332.60

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	734,221,325.78	648,329,450.36
Income tax expenses based on tax rate applicable to the parent	183,555,331.45	162,082,362.59

Items	Current period cumulative	Preceding period comparative
company		
Effect of different tax rate applicable to subsidiaries	-111,550,815.89	-101,232,225.41
Effect of prior income tax reconciliation	8,569,397.67	425,975.50
Effect of non-taxable income	20,800,327.56	2,081,837.94
Effect of non-deductible costs, expenses and losses	15,026,290.51	11,590,048.99
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-3,928,072.09	-9,980,142.34
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	121,652,761.09	92,928,187.83
Effect of extra deduction	-44,780,809.59	-52,880,238.87
Difference between deferred and current income tax rates		238,526.37
Income tax expenses	189,344,410.71	105,254,332.60

16. Other comprehensive income after tax

Please refer to section V (I) 45 of notes to the financial statements for details.

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

1. Other cash receipts or payments related to operating activities, investing activities and financing activities

(1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Receipts of deposits for notes, letters of credit and letters of guarantee	69,830,786.61	227,769,983.95
Receipts of government grants	74,949,131.51	70,100,681.48
Receipts of security deposits	53,589,185.92	64,398,840.83
Recovery of petty cash and temporary advance payment receivable	222,341,165.15	65,091,670.24
Temporary receipts payable	28,762,810.49	199,441,444.40
Receipts of interest income	25,241,152.23	55,176,330.53
Receipts of factoring payment and principal of finance lease	2,633,565,056.26	609,740,986.98
Receipt of principal and interest of time deposits	150,487,500.00	230,340,333.33

Items	Current period cumulative	Preceding period comparative
Others	68,479,719.90	41,849,691.27
Total	3,327,246,508.07	1,563,909,963.01

(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	84,579,985.84	93,276,510.85
Operating period expenses	799,377,534.60	878,207,698.46
Payments for security deposits	138,955,446.96	73,120,850.95
Payments for petty cash and temporary advance payment receivable	116,787,009.73	51,587,935.83
Payments for factoring and principal of finance lease	3,933,324,521.24	588,127,124.82
Purchase of time deposits	36,228,727.78	300,000,000.00
Payments for temporary receipts payable	23,690,754.50	105,457,623.44
Others	57,293,650.84	50,442,368.63
Total	5,190,237,631.49	2,140,220,112.98

(3) Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	13,188,685,852.03	8,309,070,380.37
Receipts of special payables		21,600,000.00
Receipts of principal and interest of call loans		391,377,381.01
Receipts of performance compensation payments		99,229,334.96
Total	13,188,685,852.03	8,821,277,096.34

(4) Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Purchase of financial products	14,708,607,522.03	8,309,070,380.37

Items	Current period cumulative	Preceding period comparative
Purchase of financial products	14,708,607,522.03	8,309,070,380.37
Cash outflows from disposal of subsidiaries	11,983,167.92	1,217,044.03
Total	14,720,590,689.95	8,310,287,424.40

(5) Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Receipts of call loans	44,724,997.45	46,325,400.00
Recourse factoring of accounts receivable		82,290,000.00
Total	44,724,997.45	128,615,400.00

(6) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Return of call loans	55,865,719.60	56,774,887.22
Payments for rents	216,857,968.11	9,833,360.67
Purchase of non-controlling interest	47,039,475.76	73,059,000.00
Payments for factoring of accounts receivable, service fees and handling fees	81,790,000.00	1,896,301.34
Repurchase of treasury shares	204,410,648.11	
Total	605,963,811.58	141,563,549.23

2. Supplementary information to the cash flow statement

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	544,876,915.07	543,075,117.76
Add: Provision for assets impairment	79,547,907.72	31,710,185.75
Provision for credit impairment	214,301,775.31	262,370,919.54
Depreciation of fixed assets, right-of-use assets, oil	489,126,073.27	312,447,519.47

Supplementary information	Current period cumulative	Preceding period comparative
and gas assets, productive biological assets		
Amortization of intangible assets	512,005,644.73	496,120,079.56
Amortization of long-term prepayments	22,309,353.85	13,055,163.47
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	11,495,543.69	31,931.69
Fixed assets retirement loss (Less: gains)	27,897,649.41	25,430,659.63
Losses on changes in fair value (Less: gains)	-333,964.13	
Financial expenses (Less: gains)	208,063,368.90	142,928,235.60
Investment losses (Less: gains)	-37,698,555.30	-21,732,249.38
Decrease of deferred tax assets (Less: increase)	-542,005,883.78	-15,514,237.64
Increase of deferred tax liabilities (Less: decrease)	484,541,620.35	-1,805,220.33
Decrease of inventories (Less: increase)	-43,015,244.94	-97,981,316.86
Decrease of operating receivables (Less: increase)	-2,244,489,920.37	-1,113,495,631.13
Increase of operating payables (Less: decrease)	1,236,253,470.19	585,408,324.35
Others		
Net cash flows from operating activities	962,875,753.97	1,162,049,481.48
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year	1,446,356,909.83	
Right-of-use assets increased in the current period	2,246,889,120.29	
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	6,417,254,192.64	4,690,217,231.21
Less: Cash at the beginning of the period	4,690,217,231.21	3,916,145,254.54
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	1,727,036,961.43	774,071,976.67

3. Composition of cash and cash equivalents

(1) Details

Items	Closing balance	Opening balance
1) Cash	6,417,254,192.64	4,690,217,231.21
Including: Cash on hand	690,474.26	165,440.86
Cash in bank on demand for payment	6,415,407,929.35	4,688,889,015.35
Other cash and bank balances on demand for payment	1,155,789.03	1,162,775.00
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	6,417,254,192.64	4,690,217,231.21
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(2) Cash and cash equivalents with use restrictions

Items	Closing balance	Opening balance	Reasons for use restrictions and for considered as cash and cash equivalents
Raised funds	703,806,176.71	144,975,442.92	Raised funds
Business frozen funds specifically used for project payments		21,171,606.15	Special funds
Subtotal	703,806,176.71	166,147,049.07	

(3) Cash and bank balances not considered as cash and cash equivalents

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Deposits for bank acceptance and deposits for letters of guarantee	28,649,406.88	51,912,309.98	Unable to be withdrawn on demand
Deposits for letters of guarantee	50,095,225.69	63,861,028.22	Unable to be withdrawn on demand

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Engineering deposits	609,312.68	608,777.07	Unable to be withdrawn on demand
ETC deposits	245,500.00	3,000.00	Unable to be withdrawn on demand
Deposits for land reclamation	205,331.35	1,382,242.32	Unable to be withdrawn on demand
Deposits for buyer's credit	864,082.95	863,453.18	Unable to be withdrawn on demand
Performance bond	3,030,070.99		Unable to be withdrawn on demand
Cash in bank frozen due to lawsuits	25,717,611.75	1,968,278.41	Unable to be withdrawn on demand
Time deposits and interests	187,776,429.44	300,196,944.44	Unable to be withdrawn on demand
Factoring collections on behalf of others	5,741.46	6,357,287.45	Unable to be withdrawn on demand
Security deposits		261,796.72	Unable to be withdrawn on demand
Escrow accounts	709,561.47		Unable to be withdrawn on demand
Others	588,164.80	362,768.22	Unable to be withdrawn on demand
Subtotal	298,496,439.46	427,777,886.01	

4. Changes in liabilities related to financing activities

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	113,697,615.88	2,267,779,679.87	18,841,244.27	1,181,284,886.93	3,753,916.78	1,215,279,736.31
Dividend payable	536,634.94		629,022,215.17	628,325,444.44		1,233,405.67
Other payables	106,448,395.20	44,724,997.45	65,086,797.39	175,306,437.38	974,584.33	39,979,168.33
Long-term borrowings (including long-term borrowings due within one year)	2,180,961,183.19	4,614,759,126.11	119,450,560.64	1,327,630,011.96	61,147,377.06	5,526,393,480.92

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Bonds payable (including bonds payable due within one year)	1,404,699,758.75		68,225,676.68	26,568,525.60		1,446,356,909.83
Lease liabilities (including lease liabilities due within one year)	16,140,906.22		2,484,419,101.95	216,857,968.11	195,498,941.68	2,088,203,098.38
Long-term payables (including long-term payables due within one year)	16,191,999.95		1,042,091.27	9,388,757.98		7,845,333.24
Subtotal	3,838,676,494.13	6,927,263,803.43	3,386,087,687.37	3,565,362,032.40	261,374,819.85	10,325,291,132.68

5. Significant activities not involving cash receipts and payments

Please refer to section V (III) 4 of notes to the financial statements for details on significant investing and financing activities not involving cash receipts and payments.

