

Infore Environment Technology Group Co., Ltd.

2021 Annual Report



Cleaner World, Better Future

April 2022

Part I Important Notice, Table of Contents and Definitions

The Board of Directors, the Supervisory Committee as well as the directors, supervisors and senior management of Infore Environment Technology Group Co., Ltd. (hereinafter referred to as "the Company") hereby guarantee that the information presented in this report is free of any misrepresentations, misleading statements or material omissions, and shall be jointly and severally liable for the truthfulness, accuracy and completeness of its contents.

Ma Gang, the Company's legal Representative, Lu Anfeng, the Company's Chief Financial Officer, and Wu Shanshan, the Head of the Company's Accounting Department (equivalent to Financial Manager) hereby guarantee that the financial statements carried in this report are truthful, accurate and complete.

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

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

The Board has approved a final 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 2021 final dividend plan, a cash dividend of RMB 1.00 (tax inclusive) per 10 shares will be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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Documents for Reference

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

(II) Original audit report with seal of the accounting firm and signature(s) and seal(s) of CPA(s).

(III) Originals of all company documents and announcements publicly disclosed on the website appointed by China Securities Regulatory Commission (CSRC) within the reporting period.

The original and notarized photocopies of the abovementioned documents are available at the company and the stock exchange for investors' reference.

Definitions

Term	means	Definition
Company, the Company, Infore Enviro	means	Infore Environment Technology Group Co., Ltd.
Zoomlion Environmental	means	Changsha Zoomlion Environmental Industry Co., Ltd.
Infore Technology	means	Guangdong Infore Technology Co., Ltd.
Greenlander Environmental	means	Shenzhen Greenlander Environmental Protection Co., Ltd.
CSRC	means	China Securities Regulatory Commission
SZSE	means	Shenzhen Stock Exchange
General Meetings	means	General Meetings of Infore Environment Technology Group Co., Ltd.
Board of Directors	means	Board of Directors of Infore Environment Technology Group Co., Ltd.
Board of Supervisors	means	Board of Supervisors of Infore Environment Technology Group Co., Ltd.
Company Law	means	Company Law of the People's Republic of China
Securities Law	means	Securities Law of the People's Republic of China
Articles of Association	means	Articles of Association of Infore Environment Technology Group Co., Ltd.
PPP	means	Private-Public Partnership: an operational model of public infrastructural projects
BOT	means	Build-Operate-Transfer: a way in which private businesses participate in the development of public infrastructure and provide public services to the society
EPC	means	Engineering, procurement and construction: a form of contract for large-scale and complex infrastructural projects in which the contractor coordinates all engineering, procurement and construction works and ensures that the entire project is completed and delivered for a guaranteed price by a fixed date and to specified standards.

Part II Company Profile and Principal Financial Indicators

I. Company Profile

Abbreviated stock name	Infore Enviro	Stock code	000967
Stocks listed on	Shenzhen Stock Exchange		
Chinese name	盈峰环境科技集团股份有限公司		
Chinese abbreviated name	盈峰环境科技集团		
Foreign name (if any)	Infore Environment Technology Group Co., Ltd.		
Legal Representative	Ma Gang		
Registered address	No. 1818 Renmin Road West, Dongguan Street, Shangyu District, Shaoxing City, Zhejiang Province		
Postal code	312300		
Historical updates to registered address	NA		
Office address	23/F, Infore Center, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province		
Postal code	528300		
Company website	www.inforeenviro.com		
Email	inforeenviro@infore.com		

II. Contact Details

	Board Secretary	Securities Representative
Name	Jin Taotao	Wang Fei
Address	23/F, Infore Center, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province	23/F, Infore Center, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City, Guangdong Province
Telephone	0757-26335291	0757-26335291
Fax	0757-26330783	0757-26330783
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III. Information Disclosure and Access

Stock exchange website on which the report is published online	Shenzhen Stock Exchange: http://www.szse.cn/
Publications and websites on which the report is published	China Securities Journal, Shanghai Securities Journal, Securities Times, Securities Daily and Cninfo (http://www.cninfo.com.cn/)
Place where the report is lodged	Securities Department, 23/F, Infore Center, No. 7-8 Yixing Road, Xincheng Area, Beijiao Town, Shunde District, Foshan City

IV. Changes to Registered Information

Organization code	913300006096799222
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<p>Changes to the Company's principal activities since its listing (if any)</p>	<p>Since its listing in 2000, the Company has changed the scope of its business five times. Scope of business as of November 18, 1993: the research, development and production of ventilators, air-cooling and water-cooling equipment, air conditioners, refrigerators, quick-freezing equipment, molds and power generators. Export (refer to the documents of approval from the Ministry of Foreign Trade and Economic Cooperation for details): on July 2, 2002, the scope of business expanded to include "metal and plastic-steel composite pipes and profiles". On November 14, 2003, the scope of business expanded to include "environmental engineering". On February 29, 2016, a strategic transformation led to an expansion of the Company's scope of business to: the R&D, maintenance and operation of environmental monitoring instruments; the development of as well as and consultancy and other services for environmental management technologies; the operation of environmental management facilities; environmental engineering; environmental conservation engineering; municipal engineering; the design and implementation of water conservancy and other water-related projects; the development of and services for technologies for water pollution control, water treatment and ecological restoration; the R&D, sales and relevant technology consultation for communication products, network products, mechatronic products, automation control products, buildings and smart community products; and the design, development, investment, operation, management and technical consultancy for the disposal and recycling of municipal and solid waste and relevant supporting facilities; the sales of ventilators, air-cooling and water-cooling equipment as well as air conditioners; the operation of import and export businesses, industrial investment, investment management, asset management and investment consultation. On May 18, 2016, "investment, the operation of import and export businesses, industrial investment, investment management and asset management" were removed from the Company's scope of business. On June 28, 2019, the Company's scope of business was updated to: the R&D, manufacturing, sales, technology consultation, maintenance and operation of sanitation equipment, specialized industrial robots, new energy vehicles, environmental monitoring equipment, special equipment for environmental protection and automobile charging equipment and parts; the leasing, design, operation, management, technological development and services for the disposal and recycling of municipal and solid waste and relevant supporting facilities; the design, construction, operation, management, technological development and services for environmental engineering, municipal engineering, landscape engineering, electrical engineering, water conservancy and other water-related projects, water pollution control, air pollution control and soil remediation; the commercial cleaning, collection, transportation and treatment (based on license) of urban solid waste; the development, technological consultation and services for environmental protection, IoT and Internet technologies; the R&D and sales of software; the sales of ventilators, air-cooling and water-cooling equipment as well as air conditioners; import and export businesses; and investment consultation.</p>
<p>Changes to the Company's controlling shareholders since its incorporation (if any)</p>	<p>1. In 2000, the Company went public. Its largest shareholder was Zhejiang Fan and Air-cooling Equipment Co., Ltd.. 2. On February 23, 2006, the former controlling shareholder of the Company, Zhejiang Shangfeng Industry Group Co., Ltd., and the Company's shareholder, Media 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 biggest 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% share of Zoomlion Environmental. Ningbo Infore Asset Management Co., Ltd. became the Company's largest shareholder. As of the end of the reporting period, the Company's controlling shareholder was Ningbo Infore Asset Management Co., Ltd.</p>

V. Other Relevant Information

The auditor engaged by the company

Auditor	Pan-China Certified Public Accountants LLP (Special General Partnership)
Auditor's office address	28/F, Block B, China Resources Building, No. 1366 Qianjiang Road, Jianggan District, Hangzhou City, Zhejiang Province
Authorized signatories	Bian Shanshan, Pan Jianwu

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

Applicable Not Applicable

Sponsor	Sponsor's office address	Representative	Supervisory period
China Renaissance Securities (China) Co., Ltd.	Room 2501, No. 575 Wusong Road, Hongkou District, Shanghai City	Li Zeming, Zheng Zaoshun	2021

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

Applicable Not Applicable

Financial advisor	Financial advisor's office address	Representative	Supervisory period
China Renaissance Securities (China) Co., Ltd.	Room 2501, No. 575 Wusong Road, Hongkou District, Shanghai City	Li Zeming, Zheng Zaoshun	2021

VI. Major Accounting Data and Financial Indicators

Indicate whether there is any retrospectively restated datum in the table below

Yes No

	2021	2020	Boy change (%)	2019
Revenue (RMB)	11,813,537,444.48	14,332,025,075.40	-17.57%	12,695,858,666.40
Net profit attributable to the listed company's shareholders (RMB)	728,467,910.42	1,386,476,099.73	-47.46%	1,361,453,754.17
Net profit attributable to the listed company's shareholders after non-recurring gains and losses (RMB)	532,726,168.36	1,432,219,046.72	-62.80%	1,252,134,237.70
Net cash flows from operating activities (RMB)	809,218,720.13	1,688,714,091.75	-52.08%	1,484,750,054.02
Basic earnings per share (RMB/share)	0.23	0.44	-47.73%	0.43
Diluted earnings per share (RMB/share)	0.23	0.44	-47.73%	0.43
Weighted average return on equity (%)	4.33%	8.62%	-4.29%	9.05%
	December 31, 2021	December 31, 2020	Boy change (%)	December 31, 2019
Total assets (RMB)	28,332,009,628.13	30,110,536,990.88	-5.91%	24,854,667,694.94
Net assets attributable to the listed company's shareholders (RMB)	16,903,241,702.09	16,920,214,085.42	-0.10%	15,514,697,715.97

Indicate whether the lower of the net profit attributable to the listed company's shareholders before and after non-recurring gains and losses was negative for the last three accounting years and that there was uncertainty about the Company's ability to continue as a going concern in the latest independent auditor's report.

Yes No

Indicate whether the lower of the net profit attributable to the listed company's shareholders before and after non-recurring gains and losses is negative.

Yes No

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

1. Net Profit and Net Assets Under China Accounting Standards (CAS) and International Financial Reporting Standards (IFRS)

Applicable Not Applicable

No such differences for the reporting period.

2. Net Profit and Net Assets under CAS and Overseas Accounting Standards

Applicable Not Applicable

No such differences for the reporting period.

VIII. Quarterly Key Financial Indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	2,737,466,332.64	2,710,222,451.64	2,214,117,506.71	4,151,731,153.49
Net profit attributable to the listed company's shareholders	151,775,586.90	219,603,321.44	189,304,686.57	167,784,315.51
Net profit attributable to the listed company's shareholders after non-recurring gains and losses	218,315,226.13	217,122,682.26	166,728,253.71	-69,439,993.74
Net cash flows from operating activities	-887,704,591.04	-527,674,751.33	-189,394,992.84	2,413,993,055.34

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports

Yes No

IX. Non-recurring Gains and Losses Items and Amounts

Applicable Not Applicable

Unit: RMB

Item	2021	2020	2019	Note
Gain or loss for the disposal of non-current assets (inclusive of provisions to write off impaired assets)	6,337,251.97	-42,036,810.26	-60,892,199.11	Gain of RMB 8,040,787.90 for the disposal of long-term equity investments; loss of RMB 2,254,626.67 for the disposal of fixed assets; gain of RMB 1,092,784.45 for the disposal of construction in progress; loss of RMB 541,693.71 for the retirement of fixed assets
Tax rebates, reductions and exemptions granted ultra vires or without official documents of	3,768,945.18	621,422.30	--	--

approval				
Government subsidies recognized as gain or loss during the reporting period (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations)	55,341,877.03	42,047,479.15	104,385,272.35	--
Capital collected from non-financial enterprises that was recognized as gain or loss during the reporting period	3,173,551.55	22,117,071.89	19,799,364.06	Guangdong Liangke Environmental Protection Engineering Co., Ltd., RMB 1,211,591.98; Shantou Zhonglian Ruikang Environmental Health Service Co., Ltd., RMB 726,429.04; minority shareholders of Shangfeng Industrial Company, RMB 645,168.12; Lianjiang Greenlander New Energy Co., Ltd., RMB 474,994.40; Jilin Xinyu Environmental Technology Group Co., Ltd., RMB 92,260.00; Shantou Zhonglian Ruikang Environmental Health Service Co., Ltd, RMB 19,599.99; Suzhou Xingzhou Environmental Water Treatment Technology Co., Ltd., RMB 3,508.02
Gain or loss on assets entrusted to other parties for investment or management	29,170,261.66	23,771,715.03	4,556,023.27	Investment income of RMB 29,170,261.66 on investments in wealth management products
Gain or loss arising from changes in fair value of financial assets and financial liabilities held for trading as well as the disposal of financial assets and financial liabilities held for trading and financial assets available for sale (exclusive of effective hedges that arise in relation to the Company's ordinary course of business)	-79,222,823.84	-90,608,285.06	24,337,671.43	Changes in fair value of financial assets held for trading: RMB -73,146,774.32; gain/loss for disposal of financial assets held for trading: RMB -2,883,937.64; gain/loss for ineffective hedges that have been closed: RMB -3,263,048.33; changes in fair value of ineffective hedges that remain open: RMB 72,100.27; gain/loss arising from futures transaction fees: RMB -1,163.82
Reversal of provisions for impaired receivables which have been individually tested for impairment	--	--	140,000.00	--
Other non-operating income and expense	2,598,028.75	-7,514,468.68	-467,259.49	--
Other gains and losses that fall into the definition of non-recurrent gains and losses	172,459,718.81	839,195.26	24,676,400.00	Gain/loss from the disposal of Guangdong Liangke Environmental Protection Engineering Co., Ltd.'s creditors' rights: RMB 8,999,098.81; original shareholders of

				Greenlander Environmental's compensation for failing to meet committed business performance: RMB 163,460,620.00
Less: Income tax	-8,007,245.43	-8,391,224.21	6,566,767.92	--
Impact from minority shareholders' interests (after tax)	5,892,314.48	3,371,490.83	648,988.12	--
Total	195,741,742.06	-45,742,946.99	109,319,516.47	--

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

Applicable Not Applicable

Gain/loss from the disposal of Guangdong Liangke Environmental Protection Engineering Co., Ltd.'s creditors' rights: RMB 8,999,098.81; original shareholders of Greenlander Environmental's compensation for failing to meet committed business performance: RMB 163,460,620.00

The explanation for why the Company reclassified an item defined as a non-recurring gain/loss item in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gain/Loss Items as a recurrent item

Applicable Not Applicable

Item	Amount Involved (RMB)	Reason
Value-added tax rebate	22,195,312.61	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations
Subsidy for sludge disposal	3,056,730.58	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations

Part III Management Discussion and Analysis

I. Industry Performance During Reporting Period

1. Overview

The sanitation industry in which the Company operates is classified as a public services industry. The sanitation industry is typically divided into two parts: sanitation equipment and sanitation services.

The year 2021 is the inaugural year for the 14th Five-Year Plan. Municipal governments have been facilitating plans for development over the next five years and intensively launching various policies. Some sanitation projects were rescheduled for deferred implementation. The recurring pandemic and other factors such as rising costs of raw materials have resulted in relatively significant fluctuations in the overall sanitation industry in the short term.

However, as a provider of essential public services that are closely intertwined with the daily livelihood of the people, the sanitation industry is resilient against the short-term macroeconomic fluctuations, which pose little impact to the long-term development of the sanitation industry. The long-term development of the domestic economy, government policies, expectations of standards of sanitation and the people's standard of living, on the other hand, will determine the growth of the industry. The intensive demand and implementation of plans for sanitation by municipal governments in 2021 will pave the way for an early resurgence of the sanitation industry. The overall industry is set for continual growth in the long run.

2. Development Trends

(1) As separation of government and enterprise accelerates, marketization is becoming the mainstream in the industry

The marketization of China's sanitation industry refers to municipal governments' gradual withdrawal from the actual management and operation in the sanitation industry and a shift towards an operational model in which governments source services and allow service providers to openly bid for such sourcing of services. Under such model, municipal governments make use of the competitive market, constant supervision and other means to effectively boost the operational efficiency and quality of sanitation services provided. The government's continual investment and implementation of policies that promote urban environmental development have maximized the domestic sanitation industry's potential for growth.

The marketization of our domestic sanitation industry will further expand the industry's room for growth in the future. Players in sanitation industry with competitive advantages such as an established working relationship with the government, capital, management experience, strong brand and cost synergy are well positioned to seize the opportunities granted by the current phase of marketization and enjoy the benefits of rapid growth. The domestic sanitation industry is set for growth in the future. Increasing market concentration is also to be expected.

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

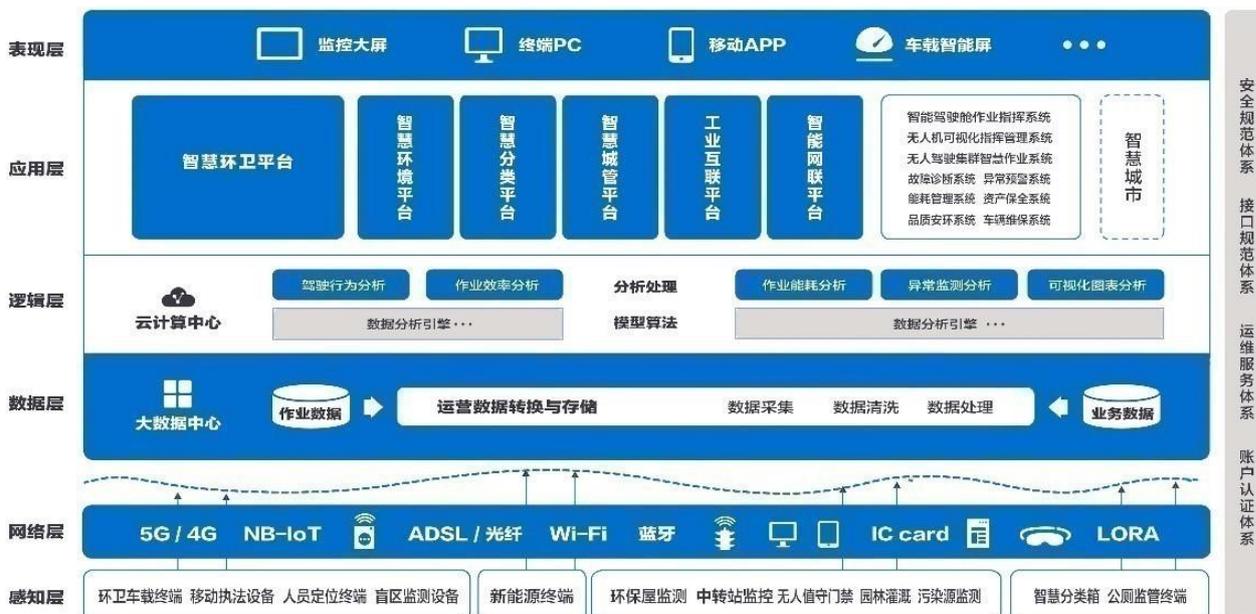
Smart sanitation primarily relies on intelligent equipment and the Smart Sanitation Cloud Platform to achieve smart operation of environmental sanitation, reduce reliance on human labor and material resources and boost operational efficiency. It continues to be the future trend of the sanitation industry.

Intelligent equipment: The increased adoption of 5G sanitation robots, autonomous sanitation vehicles, and small smart sanitation robots continues to expand the frontiers of the sanitation equipment industry and offer highly promising market prospects. Thus, the future of urban/rural sanitation services is increasingly steered towards one that is smart, requires less or even no human labor. Small intelligent equipment and autonomous vehicles will present the next breakthrough and revolutionize the industry.



Smart Sanitation Cloud Platform: a platform that relies on IoT and mobile Internet technologies and integrates data generated from all aspects involving sanitation equipment and services, such as R&D, manufacturing, logistics, vehicle operation, project management, after-sales services, etc., in order to achieve a 24/7, all-round integration of four key elements - humans, vehicles, objects and events- within the operating environment alongside backend and frontend platforms, delivering a precise and highly effective model of operation, maintenance and remote monitoring. Such platform will boost the overall standards of urban management and governmental services in the city comprehensively, from management and governance, to provision of services and operation.

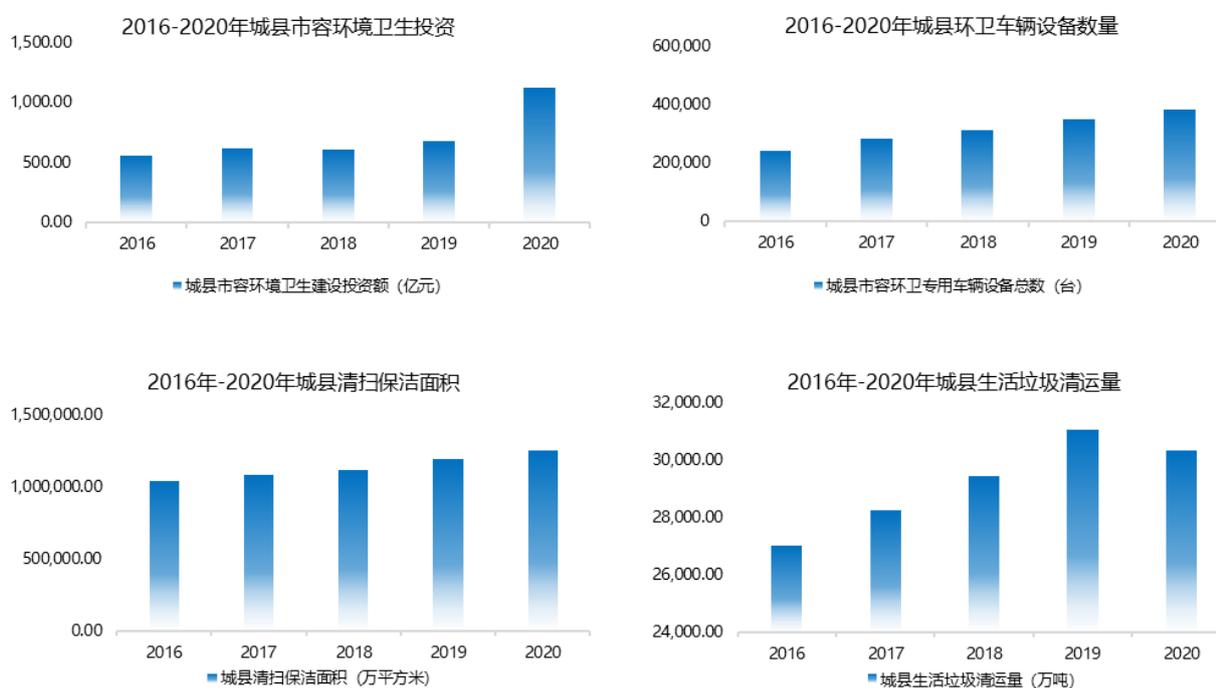
智慧环卫云平台总体架构



(3) Growing investment in the sanitation industry and continual expansion of market size

As an important part of public services, the sanitation industry obtains its funds mainly from allocation of government financial

expenditure. The infrastructure investment in the sanitation industry typically has a longer payback period and requires a large scale of resources and capital. Nevertheless, as a necessary public expenditure, the industry is assured with a guaranteed and relatively stable source of funds. In general, there has been an increase in the funds invested in the domestic sanitation industry from 2016 to 2020. There has been a gradual increase in the number of sanitation facilities and equipment, the area of roads and streets being cleaned as well as the volume of domestic waste being collected. These indicators point to the sustained expansion of our domestic sanitation industry, a trend that is expected to persist in the future.



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

II. Principal Business During the Reporting Period

1. Principal activities

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

In 2021, the Company rose swiftly to become a strong competitor in the sanitation services industry, ranking second in terms of annualized new contract value. In terms of sales of sanitation equipment, the Company was ranked No.1 for the 21st consecutive year.

2. Principal products

In terms of intelligent equipment, leveraging its leading position in sanitation equipment industry, strong R&D and manufacturing capabilities and a well-established nation-wide sales network, the Company forged a comprehensive suite of sanitation equipment of over 400 models, providing customers with a wide range of solutions including a variety of sanitation and cleaning equipment, waste collection and transportation equipment, new energy and clean energy sanitation equipment. The

Company's range of products spans from 5G sanitation robots, autonomous sanitation vehicles, small smart sanitation robots, new energy sanitation equipment, waste collection and transportation equipment, separate stations to sanitation and cleaning equipment, showcasing its leading R&D capabilities in intelligent equipment.



Smart Sanitation Cloud Platform is a big data smart cloud platform that the Company developed independently and a pioneering platform in the domestic sanitation industry that encompasses the full industrial chain. The platform is worth of RMB 150 million investment, supported by over 20 smart sanitation-related copyrighted software and patents and integrating 5G, AI, big data, cloud computing, edge computing and other advanced technologies to form an immersive framework and develop core technologies such as integrated IoT applications, data communication, video command and control, safe driving tests, IoT software and hardware compatible technologies and big data applications. Through the platform, the Company can monitor all humans, vehicles, objects and events related to the management of environmental sanitation on a real-time basis and design sanitation management models accordingly, boosting operational quality, reducing operating costs and promoting effective management of environmental sanitation with statistical data and assessment.

Currently, the platform has provided smart services to local customers for over 50,000 products. In the future, the Company will continue to deploy digital technologies and innovate new intelligent equipment and smart services. By synergizing with broader development of smart city, it will continue to promote the intensive application of its smart cloud platform as well as steer and drive

the digital transformation of the environmental sanitation industry.



In terms of smart services, the Company's "Environmental Sanitation APP" supports remote monitoring, data collection and procedural approval for its line-up of smart equipment and products during operations. Through visualized data and automatic analysis, the Smart Sanitation Cloud Platform is able to facilitate the online digitalized management of equipment, sophisticated management of processes and quantified management of materials and achieving the operationalization of "smart services". The entire process is smart, informatized and integrated, and its management is digitalized.

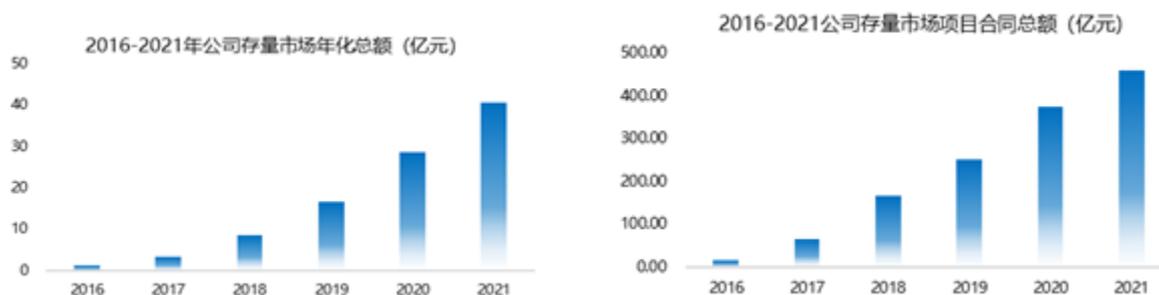


3. Performance in Key Markets

(1) Ranked second for annualized new contract value of sanitation services in 2021

According to statistics from Environmental Compass, a total of 75 new contracts for sanitation services were signed during the reporting period. The projects are located across 25 provinces with a total contract value of RMB 8.435 billion and an annualized contract value of RMB 1.228 billion, placing the Company as the first runner up in the industry. The Company's operating revenue for sanitation services in 2021 was RMB 3.025 billion, a YoY increase of 53.66%. As of the end of the reporting period, Infore Enviro is operating 179 sanitation services projects with an annualized contract value of RMB 4.068 billion and a cumulative contract value of RMB 45.884 billion. The total value of the Company's executory contracts reached RMB 38.273 billion. The Company ranks second place in the industry and has performed excellently in terms of the ability to continue as a going concern.

According to statistics from Environmental Compass, amidst the marketization of the domestic sanitation industry, the total value of projects that were successfully bid for reached RMB 216.3 billion in 2021, with an annualized new contract value of RMB 71.6 billion.



(2) Ranked first in terms of sales of sanitation equipment in 2021

According to the China Banking and Insurance Regulatory Commission's statistics on mandatory traffic accident liability insurance for motor vehicles, the Company was ranked first in terms of sales of sanitation equipment in 2021 for the 21st consecutive year. In 2021, the Company recorded sales of 16,521 units of sanitation equipment for a total of RMB 6.212 billion. Among the products sold, 744 units were electric-only vehicles, which accounted for 18.37% of the market share.

According to the above-mentioned statistics from the China Banking and Insurance Regulatory Commission, as of December 31, 2021, a total of 104,601 sanitation vehicles were sold in China. Among these, 4,050 were electric-only vehicles, amounting to a market penetration rate of 3.87%.

4. Technological accumulation and innovation

(1) Cumulative R&D capabilities

Infore Enviro's R&D team comprises of experts from national research institutes. The company has innovation written into its DNA. The Company has applied for 123 patents, including 69 utility patents. As of the end of the reporting period, it obtained 1,051 independent patents, of which 555 were utility patents, 415 were utility models and 81 were design patents. The Company ranked first for the highest number of technical patents and utility patents in the industry, took the leading role in the establishment of multiple national, industrial as well as local standards and established provincial research centers. It was granted the honorary title of "Top 10 Enterprises of Intellectual Property Rights in Hunan Province" and awarded the China Machinery Industry Science and Technology Award, the Hunan Provincial Science and Technology Progress Award, and the China Award for Science and Technology in Construction. The Company was the first company in the environmental sanitation industry to be granted a license for autonomous driving road testing by the government. It was also included in the Ministry of Industry and Information Technology's list of key enterprises for China's new-generation AI industrial innovation, marking the Company as one of China's top AI research teams and the "national team" when it comes to innovation in the field of smart sanitation robots.

(2) Innovation of cloud platform

Smart Sanitation Cloud Platform is a big data smart cloud platform that was independently developed by the Company and supported by 14 software copyrights. By integrating advanced underlying technologies such as big data, cloud computing, IoT, mobile Internet and AI into the platform, the Company developed core technologies such as integrated IoT applications, data communication, video command and control, safe driving tests, IoT software and hardware compatible technologies and big data applications. The seamless integration of sanitation equipment and operations allows the platform to achieve real-time connectivity between humans, vehicles, objects and events involved in the provision of environmental sanitation services as well as standardized, digitalized and smart operation and management. In terms of smart governance, the Company established a digital operation and management system for plants, stations and equipment on the cloud platform. Through smart and safe operation that requires less labor and energy consumption, the Company strives to develop competitive advantages with smart governance.

The platform is supported by over 20 smart sanitation-related software copyrights and patents and has won accolades such as the Ministry of Industry and Information Technology's 2019 Pilot Demonstration of the Integration of Key Industries and the Internet, 2021 Outstanding Cases of Mobile IoT, 2021 Excellent Industrial App of Hunan, 2022 Changsha's Key R&D Project – Garbage Classification Collection and Transportation System Based on Image Recognition and CNN Deep Learning Algorithm and 2022 Changsha, Hunan's Torch Plan for an Intelligent Vehicle Industry. Currently, the platform has provided smart services to local customers for over 50,000 products.

(3) Leader in new energy

The Company was the first to pioneer the development of new energy in the industry and offers the most comprehensive portfolio of new energy products in the industry. Infore Enviro started the research and development of new energy-powered sanitation equipment in 2007 and successfully developed the first full-electric sweeper truck in China in July 2008. The Company was tasked with the cleaning and sanitation of the streets during the 2008 Beijing Olympics. Three decades of sustained R&D in sanitation vehicles and over a decade of hard work has led Infore Enviro into developing over 40 types of new energy vehicles for

cleaning, washing, waste collection and urban sanitation. Its nearly 200 vehicle models form the most comprehensive suite of new energy-powered sanitation vehicles in China.

During the reporting period, Infore Enviro launched its fifth-generation of new energy sanitation vehicles. This new series is the most comprehensive array of sanitation vehicles available in the industry. The fifth-generation products have three main features: they are safer and more reliable; more efficient and environmentally friendly, and more intelligent and energy-saving. Safe and reliable: whole-vehicle competitiveness is improved and meets the strictest regulations of European ECE R45-04; the braking performance exceeds the industry standard by 20%, which leads the industry standard of alternative energy sanitation equipment; the driving assistance system is launched to allow comprehensive monitoring and ensure safety. Efficient environmental protection: light-weighted environmental protection design and upgraded operation system result in over 10% increase of the operating effect; the combination of active and passive noise reduction design successfully reduced vehicle noise by 5 decibels. Intelligent and energy-saving: the design of module-free battery pack increases the energy density by over 10%; the energy exchange system enables smart charging and discharging, which effectively improves the battery endurance of all products, and can even be used to charge the emergency rescue equipment in emergency situations.

(4) Pioneer in smart sanitation robots

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

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

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

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

The Company's solid waste disposal business primarily encompasses the incineration of domestic waste to generate energy, the landfilling of domestic waste, the recycling of food waste and the utilization of solid waste in industrial parks. The incineration of domestic waste for the generation of energy and the utilization of solid waste in industrial parks form the core components of the business. The industrial parks are equipped with treatment facilities for the disposal of domestic and hazardous waste, the treatment of sludge, food waste, sewage, construction waste, leachate and fly ash and the ecological restoration of landfills. By applying an integrated approach to these related services, the Company is able to provide a one-stop solution for the management of solid waste. PPP forms the primary model of operation for this business.

The Company's manufacturing of ventilation equipment extends mainly to the production of ventilators, mufflers, dampers,

refrigerators, magnetic levitation fans, blowers and nuclear-grade dampers in the areas of nuclear power, subways, tunnels, rail transportation, industrial and civil construction. Its fans are mainly sold via direct sales and retailers.

III. Analysis of Core Competitiveness

1. Industry-leader of sanitation equipment

As a domestic leader in environmental sanitation equipment, the Company has state-of-the-art core technologies and offers the most comprehensive range of environmental sanitation equipment in the industry. In terms of R&D, the Company has successfully mastered the technologies for new energy sanitation equipment, smart sanitation robots, autonomous vehicles and other pioneering technologies that embody the direction in which the industry is headed. It was the first company in the environmental sanitation industry to be granted a license for autonomous driving road testing by the government. The Company developed the world's first smart sanitation robot crew and successfully deployed the crew in Orange Isle, a 5A level national scenic spot in Changsha City, Hunan Province. The Company's 5G autonomous sanitation robot crew has also been deployed in the college town in Changsha. The Company has developed a comprehensive suite of environmental sanitation equipment that spans over 400 models and allows the Company to meet the diverse sanitation demands across the country. The Company has ranked first in terms of sales in the domestic market for 21 consecutive years. As one of the pioneers in environmental sanitation equipment, the Company developed the first wet and dry vacuum sweeper truck, the first fully hydraulic mini road sweeper, the first tunnel road washer, the first electric-only road sweeper and the first natural gas-powered road washer in China. The Company has extensive and proven experience in the environmental sanitation industry and became the most influential brand in the industry.

2. Fast growing sanitation business with standardized management

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

From 2016 to 2020, the Company recorded total contract values of RMB 1.237 billion, RMB 5.561 billion, RMB 8.711 billion, RMB 9.72 billion and RMB 12.574 billion respectively and annual service contract values of RMB 55 million, RMB 305 million, RMB 429 million, RMB 855 million and RMB 1.248 billion respectively for environmental sanitation services, representing annual growths by 454.54%, 40.66%, 99.3% and 45.96% respectively from 2017 to 2020. In 2021, the Company signed a total of 75 projects for sanitation services across 25 provinces, with an annual value and total value of RMB 1.228 billion and RMB 8.435 billion respectively. In 2021, The Company's operating revenue of sanitation services was RMB 3.025 billion, a YoY increase of 53.66%.