(IV) Others

1. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			175,999,978.52
Including: USD	13,676,798.32	7.0288	96,131,480.03
EUR	7,165,331.28	8.2355	59,010,085.76
HKD	19,749,187.99	0.9032	17,837,466.59
THB	13,577,286.01	0.2225	3,020,946.14
Accounts receivable			5,814,947.88
Including: USD	3,226.00	7.0288	22,674.91
EUR	263,625.88	8.2355	2,171,090.93
HKD	645,000.00	0.9032	582,564.00
THB	13,656,710.28	0.2225	3,038,618.04
Other receivables			755,058.89
Including: USD	4,257.43	7.0288	29,924.62
EUR	2,378.55	8.2355	19,588.55
THB	3,170,992.00	0.2225	705,545.72

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Accounts payable			8,013,270.63
Including: EUR	973,015.68	8.2355	8,013,270.63
Other payables			569,219.85
Including: EUR	68,001.35	8.2355	560,025.12
THB	41,324.64	0.2225	9,194.73
Short-term borrowings			189,185.91
Including: EUR	22,972.00	8.2355	189,185.91
Long-term borrowings			7,519,369.99
Including: EUR	913,043.53	8.2355	7,519,369.99
Non-current liabilities due within one year			5,012,912.94
Including: EUR	608,695.64	8.2355	5,012,912.94

2. Leases

(1) The Company as the lessee

1) Please refer to section V (I) 18 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	13,753,161.48	11,898,616.80
Expense relating to leases of low-value assets (excluding short-term leases)		
Total	13,753,161.48	11,898,616.80

3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	25,980,825.38	861,147.85

Items	Current period cumulative	Preceding period comparative
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	230,611,129.42	21,731,977.47
Gains or losses arising from sale and leaseback transactions		

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

(2) The Company as the lessor

1) Operating lease

a. Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	4,367,562.55	2,422,596.81
Including: Income relating to variable lease payments not included in the measurement of the lease liabilities		

b. Assets leased out under operating leases

Items	Closing balance	December 31, 2024
Buildings and structures	40,567,826.63	32,330,758.71
Special equipment		1,026,005.26
Subtotal	40,567,826.63	33,356,763.97

Please refer to section V (I) 16 of notes to the financial statements for details on fixed assets leased out under operating leases.

c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2024
Within 1 year	307,998.80	1,328,438.00
1-2 years	307,998.80	104,738.00

2-3 years	307,998.80	104,738.00
3-4 years	307,998.80	104,738.00
4-5 years	307,998.80	
Over 5 years	2,293,577.98	
Total	3,833,571.98	1,642,652.00

2) Finance lease

a. Profit or loss related to finance lease

Items	Current period cumulative	Preceding period comparative
Finance income on the net investment in the lease	75,862,595.10	2,140,490.59
Income relating to variable lease payments not included in the measurement of the net investment in the lease		

b. Reconciliation of undiscounted lease payments to net investment in the lease

Items	Closing balance	December 31, 2024
Undiscounted lease payments	1,558,650,314.05	55,723,768.11
Less: Unrealized finance income relating to lease payments	186,804,686.36	2,885,932.56
Add: Present value of unguaranteed residual value		
Net investment in the lease	1,371,845,627.69	52,837,835.55

c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2024
Within 1 year	291,687,237.14	28,609,032.71
1-2 years	382,445,917.79	22,702,585.40
2-3 years	265,163,057.42	1,945,150.00
3-4 years	278,093,103.68	1,493,600.00
4-5 years	291,297,500.46	973,400.00
Over 5 years	49,963,497.56	
Total	1,558,650,314.05	55,723,768.11

3. Supplier finance arrangements

(1) Terms and conditions of supplier finance arrangements

Categories	Terms and conditions
Supply chain financing	The Company enters into agreements with banks to utilize either the bank's proprietary service platform or China Enterprise Cloud Chain, the third-party online financing platform, for supply chain financing operations. The banks provide payment agency and seller factoring services to the Company, which in turn extends the payment period by settling the payment on the agreed maturity date of accounts payable.
Domestic letters of credit	The Company processes domestic letters of credit through banks. The Company authorizes the banks to directly deduct handling fees, interest, and other related charges from its account, as well as to execute outward payments under domestic letters of credit through direct account deductions.

(2) Liabilities related to supplier finance arrangements

1) Carrying amount of related liabilities

Items	Closing balance	Opening balance
Accounts payable	279,642,480.06	196,358,041.38
Including: Payments already received by suppliers	223,242,233.37	138,583,990.82
Subtotal	279,642,480.06	196,358,041.38

2) Range of payment due dates for related liabilities

The Company extended the payment terms of related liabilities by 6-12 months through supplier finance arrangements.

VI. R&D costs

Items	Current period cumulative	Preceding period comparative
Employee benefits	213,212,375.92	225,296,261.02
Direct inputs	26,106,764.70	24,575,277.27
Other expenses	55,179,566.54	67,245,745.71
Total	294,498,707.16	317,117,284.00
Including: R&D costs to be expensed	294,498,707.16	317,117,284.00
R&D costs to be capitalized		

VII. Interest in other entities**(I) Composition of the consolidation scope**

1. The Company has brought 343 subsidiaries including Zoomlion Environmental Company, Shangfeng Industrial Company, Infore Technology Company and Green Oriental Company into the consolidation scope.

2. Basic information of significant subsidiaries

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Zoomlion Environmental Company	2,351.53 million yuan	Changsha, Hunan	Smart city services	100.00		Business combination under common control

(II) Business combination not under common control**1. Business combination not under common control in the current period****Basic information**

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method	Acquisition date
Ladurner Equipment S.R.L.	October 1, 2025	EUR 5,167,963.06	100.00	Equity transfer	October 1, 2025

(Continued)

Acquirees	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end
Ladurner Equipment S.R.L.	Control over the acquiree is actually obtained	1,911,914.40	-3,954,377.35

(Continued)

Acquirees	Acquiree's cash flows from acquisition date to period end		
	Net inflows from operating activities	Net inflows from investing activities	Net inflows from financing activities
Ladurner Equipment S.R.L.	-24,741,123.28		24,299,121.11

2. Combination costs and goodwill**(1) Details**

Items	Ladurner Equipment S.R.L.
Combination costs	43,075,488.90
Cash	43,075,488.90
Total combination costs	43,075,488.90
Less: Share of fair value of net identifiable assets acquired	-5,310,199.53
Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs	48,385,688.43

(2) Determination method of fair value of combination costs, contingent considerations and their movements

The Company paid EUR 5,167,963.06 in cash as consideration for equity acquisition, and combination costs of 43,075,488.90 yuan were recognized based on the EUR-to-RMB exchange rate at acquisition date.

3. Acquisition-date identifiable assets and liabilities of acquirees

(1) Details

Items	Ladurner Equipment S.R.L.	
	Acquisition-date fair value	Acquisition-date carrying amount
Assets		
Cash and bank balances	2,396,455.86	2,396,455.86
Accounts receivable	5,360,983.70	5,360,983.70
Inventories	19,656,798.27	19,656,798.27
Fixed assets	3,550,509.38	3,550,509.38
Intangible assets	19,170,826.44	10,874,254.35
Deferred tax assets	2,437,602.75	2,437,602.75
Other assets	2,869,169.38	2,869,169.38
Liabilities		
Short-term borrowings	2,996,635.65	2,996,635.65
Payables	29,290,395.50	29,290,395.50
Other payables	9,769,313.49	9,769,313.49
Non-current liabilities due within one year	5,532,721.44	5,532,721.44
Long-term borrowings	8,878,693.88	8,878,693.88

Items	Ladurner Equipment S.R.L.	
	Acquisition-date fair value	Acquisition-date carrying amount
Deferred tax liabilities	1,991,177.29	
Other liabilities	2,293,608.06	2,293,608.06
Net assets	-5,310,199.53	-11,615,594.33
Less: Non-controlling interest		
Net assets acquired	-5,310,199.53	-11,615,594.33

(III) Disposal of subsidiaries

One-time disposal leading to loss of control over a subsidiary

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss-of-control date	Determination basis for loss-of-control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Jilin Zhongfeng Oasis Environmental Development Co., Ltd.	1,620,000.00	51.00	Transfer	March 7, 2025	Substantial control transfer	1,509,785.19
Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd.	539,058.50	100.00	Transfer	January 21, 2025	Substantial control transfer	-7,438.32
Xiangyin County Yingsheng Environmental Protection Co., Ltd.	524,345.00	100.00	Transfer	March 13, 2025	Substantial control transfer	7,337.53
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	202,029.97	100.00	Transfer	April 1, 2025	Substantial control transfer	58,171.60
Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.	181,510.63	100.00	Transfer	February 28, 2025	Substantial control transfer	-18,721.65
Changshu Zhongying Environmental Sanitation Service Co., Ltd.	548,000.00	100.00	Transfer	June 23, 2025	Substantial control transfer	-10,502.89
Liaocheng Chiping District Yingsheng Environmental Sanitation Service Co., Ltd.	100,000.00	100.00	Transfer	May 14, 2025	Substantial control transfer	15,239.50

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss-of-control date	Determination basis for loss-of-control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Tangshan Yinglian Environmental Management Co., Ltd.	310,000.00	100.00	Transfer	April 25, 2025	Substantial control transfer	-7,391.46
Ninghai County Tongying Environmental Sanitation Management Co., Ltd.	152,000.00	100.00	Transfer	October 17, 2025	Substantial control transfer	15,009.64
Donglan Yinglian Urban Environmental Service Co., Ltd.	545,448.79	100.00	Transfer	October 20, 2025	Substantial control transfer	13,640.60
Suzhou Wujiang Yinghe Environmental Sanitation Management Co., Ltd.	290,000.00	100.00	Transfer	December 3, 2025	Substantial control transfer	53,320.88
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	499,712,200.00	100.00	Transfer	December 31, 2025	Substantial control transfer	9,598,255.75

(Continued)

Subsidiaries	Proportion of remaining equity at the loss-of-control date	Carrying amount of remaining equity at the loss-of-control date	Fair value of remaining equity at the loss-of-control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss-of-control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Jilin Zhongfeng Oasis Environmental Development Co., Ltd.						
Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd.						
Xiangyin County Yingsheng Environmental Protection Co., Ltd.						
Shaoxing Lianbao Environmental Sanitation						

Subsidiaries	Proportion of remaining equity at the loss-of-control date	Carrying amount of remaining equity at the loss-of-control date	Fair value of remaining equity at the loss-of-control date	Gains/Losses on fair value remeasurement of remaining equity	Determination method and major assumption on fair value of remaining equity at the loss-of-control date	Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income
Management Co., Ltd.						
Yongzhou Lingling District Tongying Environmental Sanitation Service Co., Ltd.						
Changshu Zhongying Environmental Sanitation Service Co., Ltd.						
Liaocheng Chiping District Yingsheng Environmental Sanitation Service Co., Ltd.						
Tangshan Yinglian Environmental Management Co., Ltd.						
Ninghai County Tongying Environmental Sanitation Management Co., Ltd.						
Donglan Yinglian Urban Environmental Service Co., Ltd.						
Suzhou Wujiang Yinghe Environmental Sanitation Management Co., Ltd.						
Guangdong Xingzhou Water Treatment Technology Co., Ltd.						

(IV) Changes in the consolidation scope due to other reasons

1. Entities brought into the consolidation scope

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Contribution proportion(%)
Infore Environment Intelligent Sanitation Equipment (Italy) Co., Ltd.	Incorporation	January 3, 2025	EUR 100,000.00	100.00
Zhongshan Yingzhen Environmental Service Co., Ltd.	Incorporation	January 8, 2025	200,000.00	100.00
Zhanjiang Yingxiang Environmental Technology Co., Ltd.	Incorporation	January 14, 2025	100,000.00	100.00
Foshan Shunde Yinghui Recycling Resources Co., Ltd.	Incorporation	January 20, 2025	[Note]	100.00
Wuhu Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	January 22, 2025	200,000.00	100.00
Guangdong Yingtuo Shuzhi Property Co., Ltd.	Incorporation	January 22, 2025	[Note]	51.00
Huazhou Yingchuang Recycling Resources Co., Ltd.	Incorporation	January 26, 2025	[Note]	100.00
Guangzhou Yinghai Environmental Management Co., Ltd.	Incorporation	February 12, 2025	1,000,000.00	100.00
Maoming Dianbai District Yinghe Recycling Resources Co., Ltd.	Incorporation	February 13, 2025	1,800,000.00	90.00
Pengshui Yingyuan Environmental Sanitation Service Co., Ltd.	Incorporation	February 18, 2025	200,000.00	100.00
Jieyang Jiedong District Recycling Resources Co., Ltd.	Incorporation	February 19, 2025	[Note]	100.00
Shanggao County Jinying Environmental Service Co., Ltd.	Incorporation	February 26, 2025	4,500,000.00	90.00
Shaodong Lianying Environmental Sanitation Management Co., Ltd.	Incorporation	February 28, 2025	[Note]	100.00
Fuzhou Jin'an District Yingze Environmental Service Co., Ltd.	Incorporation	March 3, 2025	500,000.00	100.00
Lu'an Yingtai Environmental Sanitation Management Co., Ltd.	Incorporation	March 5, 2025	1,000,000.00	100.00
Shenzhen Yingling Environmental Technology Co., Ltd.	Incorporation	March 5, 2025	3,000,000.00	100.00
Taicang Yingfeng Environmental Technology Co., Ltd.	Incorporation	March 6, 2025	[Note]	100.00
Zhaoqing Yinglian Renewable Resources Co., Ltd.	Incorporation	March 7, 2025	7,200,000.00	90.00
Bijie Yinglian Environmental Equipment Co., Ltd.	Incorporation	March 27, 2025	[Note]	100.00

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Contribution proportion(%)
Guangzhou Panyu District Yingyu Renewable Resources Co., Ltd.	Incorporation	March 27, 2025	1,050,000.00	70.00
Maoming Yinglian Yuexi Technology Co., Ltd.	Incorporation	April 23, 2025	[Note]	100.00
Changsha Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	April 29, 2025	200,000.00	100.00
Zhongshan Yinglan Environmental Service Co., Ltd.	Incorporation	May 6, 2025	[Note]	51.00
Taizhou Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	May 12, 2025	[Note]	100.00
Pingxiang Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	May 16, 2025	5,000,000.00	100.00
Shenzhen Luohu Yinglian Environment Co., Ltd.	Incorporation	May 21, 2025	5,000,000.00	100.00
Helingeer County Tongying Environmental Service Co., Ltd.	Incorporation	May 23, 2025	[Note]	100.00
Foshan Fenglian Digital Technology Co., Ltd.	Incorporation	May 23, 2025	1,000,000.00	100.00
Hancheng Yinglian Urban Environmental Service Co., Ltd.	Incorporation	May 29, 2025	5,000,000.00	100.00
Weinan Zhonghui Yinglian Environmental Management Service Co., Ltd.	Incorporation	June 5, 2025	100,000.00	100.00
Maoming Dianbai District Yingdong Environmental Management Co., Ltd.	Incorporation	June 20, 2025	[Note]	100.00
Jiangsu Damei Yinghe Environmental Technology Co., Ltd.	Incorporation	June 25, 2025	[Note]	100.00
Guangdong Infore Smart Energy Co., Ltd.	Incorporation	July 17, 2025	2,000,000.00	100.00
Guangdong Infore Environmental Intelligent Computing Technology Co., Ltd.	Incorporation	July 17, 2025	[Note]	51.00
Jianli Lianying Environmental Sanitation Management Co., Ltd.	Incorporation	July 31, 2025	2,000,000.00	100.00
Hainan Infore Intelligent Computing Technology Co., Ltd.	Incorporation	August 1, 2025	[Note]	51.00
Hainan Damei Yinghe Environmental Technology Co., Ltd.	Incorporation	August 6, 2025	[Note]	100.00
Harbin Yingsheng Environmental Equipment Co., Ltd.	Incorporation	August 6, 2025	[Note]	100.00
Ezhou Huarong District Tongying Environmental Sanitation Management Co.,	Incorporation	August 8, 2025	500,000.00	100.00