3. The best-in-class and most comprehensive after-sales service network

Leveraging its established sales network for sanitation equipment and rich industry experience, the Company built a nationwide service network with 300 operational centers and nearly 1,000 environmental management and service projects in 31 provinces, cities and autonomous regions. It has nearly 500 engineers who provide after-sales services and set off within 30 minutes from receiving a request for troubleshooting. Regardless of the location in the country, all general issues can be resolved within 24 hours.

Environmental sanitation service projects are relatively localized and necessitate customization in order to meet regional needs. As governments at all levels pay increasing attention to environmental sanitation, providers of sanitation services are required to possess more experience in professional operations and provide long-term monitoring services in order to keep existing projects running and continue to win new projects. A highly specialized after-sales network is needed in the industry to improve the quality of services and delivery, seize commercial opportunities in each region and win new contracts.



4. Excellent corporate culture

A company's corporate culture is the cornerstone of its creativity and unity as well as an important component in a company's key competitiveness. The Company has a corporate vision of "Cleaner World, Better Future" and a corporate philosophy of providing services that are "simple, professional and speedily executed". Its core values represent its beliefs: "Our clients are vital to us", "Our employees are our business partners", "Performance-oriented, we don't settle for mediocrity" and "We are built on technical innovation". Facilitated by tech and talent enablements, our strategy places order growth at its core. The Company is committed to becoming a respected and trusted leader that provides smart sanitation equipment and services with sanitation robotics at the core of its business. Throughout the years, the Company's corporate culture and spirit are closely integrated with its business objectives and daily operations, guiding the Company's various business segments and its subsidiaries to fully implement benchmarking operations, continuously promote refined management and drive quality development of all businesses.

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

IV. Analysis of Principal Business

1. Overview

The year 2021 is the inaugural year for the 14th Five-Year Plan. Municipal governments have been facilitating plans for development over the next five years and intensively launching various policies. Some sanitation projects were rescheduled for deferred implementation. The recurring pandemic and other factors such as rising costs of raw materials have resulted in relatively significant fluctuations in the overall sanitation industry in the short term. In the face of external challenges, the Company remained steadfast to its key "5115" strategy by boosting its core workforce, investing more in technological innovation and R&D and steadily cultivating internal strength. The Company also pushed for digital transformation and smart upgrades to improve operations. By expanding online coverage, driving standardization and informatization, the Company strove to bring the standard of operational management to the next level and provide a new momentum to push the Company into its next bound.

In 2021, the Company recorded RMB 11,813,537,400 in operating revenue, RMB 728,467,900 in net profit attributable to the listed company's shareholders and RMB 532,726,200 in net profit attributable to the listed company's shareholders after non-recurring gains and losses, a YoY decrease of 17.57% , 47.46% and 62.80% respectively. As of the end of the reporting period, the Company's total assets amounted to RMB 28,332,009,600 and the net assets attributable to the listed company's shareholders amounted to RMB 16,903,241,700, a YoY decrease of 5.91% and 0.10% respectively. After the divestiture of its electromagnetic wire business, the Company recorded RMB 11,264,667,000 in operating revenue, a YoY decrease of 4.46% .

The key operational milestones during the reporting period:

1. Rapid development of environmental sanitation services

The Company's operating revenue of sanitation services in 2021 was RMB 3.025 billion, a YoY increase of 53.66%. According to statistics from Environmental Compass, a total of 75 new contracts for sanitation services were signed during the reporting period. These projects are located across 25 provinces with a total contract value of RMB 8.435 billion and an annual contract value of RMB 1.228 billion, placing the Company as the first runner-up in the industry. As of the end of the reporting period, Infore Enviro is running 179 projects for sanitation services. These contracts amounted to an annual value of RMB 4.068 billion and a cumulative value of RMB 45.884 billion. The total value of the Company's executory contracts reached RMB 38.273 billion. The Company ranks second place in the industry and has performed excellently in terms of sustainable operation.

2. Improvement in quality and efficiency and a focus on "Smart Sanitation"

During the reporting period, the Company kept its focus on its key "5115" strategy and relied on its competitive strengths in sanitation equipment to proactively drive the development of the smart sanitation business and consolidate its core businesses. Its continued focus on the leading advantage in smart sanitation resulted in an increase of 78.19% in revenue generated from this main business segment. The Company made gradual adjustments to its non-core businesses through restructuring, divestiture and spinoffs, revitalizing existing resources and underperforming assets and improving asset management and operational quality to pave the way for sustained and quality growth for the Company.

3. Sustained leadership in sanitation equipment

According to the China Banking and Insurance Regulatory Commission's statistics on mandatory traffic accident liability insurance for motor vehicles, the Company recorded sales of 16,521 sanitation equipment in 2021. The Company ranked first in terms of sales of sanitation equipment in 2021 for the 21st consecutive year. During the reporting period, the Company continued to perfect and innovate its products, injecting RMB 290 million into R&D. The funds invested in the R&D of equipment took up 3.75% of the revenue generated from smart equipment, and created cutting-edge outcomes leading the rest of the industry.

During the reporting period, the Company launched the first compression semi-trailer garbage truck and dual function deep road cleaner in the domestic market, developed and launched a fuel cell-powered road washer, a solar panel washer, a waste liquid spraying vehicle and high-altitude pruning vehicle, and launched the first 5G hydrogen-powered sanitation robot in the world.

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

Over the years, the Company has remained committed to its digital transformation and in building a digital infrastructure for the full value chain. The entire process of digital transformation has been transparent. As at 2021, Infore Enviro's digital transformation has reached a certain phase and achieved results. In the digital factories, the manufacturing cycles for standard and non-standard products are cut down by 22% and 28% respectively, the rate of timely deliveries by suppliers increased by 10% and blueprints transfer efficiency increased by 90%. The Company can now deliver orders for standard products within seven days. In after-sales service, the rate of timely responses rose to 92% and the rate of prompt delivery of components within 15 days rose to 93%. In sales, the accuracy of delivery orders improved to 85%, the rate for manufactured products-to-warehouse improved to 95% and the efficiency level of completing delivery orders was up by 30%. In R&D, the accuracy of cost estimation increased to 98% while the use of common materials increased by 25%. In the wake of its digital transformation, the Company has integrated R&D, marketing, planning, procurement, warehousing and manufacturing in an end-to-end process. With all decisions driven by data, the standard of management is given a boost to the next level and new momentum provided to propel the Company into its next leap.

5. Active and committed agent to corporate social responsibilities

In 2021, Infore Enviro continued to participate in charity and anti-pandemic activities in Shenzhen, Shijiazhuang, Xingtai, Zhuhai, Fangchenggang and Nanjing, proactively battling the pandemic and fulfilling its corporate social responsibility through the donation of cash and goods. As the prevention and control of the pandemic becomes a norm, the digitalized, mechanized and sophisticated operation mode of Infore Enviro provided highly efficient aid to various regions in combatting the pandemic digitally, it has received much attention from the community as well as repeated media coverage from Shenzhen City Channel, China Science and Technology Network, Shenzhen Special Zone Daily, Securities Daily and the like. During the pandemic, Infore Enviro increased the frequency of its mechanical operations and carried out washing, sweeping, spraying, dust suppression and disinfection on a 24/7 basis. The Company capitalized on its small smart equipment and expanded the scope of its mechanical operations in CBDs, squares and parks, back alleys and urban villages to curb cross-infections. It assumed the work of daily sanitation monitoring, disinfection and waste collection in the community promptly and successfully built a "safety net" with no blind spots, no hidden hazards and where all waste are cleared on the day. Infore Enviro also concurrently strived to heed the government's call and resume work and production. The Company actively coordinated its resources and kickstarted production quickly, delivering a set of fog cannon, cleaning and disinfection vehicle, road washer, garbage truck and other large sanitation equipment to various regions across the country. As Infore Enviro endeavored to achieve success in its pandemic response as well as high quality growth, the Company remained committed to working together with the community to overcome challenges.

2. Revenue and cost

(1) Breakdown of operating revenue

Unit: RMB

	2021		2020		YoY change (%)
	Amount	Percentage of operating revenue	Amount	Percentage of operating revenue	
Total revenue	11,813,537,444.48	100%	14,332,025,075.40	100%	-17.57%
Sector					
Smart sanitation	9,237,262,348.48	78.19%	10,323,422,172.13	72.03%	-10.52%
Others	2,576,275,096.00	21.81%	4,008,602,903.27	27.97%	-35.73%
Product					
Intelligent equipment	6,211,980,162.80	52.58%	8,354,554,126.13	58.29%	-25.65%
Smart service	3,025,282,185.68	25.61%	1,968,868,046.00	13.74%	53.66%
Others	2,576,275,096.00	21.81%	4,008,602,903.27	27.97%	-35.73%
Region					
Domestic	11,770,703,070.74	99.64%	14,276,021,772.44	99.61%	-17.55%
Overseas	42,834,373.74	0.36%	56,003,302.96	0.39%	-23.51%
Wholesale					
Direct sales	10,431,862,062.40	88.30%	12,680,076,069.55	88.47%	-17.73%
Retail	1,381,675,382.08	11.70%	1,651,949,005.85	11.53%	-16.36%

(2) Sector, product, region or sales model contributing to over 10% of operating revenue/profit

√ Applicable □ Not Applicable

Unit: RMB

	Revenue	Operating cost	Gross profit margin	YoY change in revenue	YoY change in cost	YoY change in gross profit margin
Sector						
Smart sanitation	9,237,262,348.48	7,253,801,852.83	21.47%	-10.52%	-3.22%	-5.93%
Others	2,576,275,096.00	1,956,516,573.54	24.06%	-35.73%	-40.19%	5.67%
Product						
Intelligent equipment	6,211,980,162.80	4,737,242,308.93	23.74%	-25.65%	-20.73%	-3.49%
Smart service	3,025,282,185.68	2,516,559,543.90	16.82%	53.66%	65.70%	-6.04%
Others	2,576,275,096.00	1,956,516,573.54	24.06%	-35.73%	-40.19%	5.67%
Region						
Domestic	11,770,703,070.74	9,174,926,853.06	22.05%	-17.55%	-14.37%	-2.89%
Overseas	42,834,373.74	35,391,573.31	17.38%	-23.51%	-30.86%	8.78%
Wholesale						
Direct sales	10,431,862,062.40	8,128,524,796.71	22.08%	-17.73%	-14.61%	-2.84%
Retail	1,381,675,382.08	1,081,793,629.66	21.70%	-16.36%	-13.22%	-2.84%

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

Applicable Not Applicable

(3) Whether revenue generated from physical sales higher than service revenue

Yes No

Sector	Item	Unit	2021	2020	YoY change (%)
Smart sanitation	Sales	Unit	18,689	24,233	-22.88%
	Production	Unit	19,654	24,515	-19.83%
	Inventory	Unit	3,087	2,122	45.48%

The explanation for data with YoY differences that exceed 30%

Applicable Not Applicable

The difference is primarily a result of an increased storage capacity for the inventory.

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

Applicable Not Applicable

(5) Breakdown of operating cost

Sector

Unit: RMB

Sector	Item	2021		2020		YoY change (%)
		Amount	Percentage of operating cost	Amount	Percentage of operating cost	
Smart sanitation	Raw materials	4,554,862,117.93	62.79%	6,641,092,791.72	88.77%	-31.41%

Smart sanitation	Labor expense	758,997,718.92	10.46%	343,174,808.02	4.59%	121.17%
Smart sanitation	Depreciation	340,775,770.93	4.70%	104,388,340.95	1.40%	226.45%
Smart sanitation	Utilities	412,552,873.06	5.69%	66,597,774.16	0.89%	519.47%
Smart sanitation	Other manufacturing overhead	1,186,613,371.99	16.36%	325,178,262.77	4.35%	264.91%
Others	Raw materials	1,221,921,019.77	62.45%	2,870,104,855.95	88.56%	-57.43%
Others	Labor expense	94,761,477.14	4.84%	97,432,062.90	3.01%	-2.74%
Others	Depreciation	74,879,413.01	3.83%	127,190,822.18	3.93%	-41.13%
Others	Utilities	23,045,821.82	1.18%	47,866,336.76	1.48%	-51.85%
Others	Other manufacturing overhead	541,908,841.79	27.70%	97,771,335.08	3.02%	454.26%

Note

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

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

√ Yes □ No

1. Entities newly included in the consolidated financial statements

Company	Mode of acquisition	Date of acquisition	Capital contribution	Ratio of capital contribution (%)
Xiangtan Yinglian Environmental Industry Co., Ltd.	Incorporation	Mar. 2021	24,508,110.00	66
Jinzhou Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Mar. 2021	12,000,000.00	100
Handan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Apr. 2021	2,000,000.00	100
Ordos Environmental Sanitation Management Co., Ltd.	Incorporation	Jul. 2021	1,020,000.00	100
Luanzhou Yinglian Environmental Service Co., Ltd.	Incorporation	Aug. 2021	2,000,000.00	100
Guangzhou Huadu Yinglian Environment Co., Ltd.	Incorporation	Sept. 2021	100,000.00	100
Fenghuang Yinglian Environmental Service Co., Ltd.	Incorporation	Sept. 2021	2,000,000.00	100
Xinning Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Sept. 2021	8,000,000.00	100
Wanning Yinglian Environmental Industry Co., Ltd.	Incorporation	Oct. 2021	1,000,000.00	100
Foshan Gaoming Yingde Smart City Management Co., Ltd.	Incorporation	Oct. 2021	5,000,000.00	60
Huayuan Environmental Sanitation Management Co., Ltd.	Incorporation	Nov. 2021	260,000.00	100
Zhongwei Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Dec. 2021	1,000,000.00	70
Guangzhou Yingsheng Environmental Sanitation	Incorporation	Jan. 2021	[Note]	100

Service Co., Ltd.				
Yiyang Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Jan. 2021	[Note]	100
Shenzhen Infore Enviro Robot Co., Ltd.	Incorporation	Feb. 2021	[Note]	100
Sanya Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Feb. 2021	[Note]	100
Wuhan Infore Zhonghui Environmental Protection Technology Co., Ltd.	Incorporation	Feb. 2021	[Note]	100
Chongyang Yinglian Environmental Protection Co., Ltd.	Incorporation	Feb. 2021	[Note]	100
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Mar. 2021	[Note]	100
Guangzhou Yinglian Environmental Sanitation Service Co., Ltd.	Incorporation	Mar. 2021	[Note]	100
Wuhu Infore Zoomlion Environmental Technology Co., Ltd.	Incorporation	Mar. 2021	[Note]	100
Suzhou Xiangcheng Yinglian Environmental Industry Co., Ltd.	Incorporation	Mar. 2021	[Note]	100
Susong Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Apr. 2021	[Note]	100
Foshan Shunde Yingsheng Urban Environmental Management Co., Ltd.	Incorporation	Apr. 2021	[Note]	100
Taizhou Zhongying Urban Environmental Service Co., Ltd.	Incorporation	May 2021	[Note]	100
Liaocheng Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	May 2021	[Note]	100
Shenzhen Tongying Environmental Industry Co., Ltd.	Incorporation	May 2021	[Note]	100
Shenzhen Zhongfu Environmental Technology Co., Ltd.	Incorporation	Apr. 2021	[Note]	100
Wuhai Yinglian Environmental Engineering Co., Ltd.	Incorporation	May 2021	[Note]	100
Jian'ou Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Jun. 2021	[Note]	100
Heping Liansheng Environmental Development Co., Ltd.	Incorporation	Jun. 2021	[Note]	100
Zhongshan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Jun. 2021	[Note]	100
Ruili Yinglian Environmental Industry Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Zongyang Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Guangdong Infore Smart Technology Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Shanghai Yingwofeng Environment Technology Development Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Yichang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Huai'an Yinghe Environment Technology Co., Ltd.	Incorporation	Jul. 2021	[Note]	100
Zhangjiagang Zhongying Environmental Development Co., Ltd.	Incorporation	Aug. 2021	[Note]	100
Guangde Yinghe Environmental Sanitation Development Co., Ltd.	Incorporation	Aug. 2021	[Note]	100

Foshan Shunde Yinghong Smart Environmental Sanitation Management Co., Ltd.	Incorporation	Oct. 2021	[Note]	100
Zhongshan Yinglian Urban Environmental Management Co., Ltd.	Incorporation	Oct. 2021	[Note]	100
Taizhou Zhongying Environmental Management Co., Ltd.	Incorporation	Oct. 2021	[Note]	100
Weihui Yinglian Environmental Service Co., Ltd.	Incorporation	Oct. 2021	[Note]	100
Baisha Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Zhoushan Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Wuhan Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Nanchang Yingsheng Environmental Protection Service Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Wuhu Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Huaibei Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Hanshou Jinglan Environmental Protection Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Chongqing Tongliang Fenglan Environmental Protection Technology Co., Ltd.	Incorporation	Nov. 2021	[Note]	100
Shenzhen Yingli Environmental Sanitation Service Co., Ltd.	Incorporation	Dec. 2021	[Note]	100
Guangrao Yinghe Urban Service Co., Ltd.	Incorporation	Dec. 2021	[Note]	100
Anning Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Dec. 2021	[Note]	100
Foshan Yinghe Investment Co., Ltd.	Incorporation	Jun. 2021	[Note]	100
Guangdong Yinglian Urban Environmental Management Co., Ltd.	Incorporation	Jun. 2021	[Note]	100

2. Disposal of subsidiaries

Single disposal of investment in a subsidiary that results in loss of control.