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Contribution proportion(%)
Ltd.				
Haicheng Yinghe Urban Environmental Sanitation Management Co., Ltd.	Incorporation	August 15, 2025	5,000,000.00	100.00
Taizhou Zhongying Environmental Sanitation Management Co., Ltd.	Incorporation	August 15, 2025	3,000,000.00	100.00
Anshan Yingsheng Urban Environmental Sanitation Management Co., Ltd.	Incorporation	August 15, 2025	[Note]	100.00
Shanggao County Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	August 18, 2025	100,000.00	100.00
Huizhou Fenglian Urban Environmental Service Co., Ltd.	Incorporation	August 22, 2025	4,000,000.00	100.00
Fuzhou Changle District Yingrun Environmental Management Co., Ltd.	Incorporation	September 11, 2025	[Note]	100.00
Infore AI Technology Co., Ltd.	Incorporation	September 11, 2025	[Note]	51.00
Infore Enviro AI Technology Co., Ltd.	Incorporation	September 18, 2025	[Note]	51.00
Guangdong Infore Industrial Investment Co., Ltd.	Incorporation	September 19, 2025	[Note]	100.00
Linqing Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	October 10, 2025	[Note]	100.00
Hua County Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	October 14, 2025	[Note]	100.00
Qianjiang Tongying Sanitation Environmental Management Co., Ltd.	Incorporation	October 22, 2025	1,000,000.00	100.00
Tailai County Qifeng Environmental Sanitation Service Co., Ltd.	Incorporation	October 24, 2025	[Note]	100.00
Harbin Hefeng Environmental Sanitation Management Co., Ltd.	Incorporation	November 3, 2025	4,000,000.00	100.00
Huoqiu Yingchuang Sanitation Management Co., Ltd.	Incorporation	November 16, 2025	[Note]	100.00
Shaoxing Yingsheng Urban Services Co., Ltd.	Incorporation	November 17, 2025	100,000.00	100.00
Nantong Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	November 20, 2025	3,000,000.00	100.00
Maoming Dianbai District Yinglang Environmental Management Co., Ltd.	Incorporation	November 28, 2025	[Note]	100.00
Foshan Shunde District Yingbei Urban Environmental Services Co., Ltd.	Incorporation	December 12, 2025	[Note]	100.00
Ningxia Yinglian Digital Technology Co.,	Incorporation	December 30, 2025	[Note]	100.00

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Contribution proportion(%)
Ltd.				

Note: As of December 31, 2025, capital contributions of these companies have not yet been paid.

2. Entities excluded from the consolidation scope

Name of entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Guangde Yinghe Environmental Sanitation Development Co., Ltd.	Cancellation	January 3, 2025		381.72
Taizhou Zhongying Urban Environmental Services Co., Ltd.	Cancellation	January 24, 2025		2.39
Yichang Lianying Urban Environment Service Co., Ltd.	Cancellation	April 15, 2025		-99,438.83
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	Cancellation	May 8, 2025		-7,434.55
Shenzhen Zhongfu Environmental Technology Co., Ltd.	Cancellation	May 20, 2025	48,154.39	-88.66
Guangzhou Yingsheng Environmental Sanitation Service Co., Ltd.	Cancellation	June 27, 2025		-981,431.50
Daye Tongying Environmental Service Co., Ltd.	Cancellation	July 24, 2025	178,130.69	16,568.85
Foshan Shunde Yinghui Recycling Resources Co., Ltd.	Cancellation	October 20, 2025		
Jieyang Jiedong District Recycling Resources Co., Ltd.	Cancellation	October 23, 2025		
Guangdong Yingtuo Shuzhi Property Co., Ltd.	Cancellation	October 27, 2025		
Zhongshan Yinglan Environmental Service Co., Ltd.	Cancellation	November 5, 2025		
Nanchang Yingsheng Environmental Protection Service Co., Ltd.	Cancellation	November 13, 2025		-52,979.64
Zhongshan Lianying Environmental Sanitation Management Co., Ltd.	Cancellation	November 26, 2025		1,065,446.50
Xinning Zhongying Environmental Sanitation Management Co., Ltd.	Cancellation	December 19, 2025		95,351.70
Huazhou Yingchuang Recycling Resources Co., Ltd.	Cancellation	December 26, 2025		

(V) 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
Shangfeng Industrial Company	June 19, 2025	60.20%	69.17%
Zhongwei Yinglian Urban Environmental Service Co., Ltd.	November 25, 2025	70.00%	100.00%

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

Items	Shangfeng Industrial Company	Zhongwei Yinglian Urban Environmental Service Co., Ltd.
Acquisition costs	46,211,679.98	827,795.78
Cash	46,211,679.98	827,795.78
Total acquisition costs	46,211,679.98	827,795.78
Less: Share in subsidiaries' net assets based on acquired equity proportion	33,346,110.80	32,421.93
Difference	12,865,569.18	795,373.85
Including: Capital reserve adjusted	12,865,569.18	795,373.85

(VI) Interest in joint ventures or associates

1. The Company has no significant joint ventures or associates.

2. 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	738,196,845.70	508,062,875.09
Proportionate shares in the following items		
Net profit	4,329,682.48	48,301,504.85
Other comprehensive income	-268,024.74	
Total comprehensive income	4,061,657.74	48,301,504.85

VIII. Government grants

(I) Government grants increased in the current period

Items	Increase
Government grants related to assets	6,793,941.13
Including: Included into deferred income	6,793,941.13
Government grants related to income	95,922,004.82
Including: Included into other income	95,922,004.82
Total	102,715,945.95

(II) Liabilities related to government grants

Presented under	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	386,252,654.20	6,793,941.13	27,883,230.49	
Subtotal	386,252,654.20	6,793,941.13	27,883,230.49	

(Continued)

Presented under	Amount offsetting expenses	Amount offsetting assets	Other changes [Note]	Closing balance	Related to assets/income
Deferred income			271,133,069.17	94,030,295.67	Related to assets
Subtotal			271,133,069.17	94,030,295.67	

Note: Other changes refer to balances transferred out due to the disposal of subsidiaries in the current period.

(III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	123,805,235.31	100,992,885.19
Total	123,805,235.31	100,992,885.19

IX. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and

adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 3, V (I) 4, V (I) 5, V (I) 7, V (I) 9, V (I) 12 and V (I) 23 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables and contract assets

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31, 2025, 7.55% (December 31, 2024: 7.13%) of the total accounts receivable and contract assets was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	6,741,673,217.23	7,276,750,028.49	1,912,307,967.39	3,088,768,771.70	2,275,673,289.40
Notes payable	1,822,004,052.60	1,822,004,052.60	1,822,004,052.60		
Accounts payable	3,791,427,960.24	3,791,427,960.24	3,791,427,960.24		
Other payables	630,878,916.61	630,878,916.61	630,878,916.61		
Lease liabilities	2,088,203,098.38	2,255,771,406.81	536,919,633.37	975,753,926.21	743,097,847.23
Long-term payables	32,445,333.24	32,966,547.41	8,366,547.41		24,600,000.00
Bonds payable	1,446,356,909.83	1,505,549,784.00	1,505,549,784.00		
Subtotal	16,552,989,488.13	17,315,348,696.16	10,207,454,861.62	4,064,522,697.91	3,043,371,136.63

(Continued)

Items	December 31, 2024				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,294,658,799.07	2,667,409,785.09	381,300,821.15	739,357,008.55	1,546,751,955.39
Notes payable	1,982,522,352.45	1,982,522,352.45	1,982,522,352.45		
Accounts payable	3,672,499,338.29	3,672,499,338.29	3,672,499,338.29		
Other payables	736,723,069.40	736,723,069.40	736,723,069.40		
Lease liabilities	16,140,906.22	17,006,929.09	8,814,039.18	8,192,889.91	
Long-term payables	40,791,999.95	42,355,305.45	10,146,091.33	7,609,214.12	24,600,000.00
Bonds payable	1,404,699,758.75	1,532,135,433.44	26,568,822.60	1,505,566,610.84	
Subtotal	10,148,036,224.13	10,650,652,213.21	6,818,574,534.40	2,260,725,723.42	1,571,351,955.39

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating

interest rate.

As of December 31, 2025, balance of borrowings with interest accrued at floating interest rate totaled 4,848,084,265.68 yuan (December 31, 2024: 1,772,042,454.13 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company is mainly operated in mainland China, whose main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to section V (IV) 1 of notes to the financial statements for details on foreign currency financial assets and liabilities at the balance sheet date.

X. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial assets and other non-current financial assets		600,018,542.60	920,237,091.53	1,520,255,634.13
(1) Financial assets classified as at fair value through profit or loss		600,018,542.60	920,237,091.53	1,520,255,634.13
Structured deposits and financial products		600,018,542.60	920,237,091.53	1,520,255,634.13
2. Receivables financing			240,630,370.22	240,630,370.22
3. Other equity instrument investments			1,282,971.01	1,282,971.01
Total liabilities at non-recurring fair value measurement		600,018,542.60	1,162,150,432.76	1,762,168,975.36

(II) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair value measurement

The held-for-trading financial assets refer to structured deposits and financial products purchased by the Company. For structured deposits, the Company determines their fair value based on observable market information and market value parameters.

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

1. The held-for-trading financial assets refer to structured deposits and financial products purchased by the Company. For financial products, the Company determines their fair value based on the principal amount plus the expected rate of return.
2. For other equity instrument investments, the Company uses specific valuation techniques to determine their fair value.
3. For receivables financing, the Company uses specific valuation techniques to determine their fair value based on their par value.

XI. Related party relationships and transactions

(I) Related party relationships

1. Parent company

(1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Infore Group Co., Ltd.	Foshan, Guangdong	Industrial investment	4.45 billion yuan	43.50 [Note]	43.50

Note: Infore Group Co., Ltd. (the “Infore Group”) directly holds 11.36% of equity of the Company, and indirectly holds 32.14% of equity of the Company through its wholly-owned subsidiary Ningbo Infore Asset Management Co., Ltd.

(2) The Company’s ultimate controlling party is He Jianfeng, who directly holds 2.01% of equity of the Company, and indirectly holds 43.50% of equity of the Company through Infore Group.

2. Please refer to section VII of notes to the financial statements for details on the Company’s subsidiaries.

3. Joint ventures and associates of the Company

Please refer to section VII of notes to the financial statements for details on the Company’s significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

Joint ventures or associates	Relationships with the Company
Guangdong Tianshu New Energy Technology Co., Ltd.	Associate of the Company
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Associate of the Company

Joint ventures or associates	Relationships with the Company
Guangdong Shunkong Environmental Investment Co., Ltd.	Associate of the Company
Hunan Red Solar New Energy Science and Technology Co., Ltd.	Associate of the Company
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Taizhou Jinzhong Environmental Industry Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Guangdong Liangke Environmental Engineering Co., Ltd.	Associate of the Company's subsidiary Guangdong Infore Environmental Investment Co., Ltd.
Guangdong Yingling Testing Technology Service Co., Ltd.	Associate of the Company's subsidiary Guangdong Infore Technology Co., Ltd.

4. Other related parties of the Company

Related parties	Relationships with the Company
Zoomlion Heavy Industry Co., Ltd. (the "Zoomlion Heavy Industry Company")	Shareholder holding more than 5% of the Company's shares
Foshan Shunde District Yinghai Investment Co., Ltd.	Under control of the actual controller
Shenzhen Infore Smart Technology Co., Ltd.	Under control of the actual controller
Shenzhen Infore Heyun Management Co., Ltd.	Under control of the actual controller
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Welling Motor Manufacturing Co., Ltd.	Under control of immediate family of the actual controller
Foshan Shunde District Junlan Holdings Development Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Bomei Property Service Co., Ltd.	Under control of immediate family of the actual controller
Midea Group Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Juxinhemei Technology Service Co., Ltd.	Under control of immediate family of the actual controller
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Under control of immediate family of the actual controller
Shenzhen Clou Electronics Co., Ltd.	Under control of immediate family of the actual controller
Hefei Midea Refrigerator Co., Ltd.	Under control of immediate family of the actual controller
Guangdong Ferries New Energy Technology Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Guangdong Weiqi Electrical Materials Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.

Related parties	Relationships with the Company
Anhui Weiqi Electrical Materials Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	Under control of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Guangdong Shunde Ruiying Investment Management Co., Ltd.	Investee of the parent company Infore Group Co., Ltd.
Guangdong Xingzhou Water Treatment Technology Co., Ltd. [Note 1]	The former subsidiary of the Company's subsidiary Guangdong Infore Environmental Investment Co., Ltd.
Changshu Zhongying Environmental Sanitation Service Co., Ltd. [Note 2]	The former subsidiary of the Company's subsidiary Zoomlion Environmental Company
Jilin Zhongfeng Oasis Environmental Development Co., Ltd. [Note 3]	The former subsidiary of the Company's subsidiary Zoomlion Environmental Company
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd. [Note 4]	The former subsidiary of the Company's subsidiary Zoomlion Environmental Company
Funan Green Oriental Environmental Energy Co., Ltd. [Note 5]	The subsidiary of the Company's former subsidiary Foshan Shunhe Environmental Protection Co., Ltd.
Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd. [Note 5]	The subsidiary of the Company's former subsidiary Foshan Shunhe Environmental Protection Co., Ltd.
Guangzhou Huayi International Auction Co., Ltd. [Note 6]	Formerly under control of the actual controller

Note 1: The Company disposed of its former subsidiary Guangdong Xingzhou Water Treatment Technology Co., Ltd. in December 2025, which continued to be disclosed as related parties within one year after disposal.

Note 2: The Company disposed of all the equity of its former subsidiary Changshu Zhongying Environmental Sanitation Service Co., Ltd. in June 2025, which continued to be disclosed as related parties within one year after disposal, and the current disclosure period of related party transactions was from July 2025 to December 2025.

Note 3: The Company disposed of all the equity of its former subsidiary Jilin Zhongfeng Oasis Environmental Development Co., Ltd. in March 2025, which continued to be disclosed as related parties within one year after disposal, and the current disclosure period of related party transactions was from April 2025 to December 2025.

Note 4: The Company disposed of all the equity of Shaoxing Lianbao Environmental Sanitation Management Co., Ltd., the subsidiary of its former subsidiary Zoomlion Environmental Company, in April 2025, which continued to be disclosed as related parties within one year after disposal, and the current disclosure period of related party transactions was from May 2025 to December 2025.

Note 5: The Company disposed of all the equity of its former subsidiary Foshan Shunhe Environmental Protection Co., Ltd. (including its subsidiaries) in February 2024, which continued to be disclosed as related

parties within one year after disposal, and the current disclosure period of related party transactions was from January 2025 to February 2025.

Note 6: The Company's actual controller disposed of all the equity of Guangzhou Huayi International Auction Co., Ltd. in December 2024, which continued to be disclosed as related parties within one year after disposal, and the current disclosure period of related party transactions was from January 2025 to November 2025.

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving of services

(1) Details

1) Purchase of goods and receiving of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Guangdong Tianshu New Energy Technology Co., Ltd.	Materials		558,526.70
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Materials	218,520.35	2,643,820.35
Guangdong Ferries New Energy Technology Co., Ltd.	Materials	350,816.06	899,194.69
Zoomlion Heavy Industry Company	Materials	78,148,026.84	58,453,145.65
Shenzhen Infore Smart Technology Co., Ltd.	Information systems and related implementation services	6,739,493.20	8,080,866.49
Guangdong Liangke Environmental Engineering Co., Ltd.	Labor services		8,000.00
Foshan Shunde District Junlan Holdings Development Co., Ltd.	Labor services	826,587.89	429,236.00
Shaoxing Lianbao Environmental Sanitation Management Co., Ltd.	Labor services	1,100,044.57	
Guangzhou Huayi International Auction Co., Ltd.	Labor services	330,000.00	484,400.00
Guangdong Shunde Ruiying Investment Management Co., Ltd.	Labor services	465,982.29	504,717.54
Guangdong Bomei Property Service Co., Ltd.	Labor services	141,400.90	366,016.18
Guangdong Juxinhemei Technology Service Co., Ltd.	Labor services	1,495,377.66	1,422,562.84