Name of subsidiary	Consideration of equity disposal	Proportion of equity disposal (%)	Mode of equity disposal	Date of loss of control	Basis determining date of loss of control	Difference between the consideration of disposal and the share of the subsidiary's net assets corresponding to investment disposal in consolidated financial statement
Foshan Yingtong Electrical Materials Co., Ltd.	255,000,000.00	51.00	Sale	Feb. 2021	Substantive transfer of control	2,356,921.46
Hunan Ningxiang Renhe Garbage Comprehensive Treating Co., Ltd.	92,500,000.00	100.00	Sale	Nov. 2021	Substantive transfer of control	25,170,570.60
Guangdong Yingling Testing Technology Co.,	1.00	51.00	Sale	Aug. 2021	Substantive transfer of control	4,276,507.83

Ltd.						
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(continued)

Name of subsidiary	Proportion of remaining equity interests on date of loss of control (%)	Carrying amounts of remaining equity interests on date of loss of control	Fair value of remaining equity interests on date of loss of control	Gain or loss incurred from remaining equity interests re-measured according to fair value	Methodology and key assumptions for determining fair value of remaining equity interest on date of loss of control	Other comprehensive income related to equity investments of subsidiary, amount of transfer of changes in other owners' equity to gains and losses on investment
Foshan Yingtong Electrical Materials Co., Ltd.	49.00	272,872,012.67	245,000,000.00	-27,872,012.67	Determined according to equity value of the portion disposed	--
Hunan Ningxiang Renhe Garbage Comprehensive Treating Co., Ltd.	--	--	--	--	--	--
Guangdong Yingling Testing Technology Co., Ltd.	49.00	-4,108,800.68	--	4,108,800.68	Determined according to equity value of the portion disposed	--

3. Entities excluded from the consolidation scope

Company	Mode of equity disposal	Date of equity disposal	Net assets on disposal date	Net profit from the beginning of the period to the disposal date
Liling Zhongfeng Environmental Industry Co., Ltd.	De-registration	June 29, 2021	--	-983.54

(7) Major changes in the business, products or services in the reporting period

Applicable Not Applicable

(8) Major customers and suppliers

Major customers of the Company

Total sales to top five customers (RMB)	931,507,483.46
Total sales to top five customers as percentage of total sales of the reporting period (%)	7.88%
Total sales to related parties among top five customers as percentage of total sales of the reporting period (%)	0.00%

Top five customers

No.	Customer	Sales revenue (RMB)	As percentage of the total sales revenue of the reporting period (%)
1	Customer A	431,275,241.23	3.65%
2	Customer B	135,070,606.80	1.14%
3	Customer C	131,464,510.32	1.11%

4	Customer D	130,540,081.73	1.11%
5	Customer E	103,157,043.38	0.87%
Total	--	931,507,483.46	7.88%

Other information about major customers

Applicable Not Applicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	1,948,795,492.30
Total purchases from top five suppliers as percentage of total purchases of the reporting period (%)	31.15%
Total purchases from related parties among top five suppliers as percentage of total purchases of the Reporting Period (%)	0.00%

Top five suppliers

No.	Supplier	Purchase in the reporting period (RMB)	As percentage of the total purchases (%)
1	Customer A	1,311,387,884.96	20.96%
2	Customer B	200,092,183.53	3.20%
3	Customer C	195,481,317.70	3.12%
4	Customer D	125,346,682.22	2.00%
5	Customer E	116,487,423.89	1.86%
Total	--	1,948,795,492.30	31.15%

Other information about major suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB

	2021	2020	YoY change (%)	Reason for material change
Selling expenses	738,833,571.05	801,289,013.51	-7.79%	--
Administrative expenses	585,353,407.57	536,466,686.12	9.11%	--
Financial Expenses	58,604,804.53	66,121,331.59	-11.37%	--
R&D expenses	262,619,127.29	254,677,332.19	3.12%	--

4. R&D investments

Applicable Not Applicable

Name of major R&D projects	Objectives	Progress	Proposed goals	Expected impact on future development of the Company
Anodic Stripping Voltammetry Heavy Metal Detection Water Quality On-line Monitoring Series products	To construct an Anodic Stripping Voltammetry technology CP, and to manufacture Trace Amount Heavy Metal On-line Monitoring equipment, so as to build up a technology and equipment reserve for the water quality monitoring project expansion during the	R&D completed	To manufacture a full-range Category I Heavy Metal Trace Amount Water Quality Monitoring products and reach a domestic leading level of technology.	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.

	14th Five Year Plan.			
On-line groundwater quality monitoring series	Build an Ultra-Low Concentration Water Sample Testing Technology CP to solve the problem of on-line monitoring of drinking water sources, groundwater, lakes, and reservoirs with good water quality and very low pollutant concentrations.	R&D completed	To complete the R&D and launch of Groundwater Ammonia-Nitrogen and Total Phosphorus Water Quality Analyzer.	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
On-line carbon emission monitoring series	To construct a full-range carbon emission monitors and system to empower carbon neutrality and emission reduction.	R&D completed	To complete the R&D and launch of Atmospheric Carbon Emission CO ₂ , CH ₄ Analyzer, and Systematic, Pollution Source Carbon Emission CO ₂ , CO, CH ₄ Analyzer and System.	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Nuclear-grade double-layered stack-up axial flow Fan	To explore and expand the segment	R&D completed	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the company
Large-scale urban transportation smart purification system	To explore and expand the segment	R&D in progress	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the company
Purification fan dedicated for pastoral purposes	To explore and expand the segment	R&D completed	To industrialize the result and generate market orders	This helps to improve the key competitive advantages of the company
Electric garbage truck with detachable back container	To develop garbage transferring trucks used for the classified collection and transfer of domestic waste of places such as tenement residences, towns and villages, commercial area, tourist attractions, schools, etc., so as to fill our small sanitation garbage removal spectrum	R&D completed	To develop a full electrical wet garbage collection & transportation truck with airtight transportation and zero dripping	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Full electrical direct-drive articulated barrel road sweeper	To develop a full electrical direct-drive barrel road sweeper product mainly used for the sweeping and cleaning of urban auxiliary roads, urban villages and other narrow areas, in response to the trend and demand for new energy in the industry	R&D completed	To develop a full electrical, direct-drive, articulated, quiet, efficient, and durable product	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Full electrical sidewalk/auxiliary road washer	To meet the market demand for mechanized, new energy washing of narrow paths such as sidewalks	R&D completed	To realize the advantages of light-weight, small, durable, zero-emission, and low noise without compromising the washing capability of the product	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
Multi-functional sweeper/mower	To stockpile mowing equipment technology and expand the field of application	R&D completed	To complete the stockpiling of mowing equipment technology and the development of the	It is conducive to the Company's continuous advancement towards high-

device	for multi-functional sweeper		prototype	tech innovative enterprises and breakthroughs in technical difficulties.
11T light-weight airtight leakage-free compression garbage truck	To solve the airtightness challenge of leakage-free garbage truck's trash containers.	R&D completed	To develop an airtight leakage-free compression garbage truck	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
18T short boom Dongfeng commercialized wall cleaning truck	To solve the customer's problem of occupying a smaller section of the road during vehicle operation and the complicated operation of adjusting the boom	R&D completed	To meet the customer's problem of occupying a smaller section of the road during vehicle operation and simple operation of adjusting the boom	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.
12T tall tree pruning truck	To expand the array of our products and meet the demand for trimming roadside trees and the pruning and beautifying of tall branches	R&D completed	To develop a specialized truck for the pruning of roadside trees in the cities, highways, and tourist attractions	It is conducive to the Company's continuous advancement towards high-tech innovative enterprises and breakthroughs in technical difficulties.

Information about R&D personnel

	2021	2020	Change (%)
Number of R&D personnel	1,407	1,356	3.76%
R&D personnel as percentage of total employees	10.53%	15.54%	-5.01%
Education background of R&D personnel	—	—	—
Bachelor's degree	1,064	1,082	-1.66%
Master's degree	303	223	35.87%
Doctoral degree	6	2	200.00%
College degree	34	49	-30.61%
Age composition of R&D personnel	—	—	—
< 30 years	647	586	10.41%
30~40 years	596	590	1.02%
> 40 years	114	117	-2.56%

Information about R&D investments

	2021	2020	Change (%)
R&D investments (RMB)	289,920,069.26	264,110,819.71	9.77%
R&D investments percentage of sales revenue	2.45%	1.84%	0.61%
Capitalized R&D investments (RMB)	27,300,941.97	9,433,487.52	189.40%
Capitalized R&D investments as percentage of total R&D investments	9.42%	3.57%	5.85%

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

Applicable Not Applicable

Reasons for material YoY change in the percentage of total R&D investments in operating revenue

Applicable Not Applicable

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

Applicable Not Applicable

5. Cash flow

Unit: RMB

Item	2021	2020	YoY change (%)
Subtotal of cash inflows from operating activities	14,872,489,012.69	15,584,916,372.80	-4.57%
Subtotal of cash outflows from operating activities	14,063,270,292.56	13,896,202,281.05	1.20%
Net cash flows from operating activities	809,218,720.13	1,688,714,091.75	-52.08%
Subtotal of cash inflows from investing activities	5,412,369,009.46	5,451,867,664.79	-0.72%
Subtotal of cash outflows from investing activities	6,534,593,586.86	6,335,579,681.05	3.14%
Net cash flows from investing activities	-1,122,224,577.40	-883,712,016.26	26.99%
Subtotal of cash inflows from financing activities	2,901,823,101.45	5,922,067,481.72	-51.00%
Subtotal of cash outflows from financing activities	3,125,894,632.23	4,680,215,496.91	-33.21%
Net cash flows from financing activities	-224,071,530.78	1,241,851,984.81	-118.04%
Net increase in cash and cash equivalents	-539,079,213.51	2,046,145,151.54	-126.35%

Explanation on main impact factor of significant change of the data YoY

Applicable Not Applicable

(1) Net cash generated from operating activities decreased by 52.08% YoY, mainly due to a) the expansion of business scale in 2020 led to an increase in accounts payable at the end of the reporting period, which was paid in the current period; b) increase in purchase expenses due to early stocking in the current period.

(2) Cash generated from financing activities decreased by 51.00% YoY, mainly due to company's issuance of convertible corporate bonds in the previous year.

(3) Cash used in financing activities decreased by 33.21% YoY, mainly attributable to decrease in repayment of bank loans compared with the prior period.

Explanation on main reasons leading to 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	Percentage of total profit	Reasons for generation	Recurrent or non-recurrent

Investment income	239,933,995.59	29.20%	Mainly comprises performance compensation of the original shareholders of Greenlander Environmental of RMB 163,460,620.00, return on investment recognized using the equity method, and returns on wealth management product.	RMB 36,885,135.08 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	-73,074,674.05	-8.89%	--	No
Impairment of assets	-230,940,495.92	-28.10%	Mainly as a result of provision of goodwill impairment loss	No
Non-operating income	10,028,024.42	1.22%	--	No
Non-operating expenses	11,786,454.06	1.43%	--	No

VI. Assets and Liabilities

1. Material changes of asset items

Unit: RMB

	December 31, 2021		January 1, 2021		Change in percentage (%)	Reason for material change
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	4,583,245,371.02	16.18%	5,904,127,970.85	19.59%	-3.41%	--
Accounts receivable	4,946,704,963.71	17.46%	5,564,834,864.04	18.46%	-1.00%	--
Contract assets	140,367,802.53	0.50%	170,840,655.62	0.57%	-0.07%	--
Inventories	1,124,149,719.01	3.97%	1,305,177,407.85	4.33%	-0.36%	--
Investment properties	1,837,703.68	0.01%	2,009,006.98	0.01%	0.00%	--
Long-term equity investment	603,580,781.31	2.13%	318,243,332.69	1.06%	1.07%	--
Fixed assets	1,758,052,005.19	6.21%	1,640,546,747.67	5.44%	0.77%	--
Construction in progress	224,068,633.86	0.79%	70,735,483.95	0.23%	0.56%	--
Right-of-use assets	25,505,911.86	0.09%	30,945,067.78	0.10%	-0.01%	--
Short-term borrowings	439,024,733.46	1.55%	1,657,905,376.55	5.50%	-3.95%	--
Contract liabilities	210,432,628.98	0.74%	181,051,683.90	0.60%	0.14%	--
Long-term borrowings	1,697,742,767.72	5.99%	765,643,457.78	2.54%	3.45%	--
Lease liabilities	18,523,740.10	0.07%	23,243,848.61	0.08%	-0.01%	--
Intangible assets	5,319,721,844.23	18.78%	4,875,729,418.41	16.18%	2.60%	--

Offshore assets account for high proportion

 Applicable Not Applicable

2. Assets and liabilities measured at fair value

√ Applicable □ Not Applicable

Unit: RMB

Item	Opening balance	Gain/loss on changes in fair value in the current period	Cumulative changes in fair value included in equity	Accrual of impairment in current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Closing balance
Financial assets								
1. Trading financial assets (exclusive of derivative financial assets)	127,192,985.11	-76,032,983.26			5,263.80	51,165,265.65		0.00
2. Derivative financial assets	824,750.00	503,500.27					1,328,250.27	0.00
4. Investments in other entity instrument	26,070,000.00			4,280,000.00			6,087,028.99	15,702,971.01
Subtotal of financial assets	154,087,735.11	-75,529,482.99		4,280,000.00	5,263.80	51,165,265.65	7,415,279.26	15,702,971.01
Total	154,087,735.11	-75,529,482.99	0.00	4,280,000.00	5,263.80	51,165,265.65	7,415,279.26	15,702,971.01
Financial liabilities	810,300.00	-431,400.00					-378,900.00	0.00

Other changes

Other changes were due to the transfer of derivative financial assets and financial liabilities from Foshan Yingtong Electric Material Co., Ltd. (hereinafter referred to as "Foshan Yingtong") following its disposal during the current period.

Indicate whether any material changes occurred to the measurement attributes of the major assets of the Company during the reporting period.

□ Yes √ No

3. Restricted asset rights as of end of reporting period

Item	Carrying amounts at the end of the period	Reason for restriction
Cash and cash equivalents	464,498,485.30	Deposits, certificate of deposit, frozen litigation preservation, escrow account
Accounts receivable	226,481,841.35	Pledged
Notes receivable - bank acceptance	5,050,609.92	Pledged
Notes receivable - trade acceptance	14,668,452.95	Pledged
Receivable financing	143,994,957.80	Pledged
Long-term account receivable and non-current assets due within one year	49,479,996.55	Factoring financing with recourse
Fixed assets	514,793,694.20	Mortgaged
Intangible assets	215,913,237.17	Mortgaged

100% equity interests of Funan Greenlander Environmental Protection Co., Ltd.	63,725,949.84	Mortgaged [Note]
100% equity interests of Shouxian Greenlander New Energy Co., Ltd.	83,655,768.30	
100% equity interests of Xiantao Greenlander Environmental Protection Power Co., Ltd.	218,180,606.50	
100% equity interests of Poyang Greenlander Environmental Protection Power Co., Ltd.	61,177,347.25	
100% equity interests of Lianjiang Greenlander New Energy Co., Ltd.	25,074,902.82	Frozen for litigation preservation
Total	2,086,695,849.95	--

[Note] The pledged amount is the net assets of the Company's share of equity.

VII. Investments

1. Overview

Applicable Not Applicable

2. Significant equity investments made in the reporting period

Applicable Not Applicable

3. Significant non-equity investments ongoing in the reporting period

Applicable Not Applicable

4. Financial investments

(1) Securities investments

Applicable Not Applicable

Unit: RMB

Securities category	Stock code	Security abbreviation	Initial investment cost	Accounting measurement model	Carrying amounts at the beginning of the period	Gain/loss on changes in fair value in the current period	Cumulative changes in fair value included in equity	Purchase amount in the current period	Sales amount in the current period	Gain/loss during the reporting period	Carrying amounts at the end of the period	Accounting subject	Source of funds
Domestic/overseas-listed stock	600340	CFLD	3,019,500.00	Fair value measurement	126,067,500.00	73,125,000.00			50,095,697.15	75,971,802.85	0.00	Trading financial assets	Original capital contribution
Domestic/overseas-listed	002161	Invengo	1,662,299.72	Fair value measurement	1,117,293.21	25,890.93			1,052,950.04	64,343.17	0.00	Trading financial assets	Purchased from secondary market

stock													
Domestic/overseas-listed stock	605155	Xidame n	2,095.83	Fair value measurement	3,017.52	-433.62			2,525.83	-491.69	0.00	Trading financial assets	Purchased from secondary market
Domestic/overseas-listed stock	605179	Yiming Food	2,698.53	Fair value measurement	5,174.38	-383.83			7,157.40	1,983.02	0.00	Trading financial assets	Purchased from secondary market
Domestic/overseas-listed stock	605189	Fuchun Dye and Weave	2,992.50	Fair value measurement		1,747.50		2,992.50	4,165.25	1,172.75	0.00	Trading financial assets	Purchased from secondary market
Domestic/overseas-listed stock	605277	Xinya Electronic	2,271.30	Fair value measurement		2,749.68		2,271.30	2,769.98	498.68	0.00	Trading financial assets	Purchased from secondary market
Other securities investments held at the end of the reporting period			0.00	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--	--
Total			4,691,857.88	--	127,192,985.11	73,147,211.20	0.00	5,263.80	51,165,265.65	76,032,983.26	0.00	--	--
Disclosure date of the board meeting announcement approving the securities investments			April 23, 2018										
Disclosure date of the general meeting announcement approving the securities investments (if any)			May 16, 2018										

(2) Derivatives investments

Applicable Not Applicable

No such cases in the reporting period.