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	Materials	10,726,547.76	5,558,283.29
Shenzhen Infore Heyun Management Co., Ltd.	Labor services	368,481.50	147,083.80
Infore Group Co., Ltd.	Materials		9,887.50
Funan Green Oriental Environmental Energy Co., Ltd.	Materials	1,327.43	4,928.26
Subtotal		100,912,606.45	79,570,669.29

2) Sale of goods and rendering of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Guangdong Liangke Environmental Engineering Co., Ltd.	Goods and factoring		157,248.71
Guangdong Tianshu New Energy Technology Co., Ltd.	Goods and factoring		-12,421,710.58
Guangdong Weiqi Electrical Materials Co., Ltd.	Factoring	2,585,377.36	2,559,469.56
Anhui Weiqi Electrical Materials Co., Ltd.	Factoring	902,830.19	1,095,396.91
Guangdong Shunkong Environmental Investment Co., Ltd.	Goods	-657,324.39	
Guangdong Ferries New Energy Technology Co., Ltd.	Goods		23,764,641.49
Hunan Red Solar New Energy Science and Technology Co., Ltd.	Goods	12,345,177.34	
Guangdong Welling Motor Manufacturing Co., Ltd.	Goods and labor services		43,287.67
Midea Group Co., Ltd.	Labor services	45,122.74	
Taizhou Jinzhong Environmental Industry Co., Ltd.	Labor services	59,305,738.08	49,971,957.93
Guangdong Bomei Property Service Co., Ltd.	Goods and labor services	3,199,842.60	6,711,163.50
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co.,	Labor services	1,769.91	

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Ltd.			
Zoomlion Heavy Industry Company	Goods	403,196.74	3,836,602.19
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	676,553.10	28,828.32
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods		58,553.98
Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	Goods	2,170,377.04	681,968.36
Guangdong Juxinhemei Technology Service Co., Ltd.	Labor services	8,716.96	
Subtotal		80,987,377.67	76,487,408.04

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		309,783.67
Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	Plant	3,132,284.89	1,555,278.57
Guangdong Yingling Testing Technology Service Co., Ltd.	Plant	481,730.05	

(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 with 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 expenditures recognized
Foshan Shunde	Office building,	638,620.96	630,620.96		4,560.52

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 with 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 expenditures recognized
District Yinghai Investment Co., Ltd.	parking space				

(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 with 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 expenditures recognized
Foshan Shunde District Yinghai Investment Co., Ltd.	Office building, parking space	10,000.00	1,261,241.92		41,409.44

3. Related party guarantees

(1) The Company and its subsidiaries did not act as guarantors in the current period.

(2) There were no cases where related parties not brought into the consolidation scope provided guarantees for the Company and its subsidiaries in the current period.

4. Call loans between related parties

(1) Guangdong Xingzhou Water Treatment Technology Co., Ltd.

The Company transferred all of the equity of Guangdong Xingzhou Water Treatment Technology Co., Ltd. in December 31, 2025. As of the equity transfer date, the outstanding intercompany balances and loans of Guangdong Xingzhou Water Treatment Technology Co., Ltd. totaled 503,985,280.30 yuan, which passively formed financial assistance. As of February 28, 2026, 234,060,000.00 yuan has been repaid.

(2) Infore Group Company

In 2025, Infore Group lent temporary funds to the Company and its subsidiaries, totaling 1.40 billion yuan, which were usually returned within one working day. Therefore, the two parties have not settled the interest on the funds occupied.

5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	7,857,988.00	7,771,307.53

(III) Balances due to or from related parties

1. Balances due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Guangdong Tianshu New Energy Technology Co., Ltd. [Note]	131,161,314.76	131,161,314.76	130,800,778.19	104,640,622.55
	Taizhou Jinzhong Environmental Industry Co., Ltd.	12,961,918.64	648,095.93	5,236,554.50	261,827.73
	Guangdong Liangke Environmental Engineering Co., Ltd.	12,374,325.00	371,229.75	22,881,300.00	374,065.00
	Hunan Red Solar New Energy Science and Technology Co., Ltd.	6,903,555.84	345,177.79		
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	6,537,335.06	1,742,445.18	5,743,718.14	1,694,349.90
	Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	4,304,100.52	215,205.03	1,906,958.00	95,347.90
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	1,889,210.92	944,605.46	1,889,210.92	566,763.28
	Guangdong Bomei Property Service Co., Ltd.	1,423,311.04	90,915.55	1,503,411.12	76,320.56
	Zoomlion Heavy Industry Company	968,793.11	430,860.43	2,849,505.11	339,936.13
	Guangdong Yingling Testing Technology Service Co., Ltd.	454,157.39	22,707.87		
	Guangdong Juxinhemei Technology Service Co., Ltd.	1,650.00	82.50		
	Foshan Shunde District Midea Electric Heating Appliance Manufacturing	200.00	10.00		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Co., Ltd.				
	Guangdong Ferries New Energy Technology Co., Ltd.			5,126,710.80	256,335.54
	Guangdong Shunkong Environmental Investment Co., Ltd.			643,515.71	321,757.86
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.			91,166.00	5,808.30
Subtotal		178,979,872.28	135,972,650.25	178,672,828.49	108,633,134.75
Receivables financing	Zoomlion Heavy Industry Company	47,600.00		1,026,000.00	
	Hefei Midea Refrigerator Co., Ltd.	20,000.00			
	Guangdong Ferries New Energy Technology Co., Ltd.			2,903,986.83	
Subtotal		67,600.00		3,929,986.83	
Advances paid	Zoomlion Heavy Industry Company	113,402.41		113,402.41	
	Hunan Red Solar New Energy Science and Technology Co., Ltd.	80,000.00			
	Changshu Zhongying Environmental Sanitation Service Co., Ltd.	20,552.85			
	Guangzhou Huayi International Auction Co., Ltd.			330,000.00	
Subtotal		213,955.26		443,402.41	
Other receivables	Guangdong Xingzhou Water Treatment Technology Co., Ltd.	503,985,280.30	13,496,264.02		
	Foshan Shunde District Yinghai Investment Co., Ltd.	205,228.40	164,182.72	205,228.40	164,182.72
Subtotal		504,190,508.70	13,660,446.74	205,228.40	164,182.72
Contract assets and other non-current assets	Guangdong Liangke Environmental Engineering Co., Ltd.	125,900.00	12,590.00	125,900.00	6,295.00
	Zoomlion Heavy Industry	43,000.00	2,150.00	177,180.00	9,084.00

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Company				
	Guangdong Welling Motor Manufacturing Co., Ltd.			22,900.00	2,290.00
Subtotal		168,900.00	14,740.00	325,980.00	17,669.00
Long-term receivables and non-current assets due within one year	Guangdong Weiqi Electrical Materials Co., Ltd.	68,481,000.00	1,027,215.00	68,481,000.00	1,027,215.00
	Anhui Weiqi Electrical Materials Co., Ltd.	23,892,008.33	358,380.12	23,892,008.33	358,380.12
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	7,369,548.45	4,053,251.65	7,369,548.45	3,469,063.65
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	3,453,066.00	2,196,328.50	3,456,000.00	1,900,800.00
Subtotal		103,195,622.78	7,635,175.27	103,198,556.78	6,755,458.77

Note: In the current period, the Company accrued overdue interest of 319,058.91 yuan on accounts receivable from Guangdong Tianshu New Energy Technology Co., Ltd.