5. Use of funds raised

Applicable Not Applicable

(1) Overall use of funds raised

Applicable Not Applicable

Unit: RMB 10,000

Year	Fund-raising type	Total amount of funds raised	Total amount of raised funds used in the	Accumulative amount of raised funds used	Total amount of raised funds that changed purposes	Accumulative amount of raised funds that	Proportion of accumulative raised funds that	Total amount of unused raised funds	Purpose and tracking of unused raised funds	Raised funds left unused for >2
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			current period		during the reporting period	changed purposes	changed purposes			years
2020	Public offering of convertible corporate bonds	145,733.62	10,106.41	27,569.8	0	0	0.00%	118,728.9	The Proposal on Using Part of the Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 15th Meeting of the ninth Board of Directors and the 14th Meeting of the ninth Board of Supervisors held by the Company on October, 22, 2021, allowing the Company to use idle raised funds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to the Company's main businesses with a tenor of no more than 12 months as of the date when the Proposal was deliberated and approved by the Board of Directors.	0
Total	--	145,733.62	10,106.41	27,569.8	0	0	0.00%	118,728.9	--	0
Explanation of the overall use of funds raised										
<p>According to the Approval of the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. (CSRC Permit [2020] No. 2219) issued by the China Securities Regulatory Commission, the lead underwriter of the Company, China Renaissance Securities (China) Co., Ltd. (formerly known as "Huajing Securities", hereinafter referred to as Huaxing Securities) issued 14,761,896 convertible corporate bonds (hereinafter referred to as CB) to the public with the offering price of RMB 100 and a par value of RMB 100 for each CB, raising a total of RMB 1,476,189,600.00. Specifically, priority allotment of 9,405,386 CBs were issued to original shareholders of the Company, accounting for 63.71% of the total amount of this public offering; 5,304,730 CBs were issued to public investors through online channels, accounting for 35.94% of the total amount of this public offering; 51,780 CBs were to be underwritten by the lead underwriter, accounting for 0.35% of the total amount of</p>										

this public offering. Funds raised 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 (net of tax) was RMB 1,460,951,500. After deducting RMB 3,615,300 (net of tax) 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 raised funds from this offering was RMB 1,457,336,200. The availability of the above-mentioned raised funds has been verified by Pan-China Certified Public Accountants LLP in its Capital Verification Report (T.J.Y. [2020] No.490).

As of December 31, 2021, the accumulated use of raised funds was RMB 275,698,000, and the total amount of raised funds not yet used was RMB 1,187,289,000.

(2) Committed projects of raised funds

√ Applicable □ Not Applicable

Unit: RMB 10,000

Committed investment projects and investment of excessive raised funds	Whether projects have been changed (including partial change)	Total amount of funds raised	Adjusted total investment amount (1)	The investment amount during the reporting period	Accumulative investment amount as at the end of the reporting period (2)	Investment progress as at the end of the reporting period (3)=(2)/(1)	Date when the projects are ready for their intended use	Benefits realized during the reporting period	Whether the estimated benefits are realized	Whether there are material changes in the project feasibility
Committed investment projects										
The project of the comprehensive smart sanitation allocation center	No	129,638.49	129,638.49	10,106.41	11,474.67	8.85%	December 31, 2022	1,175.26	Not applicable	No
Replenishment of working capital	No	16,095.13	16,095.13	0	16,095.13	100.00%	December 31, 2020	No benefit generated separately	Not applicable	No
Subtotal of committed investment projects	--	145,733.62	145,733.62	10,106.41	27,569.8	--	--	1,175.26	--	--
Investment of excessive raised funds										
Not applicable										
Repayment of bank loans (if any)	--	0	0	0	0	0.00%	--	--	--	--
Replenishment of working capital (if any)	--	0	0	0	0	0.00%	--	--	--	--
Subtotal of investment of excessive raised funds	--	0	0	0	0	--	--	0	--	--
Total	--	145,733.62	145,733.62	10,106.41	27,569.8	--	--	1,175.26	--	--
Cases and reasons for failing to realize the planned progress or predicted return (by specific projects)	None									
Explanations of the material changes in the	None									

project feasibility	
Amount, purpose, and progress of excessive raised funds	Not applicable
Location changes in the implementation of investment projects of the raised funds	Not applicable
Adjustments to the implementation method of investment projects of the raised funds	Not applicable
Early investment and placement of the investment projects of the raised funds	Not applicable
Temporary replenishment of working capital with the idle raised funds	<p>Applicable</p> <p>The Proposal on Using Part of the Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 10th Extraordinary Meeting of the ninth Board of Directors and the 9th Extraordinary Meeting of the ninth Board of Supervisors held by the Company on December 4, 2020, allowing the Company to use idle raised funds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to the Company's main businesses for a period of no more than 12 months as of the date when the Proposal was deliberated and approved by the Board of Directors.</p> <p>The Company issued the Announcement on the Early Return of Funds Raised for Temporary Replenishment of Working Capital on October 21, 2021, in which the Company returned all the above-mentioned RMB 1 billion of funds raised for temporary replenishment of working capital to the relevant designated account for funds raised on October 20, 2021 in advance for a period not exceeding 12 months.</p> <p>The Proposal on Using Part of the Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 15th Meeting of the ninth Board of Directors and the 14th Meeting of the ninth Board of Supervisors held by the Company on October 22, 2021, allowing the Company to use idle raised funds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to the Company's main businesses with a tenor of no more than 12 months as of the date when the Proposal was deliberated and approved by the Board of Directors. As of December 31, 2021, the balance of the idle raised funds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000.</p>
The amount of and reasons for the balance of the raised funds from the project implementation	Not applicable
Purpose and tracking of the unused raised funds	<p>The Proposal on Using Part of the Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 15th Meeting of the ninth Board of Directors and the 14th Meeting of the ninth Board of Supervisors held by the Company on October 22, 2021, allowing the Company to use idle raised funds of no more than RMB 1 billion for temporary replenishment of working capital, which shall be used for the production and operation related to the Company's main businesses with a tenor of no more than 12 months as of the date when the Proposal was deliberated and approved by the Board of Directors. As of December 31, 2021, the balance of the idle raised funds used by the Company for temporary replenishment of working capital was RMB 1,000,000,000. The other unused raised fund of RMB 187,289,000 were kept in the designated account for funds raised in the form of demand deposits to be used for the construction of the corresponding investment projects.</p>
Problems in the use of raised funds	None

and disclosure, or other cases	
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(3) Changed projects of raised funds

Applicable Not Applicable

No such cases in the reporting period.

VIII. Sale of Major Assets and Equity Investments

1. Sale of major assets

Applicable Not Applicable

No such cases in the reporting period.

2. Sale of major equity investments

Applicable Not Applicable

Counter party	Equity investments sold	Selling date	Transaction price (RMB 10,000)	Net profit contributed by the equity investment to the listed company from the beginning of the reporting period to the selling date (RMB 10,000)	Impact on the Company from the sale of the equity investment	Proportion of the net profit contributed to the listed company from the sale of equity investment to total net profit	Pricing principle of sale of equity investment	Whether it is a related party transaction	Related party relationship with the transaction counterparty	Whether the equity investments involved have all been transferred	Whether the implementation is on schedule, and if not, the reasons and measures taken by the Company should be explained	Disclosure date	Disclosure document
Guangdong Yinghe Enterprise Management Co., Ltd.	51% of equity interest in Foshan Yingtong Electrical Materials Co., Ltd.	February 28, 2021	25,500	735.48	The sale of the wire enamel business is based on the overall development strategy to continue to focus on the core business of "smart sanitation", optimize resource allocation and asset structure, and strategically	3.55%	At fair value market price	No	None	Yes	Yes	March 17, 2021	For details, please refer to the Announcement on the Completion of the Transfer of 51% Equity Interests in Subsidiaries by Public Listing (Announcement No. 2021-014) disclosed on Cninfo (www.cninfo.com.cn/)

					y divest non-core business assets, which has a positive impact on the company's operations.								
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IX. Analysis of Major Subsidiaries and Joint Stock Companies

√ Applicable □ Not Applicable

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

Unit: RMB

Company	Type of company	Principal activities	Registered capital (Unit: RMB 10,000)	Total assets	Net assets	Revenue	Operating profit	Net profit
Changsha Zoomlion Environmental Industry Co., Ltd.	Subsidiary	Smart sanitation	235152.98	13,832,759,909.86	7,211,512,816.31	8,861,710,574.04	896,221,466.35	785,151,698.46
Shenzhen Greenlander Environmental Protection Co., Ltd.	Subsidiary	Others	15,000	1,888,558,410.13	50,356,767.90	352,289,730.86	10,948,736.66	10,881,641.78
Guangdong Infore Technology Co., Ltd.	Subsidiary	Others	11,000	926,920,963.55	112,482,176.21	292,885,322.94	4,122,576.57	6,253,847.02
Foshan Infore Water Environment Investment Co., Ltd.	Subsidiary	Others	30,000	546,349,317.95	361,779,370.88	161,634,469.82	57,649,272.90	50,586,828.12

Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not Applicable

Company name	Acquisition and disposal of subsidiaries during the reporting period	Effects on the overall operations and performance
Xiangtan Yinglian Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Jinzhou Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Handan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Ordos Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Luanzhou Yinglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Huadu Yinglian Environment Co., Ltd.	Incorporation	Positive effects on the Company's business

Fenghuang Yinglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xinning Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wanning Yinglian Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Gaoming Yingde Smart City Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Huayuan Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhongwei Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Yiyang Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Infore Enviro Robot Co., Ltd.	Incorporation	Positive effects on the Company's business
Sanya Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhan Infore Zhonghui Environmental Protection Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Chongyang Yinglian Environmental Protection Co., Ltd.	Incorporation	Positive effects on the Company's business
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangzhou Yinglian Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhu Infore Zoomlion Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Suzhou Xiangcheng Yinglian Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Susong Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yingsheng Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Taizhou Zhongying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Liaocheng Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Tongying Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Zhongfu Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhai Yinglian Environmental Engineering Co., Ltd.	Incorporation	Positive effects on the Company's business
Jian'ou Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Heping Liansheng Environmental Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhongshan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Ruili Yinglian Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Zongyang Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business

Guangdong Infore Smart Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shanghai Yingwofeng Environment Technology Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Yichang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Huai'an Yinghe Environment Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhangjiagang Zhongying Environmental Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangde Yinghe Environmental Sanitation Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yinghong Smart Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhongshan Yinglian Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Taizhou Zhongying Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Weihui Yinglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Baisha Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhoushan Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhan Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Nanchang Yingsheng Environmental Protection Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Wuhu Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Huaibei Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Hanshou Jinglan Environmental Protection Co., Ltd.	Incorporation	Positive effects on the Company's business
Chongqing Tongliang Fenglan Environmental Protection Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Yingli Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangrao Yinghe Urban Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Anning Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Changsha Fenglan Environmental Protection Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Yinghe Investment Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Yinglian Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Liling Zhongfeng Environmental Industry Co., Ltd.	De-registration	Asset optimization, no major impact on the company's production, operation and performance
Foshan Yingtong Electrical Materials Co., Ltd.	Selling	Asset optimization, no major impact on the company's production, operation and performance
Hunan Ningxiang Renhe Garbage Comprehensive Treating Co., Ltd.	Selling	Asset optimization, no major impact on the company's production, operation and performance
Guangdong Yingling Testing Technology Co., Ltd.	Selling	Asset optimization, no major impact on the company's production, operation and performance

Fact Sheet of major subsidiaries

X. Structured Entities Controlled by the Company

Applicable Not Applicable

XI. Future Prospects of the Company

(I) Market opportunities

1. The 2021 national policies are favorable for the development of sanitation industry

On January 19, the State Administration of Market Regulation and seven other departments issued the Guidelines on Promoting the Construction of Rural Living Environment Standard System. The framework, the construction standards, and the implementation and promotion standards of the rural living environment standard system were identified from five aspects, namely: general principles, rural toilets, domestic waste, domestic sewage, and the village image.

On February 21, the No. 1 Central Document - Guidelines on Pushing Forward All-Round Rural Revitalization and Speeding Up Agriculture and Countryside Modernization was published. The State Council offered directions of action for countryside construction and ecological optimization in the construction of rural living environments, covering many aspects including "toilet revolution", sewage treatment and waste management.

On May 6, the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development published the 14th Five Year Plan Development Plan for Urban-Rural Domestic Waste Classification and Disposal Facilities. Based on the country's 14th Five Year Plan, this plan is focused on the classification and disposal of domestic waste and set out detailed planning and goal setting for the next five years from various dimensions and layers. From this plan, we could see the market direction and market size during the 14th Five Year Plan period.

On July 2, the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development published the Guidelines on the Measuring and Charging of Non-Residential Kitchen Waste Disposal. The guideline requires that "the measuring and charging of kitchen waste disposal shall be promoted"; "non-residential kitchen waste quota management and over-quota progressive price increase mechanism shall be established gradually"; "the clarification of the management and operation mechanism of the collection, transportation, and disposal non-residential kitchen waste shall be accelerated"; and "the registration and management of non-residential kitchen waste drainage shall be improved".

On July 16, online trading was enabled in the National Carbon Emissions Trading Market. According to the reports, the first compliance cycle encompasses the entire year of 2021, covering approximately 4.5 billion tons of CO₂, making it the world's largest carbon market. On the first day, the total volume of transactions reached 4.104 million tons, with a total transaction amount of RMB 210 million.

On October 26, the State Council published the Action Plan for Reaching Peak Carbon Emission before 2030. Domestic waste reduction and recycling, as important aspects of carbon emission reduction, are incorporated into the action plan, mainly including: the construction of a domestic waste collection and disposal system, treatment for plastic pollution throughout the pollution chain, the promotion of domestic waste incineration treatment, the reduction of the proportion of landfills, the exploration of waste recycling technology that caters to the characteristics of kitchen waste in Chinese households, and the promotion of sewage recycling.

On November 12, the Ministry of Housing and Urban-Rural Development circulated the Construction Standard for Domestic Waste in Stock Treatment Projects for public comments. This is the first national standard regarding waste in stock.

On December 5, the General Office of the Communist Party Central Committee and the General Office of the State Council published the Five-Year (2021-2025) Action Plan for the Remediation and Improvement of Rural Living Environment. The action plan requires that "the rural toilet revolution shall be firmly implemented", "the promotion of rural domestic sewage treatment shall

be accelerated", "the standard of rural domestic waste treatment shall be improved comprehensively", and "the general improvement of village images shall be promoted".

On December 15, the Ministry of Ecology and Environment and other 18 ministries and commissions jointly issued the Scheme for the Construction of 'Zero-Waste Cities' during the 14th Five Year Plan. This scheme made detailed plans for the "zero-waste city construction" in the next 5 years. The pilot "zero-waste city" would increase from "11+5" pilots to 100. This will further facilitate the formation of green, low-carbon lifestyles, and promote the reduction and recycling of solid domestic waste.

2. The demand for sanitation services will continue to rise

Sanitation services are public service undertakings, and the source of revenue is the government budget with the nature of rigid expenditure and is less affected by macroeconomic regulation factors. The business is featured by continuity and stability.

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

As urbanization continues, the construction of urban roads will directly increase the area for road cleaning, urban housing, compound construction, and urban greening, hence increasing the demand for sanitation equipment and urban cleaning services. Furthermore, sanitation is one of the prerequisites for each province, city, and district to construct urban upgrades such as "national civilized cities", "national hygienic cities", "national model cities of environmental protection", and "national ecological garden cities". According to the National Bureau of Statistics and the Ministry of Housing and Urban-Rural Development, statistics show that from 2015 to 2020, the area of road cleaning in China's cities and counties increased from 9.678 billion sqm to 12.606 billion sqm, an overall increase of nearly 30.25%. The domestic waste clearing and removal volume in cities and counties increased from 258 million tons to 303 million tons, an overall increase of 17.54%. Driven by urbanization, in order to maintain the cleanliness and sanitation of urban roads, residential compounds, and municipal gardens, as well as the normal transfer and treatment of domestic waste, the release of sanitation service demands is constantly facilitated.

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

The Five-Year (2021-2025) Action Plan for the Remediation and Improvement of Rural Living Environment requires that "the rural toilet revolution shall be firmly implemented", "the promotion of rural domestic sewage treatment shall be accelerated", and "the standard of rural domestic waste treatment shall be improved comprehensively". Against the backdrop of constructing "beautiful countryside" and integrating urban-rural sanitation, comprehensive treatment projects pushed on the overall county level are introduced one after another. The rural sanitation market will usher in a sprint stage of further expansion. This will provide a huge room for improvement for the sanitation services industry and even the sanitation industry as a whole.

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

In September 2020, President Xi Jinping chaired the Central Comprehensively Deepening Reforms Conference to deliberate and approve Some Opinions on the Further Promotion of Domestic Waste Classification. The accelerated implementation of waste classification policies would lead to an overturn of the traditional domestic waste collection and transportation system. The traditional sanitation vehicles will no longer meet the needs of the classified collection and transportation. Domestic waste is divided into four categories in all of the four disposal processes, namely "drop-off", "collection", "transportation", and "treatment". As such, the corresponding traditional sanitation technology and equipment ushered in the demand for upgrading and transformation. Coupled with the investment demand for system smart upgrade, the market demands continue to be released.

(4) The adoption of new energy for carbon neutrality and sanitation equipment would be further accelerated

With relevant policies issued by local governments to make most of the updated sanitation vehicles towards new energy powered ones, the future procurement of new energy sanitation vehicles is expected to release constantly. The process of new energy sanitation equipment in the next few years will be further accelerated. In November 2020, the New Energy Vehicles Development Plan (2021-2035) was published. The plan requires the proportion of new energy sanitation vehicles in the public sector in key areas to reach 80%. Since 2012, the country has made a guiding policy to accelerate the cultivation of the new energy vehicle industry, and has successively released important documents for its promotion. After a gestation period, the promotion of new energy sanitation vehicles has gradually entered the outbreak period.