2. Balances due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Zoomlion Heavy Industry Company	28,852,116.04	31,964,065.54
	Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	4,787,617.87	4,409,651.85
	Shenzhen Clou Electronics Co., Ltd.	1,181,248.33	4,771,473.03
	Taizhou Jinzhong Environmental Industry Co., Ltd.	749,259.60	
	Guangdong Tianshu New Energy Technology Co., Ltd.	616,246.28	1,091,820.57
	Midea Group Co., Ltd.	587,507.93	587,507.93
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	269,583.37	816,441.07
	Guangdong Ferries New Energy Technology Co., Ltd.	153,867.64	2,050.70
	Foshan Shunde District Junlan Holdings Development Co., Ltd.	42,898.47	22,848.91
	Guangzhou Huayi International Auction Co., Ltd.	16,113.36	16,113.36

Items	Related parties	Closing balance	Opening balance
Subtotal		37,256,458.89	43,681,972.96
Notes payable	Zoomlion Heavy Industry Company	34,286,285.05	4,214,500.00
	Guangdong Yingtong Zhilian Digital Technology Co., Ltd.	4,672,426.00	
	Guangdong Ferries New Energy Technology Co., Ltd.	69,292.79	
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	58,514.00	
Subtotal		39,086,517.84	4,214,500.00
Contract liabilities	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	147,964.60	147,964.60
	Guangdong Shunkong Environmental Investment Co., Ltd.	83,486.42	
	Zoomlion Heavy Industry Company	1,323.19	
	Guangdong Meizhi Refrigeration Equipment Co., Ltd.	800.00	800.00
	Jilin Zhongfeng Oasis Environmental Development Co., Ltd.	78.76	
	Foshan Shunde Yuanyi Water Environmental Protection Co., Ltd.		52,089.12
Subtotal		233,652.97	200,853.72
Other payables	Taizhou Jinzhong Environmental Industry Co., Ltd.	3,492,064.85	
	Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.	1,555,315.33	1,555,315.33
	Zoomlion Heavy Industry Company	67,759.20	67,759.20
	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	50,000.00	50,000.00
	Changshu Zhongying Environmental Sanitation Service Co., Ltd.	20,552.85	
	Guangdong Bomei Property Service Co., Ltd.	5,000.00	5,000.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,700.00	2,700.00
	Shenzhen Infore Smart Technology Co., Ltd.		470,381.58
	Foshan Shunde District Junlan Holdings Development Co., Ltd.		10,664.00
	Shenzhen Infore Heyun Management Co., Ltd.		1,725.00
Subtotal		5,193,392.23	2,163,545.11
Lease liabilities and non-current	Foshan Shunde District Yinghai Investment Co., Ltd.		630,620.96

Items	Related parties	Closing balance	Opening balance
liabilities due within one year			
Subtotal			630,620.96

XII. Commitments and contingencies

(I) Significant commitments

As of December 31, 2025, the Company has no significant commitments to be disclosed.

(II) Contingencies

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

1. Please refer to section XI of notes to the financial statements for details on guarantees provided by the Company to related parties.

2. Guarantees provided by the Company and its subsidiaries to non-related parties

(1) Certain customers of the Company use working capital loans provided by banks to finance their purchase. According to the arrangement of the agreement, the Company provides guarantees for such transactions. Meanwhile, the actual controller of the borrower provides a joint and several liability guarantee for the full amount of loans. As of December 31, 2025, the Company's maximum exposure to these guarantees is 90,122,107.33 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, 2025, the Company's maximum exposure to these guarantees is 1,893,771.00 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 to be disclosed.

(II) Profit distribution after the balance sheet date

Profit or dividend planned to be distributed	407,852,832.14
Profit or dividend approved to be distributed	

According to the “Profit Distribution Plan of 2025” deliberated and approved by the second meeting of the 11th session of the Board of Directors on April 27, 2026, the Company intends to distribute cash dividends of 1.30 yuan (tax inclusive) per 10 shares based on the current total share capital of 3,137,329,478 shares (net of shares in the Company’s special account for repurchase), with cash dividends distributed totaling 407,852,832.14 yuan. This plan is still subject to review and approval by the Company’s shareholders’ meeting.

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. Assessments are respectively performed on the operation performance of smart city services and other businesses. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

2. Financial information of reportable segments

Product segments

Items	Smart city services	Intelligent cloud computing	Other businesses	Inter-segment offsetting	Total
Operating revenue	12,253,181,840.95	283,410,542.24	1,359,220,138.16	52,004,888.90	13,843,807,632.45
Operating cost	9,599,890,259.87	221,601,765.88	1,006,939,668.91	13,300,176.16	10,815,131,518.50
Total assets	22,760,702,504.36	2,539,211,963.54	32,738,601,910.36	22,603,421,909.93	35,435,094,468.33
Total liabilities	14,000,264,115.52	2,507,926,567.39	11,512,749,495.39	10,148,099,710.01	17,872,840,468.29

(II) PPP contracts

Main PPP project contracts are listed as follows:

Items	Contracting authority	Contract signing date	Operation model
PPP Project of Resource Recovery of Liling Urban and Rural Domestic Waste	Liling City Urban Management and Administrative Law Enforcement Bureau	November 2018	DBOT&ROT
Xin’an, Fuyong and Fuhai Streets Sanitation Integration PPP Project	Shenzhen Bao’an District Urban Management and Comprehensive Law Enforcement Bureau	June 2020	BOT
Xiantao Circular Economy Industrial Park PPP Project	Xiantao City Urban Management and Law Enforcement Bureau	May 2019	BOT&ROT

(Continued)

Items	Franchise period
PPP Project of Resource Recovery of Liling Urban and Rural Domestic Waste	The cooperation period is 25 years, with details as follows: the construction period for Liling Urban and Rural Domestic Waste Collection and Transportation System Construction Project is 1 year, and the construction period for Liling Urban and Rural Domestic Waste Pretreatment and Incineration Power Generation Project is 2 years, both calculated from the date of incorporation of the project company. The operation period for Liling Domestic Waste Harmless Disposal Site Project is 25 years, starting from the effective date of the project contract.
Xin'an, Fuyong and Fuhai Streets Sanitation Integration PPP Project	The operation period is 15 years (including 1 year of construction and equipment configuration period)
Xiantao Circular Economy Industrial Park PPP Project	30 years (including 1 year of construction period)

(III) Other significant transactions and events that may be influential for investors in decision-making

Equity pledge of controlling shareholders, actual controllers and persons acting in concert

As of December 31, 2025, 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 45.51% of the Company's total share capital, of which, 571,660,000 shares were pledged, accounting for 39.67% of its holdings of the Company, and 18.05% of the Company's total share capital. Details are as follows:

Shareholders	Holder of the pledge	Number of shares pledged	Initial transaction date	Repurchase date	Remarks
Ningbo Infore Asset Management Co., Ltd.	China Construction Bank Corporation Limited, Foshan Branch	100,000,000	August 14, 2025	Long-term	Financing
Ningbo Infore Asset Management Co., Ltd.	China Construction Bank Corporation Limited, Foshan Branch	64,461,047	August 15, 2025	Long-term	Financing for M&A
Ningbo Infore Asset Management Co., Ltd.	China Construction Bank Corporation Limited, Foshan Branch	97,348,953	March 29, 2024	Long-term	Financing for M&A
Ningbo Infore Asset Management Co., Ltd.	Industrial Bank Co., Ltd., Foshan Branch	309,850,000	April 25, 2024	Long-term	Financing for M&A
Total		571,660,000			

XV. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

(1) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable and petty cash	5,753,887,535.32	4,121,058,266.15
Performance commitment compensation	14,231,285.04	14,231,285.04
Security deposits	293,673.40	493,673.40
Book balance	5,768,412,493.76	4,135,783,224.59
Less: Provision for bad debts	25,464,702.17	26,599,897.14
Carrying amount	5,742,947,791.59	4,109,183,327.45

(2) Age analysis

Ages	Closing balance	Opening balance
1-180 days	4,022,226,443.90	4,105,590,896.71
180-365 days	1,718,361,310.35	
1-2 years	2,744,843.43	4,552,522.56
2-3 years	77,782.54	9,892,112.01
3-4 years	9,892,112.01	14,424,611.74
4-5 years	14,424,611.74	1,029,408.17
Over 5 years	685,389.79	293,673.40
Book balance	5,768,412,493.76	4,135,783,224.59
Less: Provision for bad debts	25,464,702.17	26,599,897.14
Carrying amount	5,742,947,791.59	4,109,183,327.45

(3) Provision for bad debts

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	23,938,325.72	0.41	23,938,325.72	100.00	

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	5,744,474,168.04	99.59	1,526,376.45	0.03	5,742,947,791.59
Total	5,768,412,493.76	100.00	25,464,702.17	0.44	5,742,947,791.59

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	23,938,325.72	0.58	23,938,325.72	100.00	
Receivables with provision made on a collective basis	4,111,844,898.87	99.42	2,661,571.42	0.06	4,109,183,327.45
Total	4,135,783,224.59	100.00	26,599,897.14	0.64	4,109,183,327.45

2) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	5,505,788,687.16		
Portfolio grouped with buyer's credit	3,483,910.52	765,530.84	21.97
Portfolio grouped with ages	235,201,570.36	760,845.61	0.32
Including: 1-180 days	234,060,000.00		
2-3 years	77,782.54	23,334.76	30.00
3-5 years	378,398.03	189,199.02	50.00
Over 5 years	685,389.79	548,311.83	80.00
Subtotal	5,744,474,168.04	1,526,376.45	0.03

(4) 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		7,778.25	26,592,118.89	26,599,897.14
Opening balance in the current period	—	—	—	
--Transferred to stage 2				
--Transferred to stage 3		-7,778.25	7,778.25	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period			-1,135,194.97	-1,135,194.97
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance			25,464,702.17	25,464,702.17
Provision proportion at the balance sheet date (%)			89.15	0.44

Division basis for each stage: ages of other receivables.

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

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Temporary advance payment receivable and petty cash	1,139,642,985.38	[Note 1]	19.76	
No. 2	Temporary advance payment receivable and petty cash	800,300,193.97	[Note 2]	13.87	

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 3	Temporary advance payment receivable and petty cash	471,294,103.48	1-180 days	8.17	
No. 4	Temporary advance payment receivable and petty cash	445,690,419.66	1-180 days	7.73	
No. 5	Temporary advance payment receivable and petty cash	414,788,944.38	1-180 days	7.19	
Subtotal		3,271,716,646.87		56.72	

Note 1: It included balance of 1,123,222,034.01 yuan with age within 1-180 days and balance of 16,420,951.37 yuan with age of 180-365 days.

Note 2: It included balance of 265,693,989.38 yuan with age within 1-180 days and balance of 534,606,204.59 yuan with age of 180-365 days.

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	17,466,163,784.56		17,466,163,784.56	16,568,587,435.04		16,568,587,435.04
Investments in associates and joint ventures	498,635,299.53		498,635,299.53	397,595,202.76		397,595,202.76
Total	17,964,799,084.09		17,964,799,084.09	16,966,182,637.80		16,966,182,637.80

(2) Investments in subsidiaries

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Others	Carrying amount	Provision for impairment
Infore Water Environment Investment Co., Ltd.	113,055,998.06						113,055,998.06	
Infore Technology Company	134,352,901.63						134,352,901.63	

Infore Zoomlion Urban Environmental Service Co., Ltd.	15,300,000.00						15,300,000.00	
Changsha Zhongbiao Environmental Industry Co., Ltd.	5,270,000.00						5,270,000.00	
Ningbo Infore Finance Lease Co., Ltd.	505,310,414.66		843,456,000.00				1,348,766,414.66	
Zoomlion Environmental Company	15,260,177,431.68						15,260,177,431.68	
Shangfeng Industrial Company	200,198,801.05		46,211,679.98				246,410,481.03	
Green Oriental Company	264,251,917.50						264,251,917.50	
Xiantao Yinghe Environmental Protection Co., Ltd.	70,418,640.00						70,418,640.00	
Lianjiang Company	51,330.46			51,330.46				
Guangdong Infore Intelligent Cleaning Technology Co., Ltd.	200,000.00						200,000.00	
Guangdong Infore Smart Energy Co., Ltd.			2,000,000.00				2,000,000.00	
Guangdong Infore Environmental Digital Technology Co., Ltd.			5,960,000.00				5,960,000.00	
Subtotal	16,568,587,435.04		897,627,679.98	51,330.46			17,466,163,784.56	

(3) Investments in associates and joint ventures

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Shenzhen Yingmei City Housekeeper Co., Ltd.	28,238.49				13.02	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	25,353,337.43				743,686.62	
Guangdong Shunkong Environmental Investment Co., Ltd.	268,928,023.49				39,778,873.75	

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
China Urban Institute (Beijing) Environmental Technology Co., Ltd.	103,285,603.35				229,454.55	
Hunan Red Solar New Energy Science and Technology Co., Ltd.			149,349,269.90	57,898,616.46	8,707,961.70	-55,949.09
Total	397,595,202.76		149,349,269.90	57,898,616.46	49,459,989.64	-55,949.09

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Shenzhen Yingmei City Housekeeper Co., Ltd.					28,251.51	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					26,097,024.05	
Guangdong Shunkong Environmental Investment Co., Ltd.		38,779,597.22			269,927,300.02	
China Urban Institute (Beijing) Environmental Technology Co., Ltd.		1,035,000.00			102,480,057.90	
Hunan Red Solar New Energy Science and Technology Co., Ltd.					100,102,666.05	
Total		39,814,597.22			498,635,299.53	

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

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative	Preceding period comparative
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	Revenue	Cost	Revenue	Cost
Main operations				
Other operations	8,130.14		86,987.42	
Total	8,130.14		86,987.42	
Including: Revenue from contracts with customers	8,130.14		86,987.42	

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	49,459,989.64	39,991,003.64
Investment income from long-term equity investments under cost method	712,040,000.00	400,000,000.00
Investment income from disposal of long-term equity investments	-299,946.92	7,500,324.87
Investment income from financial products	3,385,988.72	4,582,409.62
Others	432,250.00	432,250.00
Total	765,018,281.44	452,505,988.13

XVI. Other supplementary information

(I) Non-recurring profit or loss

Schedule of non-recurring profit or loss

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-28,415,103.19	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	70,956,784.40	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities	2,224,899.82	
Fund possession charge from non-financial entities and included in profit or loss	1,116,427.49	

Items	Amount	Remarks
Gains on assets consigned to the third party for investment or management	22,649,967.63	Investment income from financial products was 22,649,967.63 yuan.
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis	2,272,590.34	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Gains on non-cash assets exchange		
Gains on debt restructuring		
One-off expenses incurred due to the discontinuation of relevant operating activities, such as severance payments		
One-off effects on profit or loss due to amendments of laws and regulations on taxation, accounting, etc.		
Share-based payments recognized at one time due to cancellation or modification of equity incentive plan		
Gains arising from changes in the fair value of employee benefits payable after the vesting date for cash-settled share-based payment		
Gains on changes in fair value of investment properties with subsequent measurement using the fair value model		
Gains on transactions with unfair value		
Contingent gains on non-operating activities		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-11,996,717.60	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	58,808,848.89	
Less: Enterprise income tax affected	24,584,493.76	
Non-controlling interest affected (after tax)	2,758,098.85	
Net non-recurring profit or loss attributable to shareholders of the parent company	31,466,256.28	

(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	3.16	0.17	0.17
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	2.98	0.16	0.16

2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	549,799,271.94
Non-recurring profit or loss	B	31,466,256.28
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	518,333,015.66
Opening balance of net assets attributable to shareholders of ordinary shares	D	17,519,445,625.13
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	15,831.64
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	6
Net assets attributable to shareholders of ordinary shares decreased due to cash dividends appropriation	G1	598,552,287.10
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H1	6
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase	G2	36,695,292.39
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H2	3
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase	G3	149,923,033.22
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H3	2
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase	G4	17,792,322.50
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H4	1

Items	Symbols	Current period cumulative
	I1	-633,489.06
	J1	6
	I2	-12,865,569.18
	J2	6
	I3	-795,373.85
Others	J3	1
	I4	-71,448,311.87
	J4	12
	I5	-55,949.09
	J5	6
Number of months in the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$	17,381,141,247.84
Weighted average ROE	$M = A/L$	3.16%
Weighted average ROE after deducting non-recurring profit or loss	$N = C/L$	2.98%

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	549,799,271.94
Non-recurring profit or loss	B	31,466,256.28
Net profit attributable to shareholders of ordinary shares after	$C = A - B$	518,333,015.66

Items	Symbols	Current period cumulative
deducting non-recurring profit or loss		
Opening balance of total shares	D	3,166,941,792
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	2,111
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	6
Number of shares decreased due to share repurchase	H1	5,328,900
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I1	3
Number of shares decreased due to share repurchase	H2	21,640,825
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I2	2
Number of shares decreased due to share repurchase	H3	2,644,700
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I3	1
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K - H \times I/K - J$	3,161,783,427
Basic EPS	$M=A/L$	0.17
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	0.16

(2) Calculation process of diluted EPS

The convertible corporate bonds issued by the Company are anti-dilutive, therefore, there are no dilutive potential ordinary shares, and diluted EPS equals basic EPS.

Infore Environment Technology Group Co., Ltd.

April 27, 2026