(5) The improved increase in mechanization rate will drive the incremental volume of sanitation equipment market

The improved mechanization rate of the sanitation industry will reduce the cost of sanitation operations and relieve the financial burden of governments and enterprises. With the expansion of China's urban and rural road cleaning area, the mechanization rate of the sanitation industry is gradually increasing. Based on the Urban-Rural Construction Statistical Bulletin released by the Ministry of Housing and Urban-Rural Development, as of the end of 2020, the national urban road sweeping and cleaning area adopting mechanical sweeping reached 9.756 billion sqm, with a mechanical sweeping rate of 76.10%. In China, the road sweeping and cleaning area in counties covered by mechanical sweeping reached 2.851 billion sqm, with a mechanical sweeping rate of 73.90%. In comparison, the mechanization rate of sanitation industry in the urban area of developed countries can usually reach 80%. As such, there is still room for development in terms of the mechanization level of sanitation industry in China. In the future, as labor costs continue to rise, the mechanization of sanitation operations will become the main development direction of the domestic sanitation market, and it will cover road cleaning, guardrail cleaning, waste collection & transportation, and other segments.

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

China's frequent urban minimum wage adjustments in recent years had a relatively great impact on the operating costs of sanitation services enterprises. The traditional human-labored sanitation service model is featured by higher operating costs and lower operational efficiency, hence increasing the operating pressure of enterprises engaged in the sanitation operation business. Furthermore, China's elderly population is expected to reach 267 million by 2021, with an aging population of 18.9%, according to the National Committee on Aging Population. The aging trend will exacerbate the workforce deficit in the sanitation industry. Meanwhile, with the diversification of job options, the number of young and middle-aged laborers who are willing to engage in sanitation work is also decreasing. Therefore, improving the mechanization rate of sanitation industry and expanding the use of sanitation equipment is not only a realistic need in the face of the labor market shortage, but also the requirement of the development of urban sanitation level.

(7) Industrial breakthrough fueled by technological advancement

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

(II) Business plan of 2021

In 2021, the Company closely revolved around its development strategy and annual operation plan, focusing on its core strategic business, divesting and splitting off non-core principle businesses, and actively promoting smart sanitation, environmental monitoring and solid waste treatment. It achieved its business plan relatively well for 2021. The operating target set at the beginning of the year was to achieve an annual revenue of RMB 2.8 billion with a cumulative contract value of RMB 50 billion for the Company's smart sanitation service solutions. The actual achieved cumulative contract value of the company's smart sanitation service solutions reached RMB 45.884 billion, and the actual achieved an annual revenue was RMB 3.025 billion.

In 2021, the company completed its annual revenue target of RMB 2.8 billion for smart services, with an achievement rate of 108%; It did not complete its operation target of RMB 50 billion in total contract value, with an achievement rate of 91.77%. The reason for the company's failure to achieve the operating target of total contract value is the decrease of orders with long cycles of more than 5 years in the market. The annualized rate of the company's new marketable projects of 5 years and below has reached 81.5%, resulting in a slight decrease of the total contract value of orders obtained by the Company. In 2022, the Company will take into account the market development trend, diversify the business forms and actively attract short-and medium-cycle projects.

2022 Operation target: to achieve a cumulative contract value of RMB 60 billion for the Company's smart sanitation service solutions; from 2020 to 2024, the planned cumulative contract value would be RMB 100 billion, so as to achieve an annual revenue of RMB 10 billion.

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

In 2022, the Company will continue to focus on the core business of Smart Sanitation. It will firmly adhere to the operation strategy of "technology leadership and product leadership". It will further strengthen and consolidate its advantages in sanitation equipment and its smart and interconnected environmental sanitation service, and maintain the leading position in the industry.

(III) Plan for use of funds

2022 is a key period for the Company's rapid development. Given the relatively large demand for funds, the Company will formulate a funding supply and demand plan to match the company's development. The Company will make full use of its own funds. It will also further strengthen the management of accounts receivable while optimizing the financial structure to provide strong financial guarantee for the Company's business development and control financial risks. The source of funds is the optimization and combination of multiple channels including the issuance of commercial paper, medium-term note, cash flow generated by operating activities, bank loans.

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

1. Policy risks

With the growing emphasis on environmental protection and environmental treatment, the environmental and sanitation industry is poised for unprecedented growth opportunities. The environmental and sanitation industry, on the other hand, is a typical policy-driven industry that strongly relies on national industrial policies. Adjustments to macroeconomic policies, tax policies, environmental industry policies and environmental management policies will affect the Company's performance.

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

2. Operation management risks

The Company's business scale is expanding, business types are diversifying, the target market is expanding, and the number of subsidiaries is growing. The asset size, personnel scale, and organizational scale of the Company are all rapidly expanding. The Company's organizational structure and management system are becoming increasingly complicated. Despite the fact that the Company has developed a more comprehensive set of internal control management systems and improved them year after year, the difficulty and risk of control are increasing due to differences in industry nature, geographical distribution, humanistic characteristics, and corporate culture of each branch.

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

3. Heightened market competition risks

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

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

Nothing in this report about future plans, performance forecasts, or other matters represents a commitment by the Company to any investors or other third parties. Investors and related parties should maintain sufficient risk awareness in this regard.

XII. Visits Paid to the Company for Purposes of Research, Communication, 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 7, 2021	Shanghai, China	Field study	Institution	GF Fund, Galaxy Fund, HSBC Jintrust, Goldstate, CITIC Capital, China Universal Asset Management, Essence Fund, PICC Asset, BOC Investment, Three Gorges Asset, GF Securities, Soochow Securities, Essence Securities, Changjiang Securities, Shenwan Hongyuan, State Power Investment, Yujin Investment, TF Securities, Hongshang Assets, Penghua Fund, Guosheng Securities, Hua Chuang Securities, CITIC Securities, Haitong Securities, HuaAn Funds, Hua Chuang Securities, Everbright Securities, CN-NL Waste Solution, Shizhi Fund, China Development Bank Securities, Zhonggong Fund, Aegon-industrial Fund, CPIC, Ping An, Yuan Xi Group, Zhonghai Fund, Northeast Securities, Sinolink Securities, Orient Securities, Huatai Securities, Industrial Securities, Western Leadbank Fund, Great Abundance Year Asset, Riverlink Capital, EI (Shanghai) Investment, Huajin Securities, Central China Securities, Nuode Fund, Nord Engine Capital, Kaiyuan Securities, Wanjia Asset, Jisheng Investment, Purekind Fund, Shanxi Securities, CICC, Founder Securities, Chino Asset, Ping An Endowment Insurance, BNB Wealth Management	Business strategy and operation of the Company	For details, please refer to the Investor Relations Activities disclosed by the Company on May 10, 2021 on the Cninfo (www.cninfo.com.cn).
May 18, 2021	Panorama Roadshow Global	Others	Others	Investors participated in the 2020 Infore Enviro online performance briefing	Integrated operations and industry trend of the Company.	For details, please refer to the Investor Relations Activities disclosed by the Company on May 18, 2021 on Cninfo (www.cninfo.com.cn)
June 29, 2021	Meeting room	By phone	Institution	BlackRock Asset Management North Asia Limited	Strategy and market	For details, please refer to the Investor

					orientation of the Company.	Relations Activities disclosed by the Company on June 30, 2021 on Cninfo (www.cninfo.com.cn)
August 23, 2021	Foshan, Guangdong	Field study	Institution	Huatai Asset, Changjiang Pension, PICC Asset, Southern Asset, CCB Principal Asset, China Future Capital, Greenwoods Asset, CITICPE, GTS Fund, CMB Wealth Management, New China Fund, GF Securities, First Beijing Investment, Changjiang Securities, Shanghai Junxi Investment, Shenzhen Yujin Fund, Bank of Communications Schroder Fund, Shanrun Investment, CITIC Capital (Shenzhen) Asset Management Co., Ltd, GF Securities, Everbright Securities Asset Management, Essence Securities, Great Abundance Year Asset, Shenzhen Yujin Fund, Leixin Private Investment Fund (Nanjing), Fu Venture Capital, Purekind Fund, Hangzhou Guangtian Investment, Zhuhai Shengping Asset, Xizang Yuancheng Investment, Shanghai Minghe Investment, Purekind Fund, Shandong Camel Asset, Sanya Hongsheng Asset, GF Venture Capital, Zhuhai Shengping Asset, Tebon Fund, Chengdu Songhua Asset, Shanghai UU Wealth Investment, Zhuhai Shengping Asset, Discovering Investment, Fidelity Investment, Fullerton Investment, etc.	Operations and R&D of the Company.	For details, please refer to the Investor Relations Activities disclosed by the Company on August 23, 2021 on Cninfo (www.cninfo.com.cn)
October 22, 2021	Guangdong, China	Field study	Institution	GF Securities, Soochow Securities, Changjiang Securities, Orient Securities, Zhongtai Securities, Industrial Securities, etc.	Understanding the business operation and R&D direction of the Company.	For details, please refer to the Investor Relations Activities disclosed by the Company on October 22, 2021 on Cninfo (www.cninfo.com.cn)

Part IV Corporate Governance

I. General Information of Corporate Governance

1. The Company continuously perfects its corporate governance structure in strict accordance with the requirements of the Company Law, the Securities Law and the relevant laws and regulations of the China Securities Regulatory Commission. 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 Annual General Meeting of Shareholders in strict accordance with the relevant provisions of the Articles of Association and Rules of Procedure of General Meeting of Shareholders of the Company. The Board of Directors, which is the decision-making body of the Company, conscientiously implements the resolutions of General Meetings of the Shareholders. The Supervisory Committee exercises its supervisory function and powers in strict accordance with the regulations, and it supervises the financial affairs of the Company as well duty performance and actions of directors and senior management members, thus safeguarding the legitimate rights and interests of the Company and all shareholders. The Management of the Company strictly implements the resolutions of the General Meetings of Shareholders and the Meetings of the Board of Directors and executes decisions. All functional departments and holding subsidiaries of the Company are responsible for the day-to-day operations.

3. During the reporting period, in order to standardize its insider information management, ensure confidentiality of insider information and effective registration and management of insiders who have access to insider information, effectively prevent securities violations of laws and regulations such as insider trading, maintain the fairness of information disclosure, and protect the legitimate rights and interests of the general investors, the Company promptly, truthfully and fully recorded all the persons with access to the insider information before disclosure at stages such as discussion and planning, demonstration and consultation, establishment and in phases such as reporting, transmission, preparation, examination, resolution, and disclosure, as well relevant information archives regarding the content, time, place, basis and method, etc. for the insiders to know the insider information, and file with the relevant regulatory authorities to strictly prevent the occurrence of insider trading, pursuant to the laws and regulations such as the Securities Law, the Management Measures for Information Disclosure by Listed Companies, the relevant provisions of the Articles of Association, Information Disclosure Management Policy and the Policy on Internal Reporting of Significant Matters of the Company, as well as the requirements of the Regulatory Guidelines for Listed Companies No. 5—the System for Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies.

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

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

As to the actual status of governance of the Company, indicate whether there is any material non-compliance with laws, administrative regulations and the rules issued by the China Securities Regulatory Commission (CSRC) on the governance of listed

companies.

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, Chief Financial Officer, Board Secretary and other senior management members of the Company do not hold positions other than directors in the controlling shareholder, the financial officers of the Company do not have a part-time job in affiliated companies. The Company has put in place independent policies on labor, personnel and remuneration management and established an independent labor and personnel management department. Thus, its labor, personnel and remuneration management are completely independent.

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

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

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

III. Horizontal Competition

Applicable Not Applicable

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

1. Shareholders' meeting convened during the reporting period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Meeting resolution
The first extraordinary general meeting of shareholders in 2021	Extraordinary general meeting	59.51%	February 24, 2021	February 25, 2021	The Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2021 (Announcement No.: 2021-012) published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo

					(http://www.cninfo.com.cn), which are media designated by the Company for information disclosure
The 2020 Annual General Meeting of Shareholders	Annual general meeting of shareholders	49.89%	May 14, 2021	May 15, 2021	The Announcement on the Resolutions of the 2020 Annual General Meeting of Shareholders (Announcement No.: 2021-046) published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and http://www.cninfo.com.cn, which are media designated by the Company for information disclosure
The Second Extraordinary General Meeting of Shareholders in 2021	Extraordinary general meeting	49.97%	September 06, 2021	September 07, 2021	The Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders in 2021 (Announcement No.: 2021-073) published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (http://www.cninfo.com.cn), which are media designated by the Company for information disclosure

2. Extraordinary general meeting of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable Not Applicable

V. Information of directors, supervisors and senior management members

1. Basic information

Name	Position	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Shareholding number (share) at beginning of the period	Shareholding number (share) increase in the current period	Shareholding number (share) decrease in the current period	Other increase/decrease (share)	Shareholding number (share) at end of the period	Reasons for share increase/decrease
Ma Gang	Chairman of the Board and President	Incumbent	Male	43	December 04, 2014	December 26, 2022	1,654,600	0	0	0	1,654,600	NA
Su Bin	Director	Incumbent	Male	44	September 06, 2021	December 26, 2022	0	0	0	0	0	NA
Kuang Guangxiong	Director	Incumbent	Male	43	January 30, 2019	December 26, 2022	0	0	0	0	0	NA

Shen Ke	Director	Incumbent	Male	51	January 30, 2019	December 26, 2022	0	0	0	0	0	NA
Shi Shuiping	Independent Director	Incumbent	Male	47	November 14, 2016	December 26, 2022	0	0	0	0	0	NA
Zhang Yu	Independent Director	Incumbent	Male	44	December 26, 2019	December 26, 2022	0	0	0	0	0	NA
Li Ruidong	Independent Director	Incumbent	Male	45	December 26, 2019	December 26, 2022	0	0	0	0	0	NA
Jiao Wanjiang	Chairman of the Supervisory Committee	Incumbent	Male	41	November 14, 2016	December 26, 2022	308,692	0	0	0	308,692	NA
Liu Kan	Supervisor	Incumbent	Male	38	December 26, 2019	December 26, 2022	0	0	0	0	0	NA
Lin Meiling	Employee Supervisor	Incumbent	Female	37	November 14, 2016	December 26, 2022	0	0	0	0	0	NA
Lu Anfeng	Vice President and Chief Financial Officer	Incumbent	Male	44	November 08, 2013	December 26, 2022	486,762	0	0	0	486,762	NA
Jin Taotao	Vice President and Board Secretary	Incumbent	Male	39	December 26, 2019	December 26, 2022	0	0	0	0	0	NA
Chen Peiliang	Director	Off-office	Male	50	January 30, 2019	August 02, 2021	0	0	0	0	0	NA
Total	--	--	--	--	--	--	2,450,054	0	0	0	2,450,054	--

Whether there has been any off-office of any director or supervisor or removal of any senior management members in their tenures during the reporting period

Yes No

During the reporting period, Mr. Chen Peiliang, Director of the Company, resigned from his position as Director and Vice President and from his position in the special committees of the Board of Directors of the Company due to personal reasons. In accordance with the Company Law of the People's Republic of China, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 - Standardized Operation of the Companies Listed on the Main Board and other laws and regulations and the Articles of Association of the Company, Mr. Chen Peiliang's resignation application shall become effective from the date on which it is delivered to the Board. Mr. Chen Peiliang did not directly hold any shares of the Company and has no outstanding commitments that should be performed but have not been performed. The resignation of Mr. Chen Peiliang will not adversely affect the production and operation of the Company.

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

Applicable Not Applicable

Name	Position held	Type	Date	Reason
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Chen Peiliang	Director	Off-office	August 02, 2021	Personal reasons
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2. Position and biographical information

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

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

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

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

4. Mr. Shen Ke, born in 1971, has a Master's degree, is Director of the eighth and ninth Board of Directors of Infore Enviro. Since January 2019, he has served as Investment Director at Zoomlion Heavy Industry Science and Technology Co., Ltd. from July 2003 to January 2019, he successively held the positions of Deputy Manager and Head of Investment Development Department, Deputy Department Director of Investment & Financing Management Department, and Board Secretary of Zoomlion Heavy Industry Science and Technology Co., Ltd.

5. Mr. Zhang Yu, born in 1978, has a Doctoral degree. He serves as Associate Professor at China Europe International Business School from 2015, and held the position of Assistant Professor at University of California, Irvine from 2008 to 2015.

6. Mr. Li Ruidong, born in 1977, has a Bachelor's degree. He has been President and Editor-in-chief at the China Environment Magazine since November 2013. 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 Environmental Protection from March 2008 to January 2012.

7. Mr. Shi Shuiping, born in 1975, has a Doctoral degree and is Certified Anti-Fraud Professional and Independent Director of the eighth and ninth Board of Directors of Infore Enviro. Since October 2010 till now, he has been the Professor and Supervisor to Undergraduate Students at the School of Management, Jinan University. He is also a Visiting Scholar at Boston University and City University of Hong Kong, Senior Member of Accounting Society of China, Senior Member of China Audit Society, Director at Guangdong Audit Society, Executive Director at Guangzhou Audit Society, and Expert Member of Guangdong Enterprise Institute for Internal Controls.

8. Mr. Lu Anfeng, born in 1978, holds a Master's degree, is PRC Certified Public Accountant and Certified Tax Agent. Since September 2012 till now, he has served as Vice President and Chief Financial Officer of the Company. He held the positions of Senior Financial Manager at Guangzhou PCI Group Co., Ltd., Audit Manager at Guangzhou Mayland Group, and Certified Public

Accountant at Guangzhou Branch of Shenzhen Dahua Tiancheng Accounting Firm, etc.

9. Mr. JinTaotao, born in 1983, has a Master's degree. He is Vice President and Board Secretary of the Company. He held the positions of Engineer at the Environmental Planning Institute of the former Ministry of Environmental Protection from September 2005 to April 2016, Vice President at Infore Environment Technology Group Co., Ltd. from May 2016 to June 2019, and Board Secretary at Stariver Environmental Technology Co., Ltd. from July 2019 to November 2019. Mr. Jin Tao joined the qualification training of Shenzhen Stock Exchange for Board Secretaries in November 2019 and obtained the qualification certificate for Board Secretary.

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

11. Mr. Liu Kan, born in 1984, has a Bachelor's degree. He has worked in the Company since February 2016, and is currently Director of the Operation Management Department of Zoomlion Urban Environmental Service Co., Ltd. He served as General Manager at Infore Network Technology Co., Ltd. from 2017 to November 2019, Director of the Operation Management Department of Universtar Science & Technology (Shenzhen) Co., Ltd. from 2016 to 2017, and Rice Cooker Product Planning Manager at Midea Small Domestic Appliance Shenzhen Branch and Midea Small Domestic Appliance Division from 2006 to 2015.

12. Ms. Lin Meiling, born in 1985, has a Bachelor's degree. She is currently Director of Human Resources at Infore Environment Technology Group Co., Ltd. From 2010 to now, she is responsible for the administration and human resources affairs of the Company.

Positions held in shareholder entities:

Applicable Not Applicable

Name of the personnel holding position	Shareholder entity	Position held at the shareholder entity	Start of tenure	End of tenure	Whether obtains remuneration or allowance from the shareholder entity
Ma Gang	Infore Group Co., Ltd.	Director	March 6, 2018	--	No
Su Bin	Infore Group Co., Ltd.	Director and Co-President	November 13, 2020	--	Yes
Kuang Guangxiong	Infore Group Co., Ltd.	Director and Co-President	October 1, 2018	--	Yes
Shen Ke	Zoomlion Heavy Industry Science and Technology Co., Ltd.	Investment Director	July 1, 2003	--	Yes
Statements on positions held in shareholder entities	Mr. Ma Gang is a Director of Infore Group Co., Ltd.; Mr. Su Bin is a Director and Co-President of Infore Group Co., Ltd.; Mr. Kuang Guangxiong is a Director and Co-President of Infore Group Co., Ltd.; Mr. Shen Ke is an Investment Director at Zoomlion Heavy Industry Science and Technology Co., Ltd.				

Positions held in other entities:

Applicable Not Applicable

Name of the personnel holding position	Name of other entity	Position held in other entity	Start of tenure	End of tenure	Whether obtains remuneration or allowance from the shareholder entity
Shen Ke	Bichamp Cutting Technology (Hunan) Co., Ltd.	Director	July 5, 2014	---	No

Zhang Yu	China Europe International Business School	Associate Professor	July 1, 2015	--	Yes
Li Ruidong	China Environment Magazine	President and Editor-in-chief	November 1, 2013	--	Yes
Shi Shuiping	Jinan University	Professor and Graduate Students' Supervisor at the School of Management	January 1, 2010	--	Yes
Statements on positions held in other entities	Mr. Shen Ke is a Director of Bichamp Cutting Technology (Hunan) Co., Ltd. Mr. Zhang Yu is an Associate Professor at China Europe International Business School; Mr. Li Ruidong is the President and Editor-in-chief of the China Environment Magazine; Mr. Shi Shuiping is a Professor and Supervisor to Undergraduate Students at the School of Management of Jinan University.				

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

Applicable Not Applicable

3. Remuneration of directors, supervisors and senior management Members

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

The remuneration of the directors, supervisors and senior management members of the Company for year 2021 are strictly in compliance with the Remuneration Plan for Directors, Supervisors and Senior Management Members in 2021 deliberated and adopted by the Company, the Rules of Procedures for the Board of Directors formulated by the Company, the Rules of Procedures for the Supervisory Committee and the Articles of Association of the Company, as well as the relevant provisions of the Company Law. The remuneration of the Company's directors, supervisors and senior management members shall be determined on the basis of reasonable remuneration in the market and the Company's performance appraisal results. The remuneration of the directors of the Company is actually paid on a yearly basis. The remuneration of senior management members is actually paid partly on a monthly basis, and the part linked to the Company's performance appraisal is paid at the end of the year.

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

Unit: RMB 10,000

Name	Position	Gender	Age	Incumbent/Former	Total pre-tax remuneration from the Company	Whether this person receives remuneration from the Company's associates
Ma Gang	Chairman of the board and president	Male	43	Incumbent	188.22	No
Su Bin	Director	Male	44	Incumbent	0	Yes
Kuang Guangxiong	Director	Male	43	Incumbent	0	Yes
Shen Ke	Director	Male	51	Incumbent	0	Yes
Shi Shuiping	Independent Director	Male	47	Incumbent	10	No
Zhang Yu	Independent Director	Male	44	Incumbent	10	No
Li Ruidong	Independent Director	Male	45	Incumbent	10	No

Jiao Wanjiang	Chairman of the Supervisory Committee	Male	41	Incumbent	80.37	No
Liu Kan	Supervisor	Male	38	Incumbent	63.76	No
Lin Meiling	Employee Supervisor	Female	37	Incumbent	14.02	No
Lu Anfeng	Vice President and Chief Financial Officer	Male	44	Incumbent	99.75	No
Jin Taotao	Vice President and Board Secretary	Male	39	Incumbent	95.78	No
Chen Peiliang	Director	Male	50	Off-office	359.92	No
Total	--	--	--	--	931.82	--

VI. Performance of Duties by Directors during the Reporting Period

1. Information on the board of directors during the reporting period

Meeting	Date of the meeting	Disclosure date	Meeting resolution
The 11th extraordinary meeting of the ninth Board of Directors	January 29, 2021	January 30, 2021	The Announcement on the Resolutions of the 11th Extraordinary Meeting of the Ninth Board of Directors (Announcement No.: 2021-004) was published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (www.cninfo.com.cn), which are media designated by the Company for information disclosure
The 12th extraordinary meeting of the ninth Board of Directors	April 08, 2021	April 09, 2021	The Announcement on the Resolutions of the 12th Extraordinary Meeting of the Ninth Board of Directors (Announcement No.: 2021-017) was published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (www.cninfo.com.cn), which are media designated by the Company for information disclosure
The 13th meeting of the ninth Board of Directors	April 22, 2021	April 23, 2021	The Announcement on the Resolutions of the 13th Meeting of the Ninth Board of Directors (Announcement No.: 2021-023) was published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (www.cninfo.com.cn), which are media designated by the Company for information disclosure
The 14th meeting of the ninth Board of Directors	August 19, 2021	August 21, 2021	The Announcement on the Resolutions of the 14th Meeting of the Ninth Board of Directors (Announcement No.: 2021-064) was published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (www.cninfo.com.cn), which are media designated by the Company for information disclosure
The 15th meeting of the ninth Board of Directors	October 22, 2021	October 23, 2021	The Announcement on the Resolutions of the 15th Meeting of the Ninth Board of Directors (Announcement No.: 2021-079) was published on the Securities Daily, the Securities Times, the China Securities Journal, the Shanghai Securities News and Cninfo (www.cninfo.com.cn), which are media designated by the Company for information disclosure

2. Attendance of directors at board meetings and general meetings of shareholders

Attendance of directors at board meetings and general meetings of shareholders							
Director's name	Total number of board meetings the director shall attend during the reporting period	Number of board meetings the director attended on site	Number of board meetings the director attended by way of telecommunication	Number of board meetings the director attended through proxy	Number of board meetings the director failed to attend	Whether the director failed to attend two consecutive board meetings	Number of general meetings of shareholders attended by the director
Ma Gang	5	5	0	0	0	No	3
Su Bin	1	1	0	0	0	No	0
Kuang Guangxiong	5	5	0	0	0	No	3
Shen Ke	5	4	1	0	0	No	3
Zhang Yu	5	4	1	0	0	No	3
Li Ruidong	5	4	1	0	0	No	3
Shi Shuiping	5	4	1	0	0	No	3
Chen Peiliang	3	2	1	0	0	No	2

Explanation of why any director failed to attend two consecutive board meetings

3. Objections raised by directors on relevant matters of the company

Indicate whether any director raised any objections on any relevant matter of the Company

Yes No

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

4. Other information about the performance of duties by directors

Indicate whether any recommendation from directors were adopted by the Company.

Yes No

Explanation on adoption/rejection of recommendation of any director of the Company

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

VII. Information on Specialized Committees under the Board during the Reporting Period

Name of the committee	Members	Number of meetings held	Date of the meeting	Meeting contents	Important opinions and suggestions proposed	Other information on performance of duties	Specific information on matters that objections were raised
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							(if any)
Audit Committee	Shi Shuiping, Li Ruidong and Chen Peiliang	4	January 28, 2021	1. Proposal on Related-party Transactions concerning the Provision of Temporary Lending Funds by Infore Holding Group Co., Ltd. to the Company for the Year 2021; 2. Proposal on the Provision of Guarantee by the Company for Joint-Stock Companies; 3. Report on the Self-assessment of Internal Control in 2020; 4. Report on the Planning for Internal Audit in 2021; and 5. Pre-communication on the 2021 Annual Report.	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
			April 21, 2021	1. 2020 Annual Report and the summary thereof; 2. 2020 Annual Financial Accounts Report; 3. The main text and full text of the 2021 First Quarter Report; 4. Profit Distribution Plan or 2020; 5. Proposal regarding the Fulfillment of Performance Commitments for 2018- 2020 by Changsha Zoomlion Heavy Industry Science & Technology Environmental Industry Co., Ltd.; 6. Internal Control Work Report for the First Quarter of 2021; 7. Special Report on Annual Use of Funds Raised in 2020; 8. Annual Special Report on Matters relating to the Provision of Guarantee; 9. Proposal on Guarantee Quotas Provided to Subsidiaries; 10. Proposal on Providing Buyer's Credit Guarantee for Clients; 11. Annual Special Report on Related-party Transaction Matters; 12. Proposal on Expected Routine Related-party Transactions in 2021; 13. Proposal on Renewal of Engagement of the Accounting Firm; 14. Proposal on the Change of Accounting Policies of the Company and its Subsidiaries; 15. Proposal for the Annual Planning on the Entrusted Wealth Management with Self-owned Funds for 2021; 16. Proposal on Carrying out the Instrument Pool Business.	Agreed to pass the relevant proposals of this meeting.	--	Not applicable

			August 18, 2021	1. 2021 Semi-annual Report and the summary thereof; 2. 2021 Semi-annual Financial Report; 3. Internal Control Work Report for the Second Quarter of 2021; 4. 2021 Semi-annual Special Report on the Annual Use of Raised Funds; 5. Semi-annual Special Report on Providing Guarantee; 6. Semi-annual Special Report on Related-party Transactions; and 7. Proposal on Financing Factoring and Related-party Transactions Conducted by Wholly-owned Subsidiaries and Joint-stock Subsidiaries.	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
			October 21, 2021	1. Third Quarter Report in 2021; 2. Internal Control Work Report in the Third Quarter of 2021; 3. The Special Report on the Use of Raised Funds in the Third Quarter of 2021; and 4. Proposal on the Use of Part of the Idle Raised Funds to Temporarily Supplement Working Capital.	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
Strategy Committee	Ma Gang, Shen Ke and Kuang Guangxiong	2	January 28, 2021	Proposal on Transferring the 51% of the Company's Controlling Right of the Subsidiary through Public Listing	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
			April 07, 2022	1. Proposal on the Termination of Company Share Repurchase; 2. Proposal on the Company Share Repurchase Plan.	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
Remuneration & Appraisal Committee	Li Ruidong, Kuang Guangxiong and Zhang Yu	2	April 21, 2021	1. Proposal regarding the Remuneration Packages for Directors, Supervisors and Senior Management Members for 2021; 2. Proposal regarding the Cancellation of Partial Stock Options Expired but Not Exercised under Phase II Stock Option Incentive Plan; 3. Proposal for the Adjustment of the Eligible Participants and the Number of Options to Be Exercised under the Phase II and Phase III Stock Option Incentive Plans and Cancellation of Partial Stock Options; 4. Proposal for Matters relating to Option Exercise in the Third Exercise Schedule	Agreed to pass the relevant proposals of this meeting.	--	Not applicable

				under the Phase II Stock Option Incentive Plan of the Company; 5. Proposal for Matters Relating to Option Exercise in the Second Exercise Schedule under Phase III Stock Option Incentive Plan of the Company.			
			August 18, 2021	Proposal for Adjustment of the Option Exercise Prices of Phase II and Phase III Stock Option Incentive Plans	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
Nomination Committee	Zhang Yu, Ma Gang	2	August 18, 2021	Proposal for the By-election of Mr. Su Bin as a Non-independent Director of the 9th Board of Directors	Agreed to pass the relevant proposals of this meeting.	--	Not applicable
			October 21, 2021	Proposal for the By-election of Members of the Special Committees of the 9th Board of Directors	Agreed to pass the relevant proposals of this meeting.	--	Not applicable

VIII. Work of the Supervisory Committee

Indicate whether the supervisory committee found any risk to the Company during its supervision in the reporting period.

Yes No

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

IX. Information on Employees of the Company

1. Number, specialty and educational backgrounds of employees

Number of in-service employees of the parent company at the end of the reporting period	228
Number of in-service employees of the major subsidiaries at the end of the reporting period	13,135
Total number of in-service employees at the end of the reporting period	13,363
Total number of paid employees in the reporting period	13,363
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	8,871
Sales personnel	1,453
Technical personnel	1,582
Finance personnel	222
Administrative personnel	1,235
Total	13,363

Educational level	
Types of educational level	Number of people
Doctoral degree	9
Master's degree	483
Bachelor's degree	2,787
College	2,167
Below college	7,917
Total	13,363

2. Remuneration policy

The Company adopts a fair remuneration system featured by positive incentives. It follows the performance-oriented principle and promotes competent personnel. 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 and individual performance. The Company swings the weight of salary payment towards technical professionals to ensure that the income level of core talent is competitive in the market. The employee remuneration policy will be dynamically adjusted according to regional conditions, talent supply, staff turnover, extent of changes in the industry environment and the corporate payment capacity.

3. Training plan

In adherence to the core value of "our employees are our business partners", the Company is committed to building a team of highly skilled personnel. It has established a multi-level talent training system ("Fenglin Program -Yingfeng Training Camp -Tanfeng Training Camp") and a multi-category professional and general training system covering employees from fresh graduates to senior executives, so that employees can continuously improve their comprehensive abilities through training. In order to create a good concentrated learning atmosphere in the whole company, in 2021, the Company set up a cross-unit and cross-department Infore Enviro Talent Training Center – "Infore Enviro Staff Ability Charging Station", and established a professional internal lecturer team through effective selection, training and motivation to share internal excellent experience and methodology. According to the actual needs of employees at different levels and functional departments, the Company organized multiple online or offline training sessions, insisted on the concept of parallel progress of talent development and enterprise development, improved the multi-level talent training system, cultivated "Infore Enviro Staff" in one continuous line, and contributed to the Company's high-quality development.

4. Labor outsourcing

Applicable Not Applicable

Total hours of labor outsourced	45,405,082.6
Total payment for labor outsourcing (RMB)	446,329,864.19

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

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

Applicable Not Applicable

According to the Articles of Association, while satisfying the conditions of cash dividend and ensuring the Company's normal operation and long-term development, the Company shall in principle pay cash dividend on an annual basis. The Board of Directors may propose interim cash dividends depending on the Company's profit status, cash flow status, development stage and capital

requirements. The Company shall maintain 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 attributable profit realized in the recent three years.

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

Special remarks on the cash dividend policy	
Whether it is in compliance with the Company's Articles of Association or resolutions of the general meetings of shareholders:	Yes
Whether dividend standards and ratio are made clear:	Yes
Whether the decision-making procedure and mechanism are complete:	Yes
Whether Independent Directors faithfully performed their duties and played their role with due diligence:	Yes
Whether medium and small shareholders can fully express their opinions and desire and whether their legal rights and interests are fully 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 in the reporting period and the parent company's profits attributable to shareholders was positive, but a preliminary plan for cash dividend distribution was not put forward

Applicable Not Applicable

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

Applicable Not Applicable

Bonus shares per 10 shares (share)	0
Dividend per 10 shares (RMB) (tax inclusive)	1.00
Total shares as the basis for the preliminary plan for profit distribution (share)	3,179,499,754.00
Cash dividends (RMB) (tax inclusive)	317,949,975.40
Cash dividends in other forms (such as share repurchase) (RMB)	455,303,777.91
Total cash dividends (inclusive of those in other forms) (RMB)	773,253,753.31
Attributable profit (RMB)	706,488,302.65
Percentage of total cash dividends (inclusive of those in other forms) in the total distributed profit (%)	100%
Information on this cash dividend	
Others	
Details about the preliminary plan for profit distribution and converting capital reserve into share capital	
<p>The profit distribution plan for 2021 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 2021 profit distribution plan, a cash dividend of RMB 1.00 (tax inclusive) per 10 shares will be distributed to the shareholders, with no bonus issue from either profit or capital reserves.</p> <p>The attributable profit was 502,505,012.72 at the end of 2020, and the balance of retained earnings after the distribution of cash dividend was RMB 130,011,840.20. For 2021, net profit realized was RMB 640,529,402.45, and RMB 64,052,940.00 was set aside as surplus reserves. The attributable profit was RMB 706,488,302.65 at the end of 2021. If, at the time of the implementation of the 2021 profit distribution plan, there is no share repurchase before the implementation of the 2021 equity distribution plan, the total share capital for the 2021 profit distribution plan at the date of equity registration would be the existing share capital of 3,179,499,754 shares. And according to the 2021 profit distribution plan, a cash dividend of RMB 1.00 (tax inclusive) per 10 shares would be distributed to the shareholders. The total cash dividend payout would amount to RMB 317,949,975.40, and the balance of retained earnings after distribution would be RMB 388,538,327.25. Where any share repurchase occurs before the implementation of the 2021 equity distribution plan, the repurchased shares will be excluded from the total share capital for actual cash dividend, and the total cash dividend payout will be reduced accordingly.</p>	

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

√ Applicable □ Not Applicable

1. Stock incentive

Overview of Phase II Stock Option Incentive Plan:

1. On March 11, 2021, the second exercise schedule of the Company's Phase II Stock Option Incentive Plan ended, a total of 18,200 stock options had been partially exercised by 46 incentive subjects, leaving 3,476,800 stock options unexercised. The Company would cancel the 3,476,800 stock options that were granted and were not exercised during the second exercise schedule of the Phase II Stock Option Incentive Plan, in accordance with the applicable laws and regulations.

2. On April 22, 2021, the 13th meeting of the ninth Board of Directors and the 12th meeting of the ninth Supervisory Committee held by the Company deliberated and approved the Proposal Regarding the Cancellation of Partial Stock Options Expired but Not Exercised under Phase II Stock Option Incentive Plan; Proposal for the Adjustment of the Eligible Participants and the Number of Options to Be Exercised under the Phase II and Phase III Stock Option Incentive Plans and Cancellation of Partial Stock Options; Proposal for Matters relating to Option Exercise in the Third Exercise Schedule under the Phase II Stock Option Incentive Plan of the Company.

(1) In accordance with the Phase II Stock Option Incentive Plan (Draft), considering the fact that when the second exercise schedule of the Company's Phase II Stock Option Incentive Plan ended, a total of 18,200 stock options had been partially exercised by 46 incentive subjects, leaving 3,476,800 stock options unexercised, the Board of Directors of the Company approved the cancellation of the 3,476,800 stock options that were granted but were not exercised during the second exercise schedule of the Phase II Stock Option Incentive Plan, in accordance with the relevant regulations.

(2) The Company's six incentive subjects resigned due to personal reasons or became supervisors due to position change, and they were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the Phase II Stock Option Incentive Plan (Draft), their 560,000 stock options in total were canceled for the third exercise schedule. After the adjustments, the incentive subjects of the phase II Stock Option Incentive Plan were adjusted from the original 46 to 40, and the number of stock options granted was adjusted from 4.66 million to 4.10 million.

(3) The exercise conditions for the third exercise schedule under the Phase II Share Option Incentive Plan have been met, and the total number of options available for exercise is 4,100,000, which are exercised by individual exercise at the price of RMB 9.15 per share. Prior to the exercise of stock option, if the Company has dividend distribution, capital reserve transferred to share capital, distribution of share bonus, share split, share reduction or increase issue in stocks, etc., the exercise price of stock options will be adjusted accordingly.

3. On August 19, 2021, the 14th meeting of the ninth Board of Directors and the 13th meeting of the ninth Supervisory Committee held by the Company deliberated and approved the Proposal for Adjustment of the Option Exercise Prices of Phase II and Phase III Stock Option Incentive Plans. In view of the fact that the Company's 2020 annual equity distribution was completed on July 8, 2021, according to relevant provisions on the adjustment of the stock option exercise price of the Phase II Stock Option Incentive Plan (Draft), if the Company has capital reserve transferred to share capital, distribution of share bonus, share split, share reduction, dividend distribution or share allotments, etc. within the validity period of the stock options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of the Phase II Stock Option Incentive Plan will be adjusted from RMB 9.15 per share to RMB 9.03 per share.

4. As of December 31, 2021, as the market price is lower than the exercise price, the options under the Phase II Share Option Incentive Plan of the Company remain unexercised in the third exercise schedule.

For more information, please refer to announcements published on April 23, 2021 and August 21, 2021 on the media of information disclosure specified by the Company and Cninfo (<http://www.cninfo.com.cn>).

Overview of Phase III Stock Option Incentive Plan:

1. On April 22, 2021, the 13th meeting of the ninth board of directors and the 12th meeting of the ninth Supervisory Committee held by the Company deliberated and approved the Proposal for the Adjustment of the Eligible Participants and the Number of Options to Be Exercised under the Phase II and Phase III Stock Option Incentive Plans and Cancellation of Partial Stock Options and the Proposal for Matters Relating to Option Exercise in the Second Exercise Period under Phase III Stock Option Incentive Plan of the Company.

(1) Company's 13 incentive subjects resigned due to personal reasons, and they were identified by the Company's board of directors as no longer suitable for incentives. According to the provisions of the Phase III Stock Option Incentive Plan (Draft), their 3,101,000 stock options in total were canceled for the second and third exercise schedules. After the adjustments, the incentive subjects of the Phase III Stock Option Incentive Plan were adjusted from the original 244 to 231, and the number of locked stock options granted was adjusted from 44,667,000 to 41,566,000.

(2) The exercise conditions for the second exercise schedule under the Phase III Share Option Incentive Plan have been met, and the total number of options available for exercise is 17,814,000, which are exercised by individual exercise at the price of RMB 6.34 per share. Prior to the exercise of stock option, if the Company has dividend distribution, capital reserve transferred to share capital, distribution of share bonus, share split, share reduction or increase issue in stocks, etc., the exercise price of stock options will be adjusted accordingly.

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

3. As of December 31, 2021, the second exercise schedule of the Phase III stock options is still not expired, and the number of exercised stock options is 16,384,380 shares.

For more information, please refer to announcements published on April 23, 2021 and August 21, 2021 on the media of information disclosure specified by the Company and Cninfo (<http://www.cninfo.com.cn>).

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

Applicable Not Applicable

Appraisal mechanism and incentives for senior management members

The Company has established a sound performance assessment and incentive system. The Board of Directors of the Company established the Nomination Committee and the Remuneration & Appraisal Committee as the administrative institutions for the appointment and remuneration appraisal of the senior management members of the Company, which shall be responsible for formulating remuneration standards and schemes for the senior management members, reviewing their performance of duties and formulating scientific and reasonable remuneration scheme and submitting to the board for review and discussion. The senior management members currently serving in the Company shall be subject to comprehensive performance appraisal based on their positions, the current remuneration system of the Company, the Company's actual operating performance, individual performance, performance of duties and achievement of responsibilities and goals, and the result of such appraisal shall serve as the basis to determine their remunerations. The Company pays the remunerations of senior management members based on schedule. During the reporting period, the senior management members of the Company conscientiously performed their duties in strict accordance with

the Company Law, the Articles of Association and the relevant laws and regulations, actively implemented relevant resolutions of the shareholders' meetings and Board meetings, and completed various tasks of the year in a quite good way.

2. Implementation of the employee stock ownership plan

Applicable Not Applicable

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

Scope of employees	Number of employees	Total shares held by employees	Changes	Proportion to the total share capital of the listed company	Source of funds to implement the plan
Directors (excluding Independent Directors), supervisors, middle and senior level management personnel, key elite personnel (technology, marketing, production, etc.) of the Company.	136	36,211,560 shares	As of December 31, 2021, 35,671,310 company shares were sold cumulatively through centralized price competitions by the Phase I Employee Stock Ownership Plan of the Company, accounting for 1.12% of the total share capital of the Company. After the sale the Phase I Employee Stock Ownership Plan holds 540,250 company shares, accounting for 0.02% of the total share capital of the Company.	1.14%	Employees' legitimate remuneration, self-raised funds and other funds obtained through legitimate and compliant means.

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to the total share capital of the listed company
Ma Gang	Chairman of the Board and President	8,632,835	128,795	0.00%
Chen Peiliang	Director and Vice President	793,033	11,831	0.00%
Lu Anfeng	Vice President and Chief Financial Officer	2,708,624	40,410	0.00%
Jin Taotao	Vice President and Secretary of the Board of Directors	409,190	6,104	0.00%
Jiao Wanjiang	Chairman of the Supervisory Committee	1,267,404	18,908	0.00%

Changes in the asset management institution during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

Exercise of shareholders' rights during the reporting period

NA

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

Applicable Not Applicable

1. The Company disclosed the Indicative Announcement on the Expiration of the Lock-up Period of the Phase I Employee Stock Ownership Plan on May 12, 2021, and the lock-up period of the Company's Phase I Employee Stock Ownership Plan is 12 months

from the time when the registration of last underlying stock is under the name of Phase I Employee Stock Ownership Plan was announced by the Company (i.e., from May 13, 2020 to May 12, 2021). In accordance with the relevant provisions of the Phase I Employee Stock Ownership Plan (Draft) of the Company, upon expiry of the lock-up period of the employee stock ownership plan, the asset management institution will sell the underlying shares at the right time according to the specific market conditions.

2. As of December 31, 2021, 35,671,310 shares were sold cumulatively through centralized price competitions by the Phase I Employee Stock Ownership Plan of the Company, accounting for 1.12% of the total share capital of the Company. After the sale, the Phase I Employee Stock Ownership Plan holds 540,250 company shares, accounting for 0.02% of the total share capital of the Company.

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 in the reporting period and relevant accounting treatment

Applicable Not Applicable

Termination of the employee stock ownership plan in the reporting period

Applicable Not Applicable

Other statements

NA

3. Other employee incentive measures

Applicable Not Applicable

XII. Establishment and Implementation of the Internal Control System in the Reporting Period

1. Establishment and implementation of internal control

I. Basic Information of the Establishment of Internal Control

Infore Enviro has established and improved various rules and regulations relating to corporate governance and internal control in accordance with the requirements of the Company Law, the Securities Law, the Basic Internal Control Norms for Enterprises, the Stock Listing Rules of the Shenzhen Stock Exchange and other statutory documents. The operations of the General Meeting of Shareholders, the Board of Directors and the Supervisory Committee in Infore Enviro are in compliance with the provisions of the relevant laws, regulations, the Articles of Association of the Company, the Rules of Procedures for the General Meeting of Shareholders, the Rules of Procedures for the Board of Directors, and the Rules of Procedures for the Supervisory Committee. Corresponding internal management systems with respect to such major issues as financial accounting, fundraising, external investment, external guarantee, related-party transactions and information disclosure have been established in Infore Enviro to ensure the legality and compliance of daily operations and decision-making procedures with respect to major matters.

II. Implementation of Internal Control

(I) Implementation of the information disclosure management policy

Upon verification, the Company effectively complied with the Information Disclosure Management Policy in 2021, with a good performance in information disclosure, and has not been punished by the securities regulatory authorities for violation of rules on information disclosure.

(II) Implementation of the financial internal control system

Upon verification, with respect to finance and accounting, the Company has formulated the relevant internal management system in accordance with the requirements of the Accounting Standards for Enterprises, the Company Law and other relevant laws and regulations, which can ensure the accuracy and reliability of the financial and accounting information and the safety and effectiveness of the financial and accounting systems.

(III) Implementation of other internal control systems

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

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

Yes No

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

Company	Integration plan	Integration progress	Problems in the integration	Resolution measures taken	Resolution progress	Follow-up resolution plan
None	None	None	None	None	None	None

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

1. Internal control self-assessment report

Date of full disclosure of the internal control assessment report	April 29, 2022	
Index of full disclosure of the internal control assessment report	For details, see the 2021 Internal Control Self-Assessment Report disclosed on Cninfo (http://www.cninfo.com.cn)	
Ratio of the total assets of the organization included in the assessment to the total assets in the Company's consolidated financial statements	100.00%	
Ratio of the revenue of the organization included in the assessment to the revenue in the Company's consolidated financial statements	100.00%	
Deficiency identification criteria		
Category	Financial reports	Non-financial reports
Qualitative criteria	Significant deficiencies: 1. Anti-fraud procedures and controls; 2. Internal control over unconventional or unsystematic transactions; 3. Internal control over the selection and application of accounting policies with reference to the generally accepted accounting principles; 4. Internal control over the financial reporting procedures at the end of reporting period;	Material deficiencies: 1. Violations of national laws and regulations, e.g., environmental pollution, serious damage to the local ecological environment, failure to report or disclose information as regulations; 2. Loss of more than 30% of middle and senior managers and senior technical personnel without timely replenishment, affecting the normal operations of the

	<p>Material deficiencies:</p> <ol style="list-style-type: none"> 1. Fraud committed by directors, supervisors and senior management members; 2. Enterprise's correction of a financial report published or reported; 3. Material misstatement in the current period's financial report identified by a certified public accountant, which was not identified in the course of running of internal control; 4. Ineffective supervision over internal control by the Audit Committee and internal audit agency of enterprise; 5. Lack of post qualification or obvious incompetence of principal financial personnel; 6. Ineffective compliance supervision and violations of regulations that may have a significant impact on the reliability of financial reports; 7. The management's failure to correct significant deficiency after a reasonable period of the deficiency being reported to the management. 	<p>Company;</p> <ol style="list-style-type: none"> 3. Failure to take timely and active response measures for frequent negative media reports, which involve a wide range of subjects, leading to a significant negative impact on the Company; 4. Failure to remedy internal control assessment findings, especially material or significant deficiencies; 5. Absence of policy control or systematic failure of critical businesses; 6. Unreasonable decision-making procedures of enterprise, e.g., decision-making mistakes, resulting in unsuccessful M&A; 7. Losses suffered by the enterprise in consecutive years for reasons apart from policy reasons, posing challenges to the Company's ability to continue as a going concern; 8. Lack of internal controls in subsidiaries, leading to poor management. <p>Significant deficiencies:</p> <ol style="list-style-type: none"> 1. Fraud committed by middle-level managers; 2. Negative reports published by influential media in that year; 3. Failure to remedy ordinary deficiencies identified in the prior year without reasonable explanation; 4. Incompetency of some managers or operators. <p>Ordinary deficiencies:</p> <ol style="list-style-type: none"> 1. Fraud committed by general employees; 2. Failure to remedy ordinary deficiencies identified in the prior year with reasonable explanation;
Quantitative criteria	<p>Material deficiencies:</p> <ol style="list-style-type: none"> 1. The potentially misstated amount in the profit statement is greater than or equals to 1% of the revenue in the consolidated financial statements of the Company for the most recent fiscal year or 5% of the total pre-tax profit; 2. The potentially misstated amount in the balance sheet is greater than or equals to 1% of the total assets in the consolidated financial statements of the Company for the most recent fiscal year. <p>Significant deficiencies:</p> <ol style="list-style-type: none"> 1. The potentially misstated amount in the profit statement is greater than or equals to 0.5% of the Company's revenue or 3% of the total pre-tax profit in the consolidated financial statements for the most 	<p>Ordinary deficiencies:</p> <p>Less than RMB 5 million;</p> <p>Significant deficiencies:</p> <p>RMB 5 million (including RMB 5 million) to RMB 10 million;</p> <p>Material deficiencies:</p> <p>RMB 10 million and above</p>

	<p>recent fiscal year but less than 1% of the Company's revenue or 5% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year.</p> <p>2. The potentially misstated amount in the balance sheet is greater than or equals 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>Ordinary deficiencies:</p> <p>1. The potentially misstated amount in the profit statement is less than 0.5% of the Company's revenue or 3% of the total pre-tax profit in the consolidated financial statements for the most recent fiscal year;</p> <p>2. The potentially misstated amount in the balance sheet is less than 0.5% of the total assets in the consolidated financial statements of the Company for the most recent fiscal year.</p>	
Number of material deficiencies in financial reports		0
Number of material deficiencies in non-financial reports		0
Number of significant deficiencies in financial reports		0
Number of significant deficiencies in non-financial reports		0

2. Audit report on internal control

Applicable Not Applicable

Opinion paragraph in the audit report on internal control	
Infore Enviro maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the Basic Internal Control Norms for Enterprises and other applicable rules.	
Disclosure status of the audit report on internal control	Disclosed
Disclosure date of the full audit report on internal control	April 30, 2022
Index to the full audit report on internal control	PCCPA Auditor's Report [2022] No. 5131
Opinion type of the audit report on internal control	Standard unqualified opinion
Indicate whether any material deficiency in the non-financial reports	No

Indicate whether any non-standard opinion is expressed in the audit report on the Company's internal control by the accounting firm

Yes No

Indicate whether the accounting firm's report on the Company's internal control is consistent with the internal control self-assessment report issued by the Company's Board of Directors.

Yes No

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

According to the system of the CSRC for filling and reporting the special self-examination list for the governance of listed companies, the Company conducted self-examination work during the special campaign based on the principle of seeking truth from facts and in strict accordance with the Company Law, the Securities Law, the 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, the Standardized Operation of Companies Listed on the Main Board and other laws and regulations, and that its corporate governance structure is relatively sound, the operations are standardized, and there is no material problems or mistakes. The Company shall continue to strengthen management in the following aspects:

1. To further improve the internal control system of the Company

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

2. To further facilitate special board committees to play their roles

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

3. To further improve the quality of information disclosure

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

4. To further strengthen the training of relevant personnel on laws and regulations

The Company shall, through optimizing internal training programs and intensifying training efforts, enhance the understanding and memory of the relevant personnel on relevant laws and regulations and normative documents, such as the Securities Law, Stock Listing Rules of the Shenzhen Stock Exchange, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No.1 - Standardized Operation of the Companies Listed on the Main Board, Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company, and the Detailed Implementing Rules of the Shenzhen Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies, and continuously strengthen relevant study, strictly observe relevant provisions, manage

its operation in a prudent manner and eradicate violations.

Part V Environmental and Social Responsibility

I. Major Environmental Issues

Indicate whether the listed company and its subsidiaries fell into major pollutant-discharge enterprises and institutions published by national environmental protection authorities.

√ Yes □ No

Name of company or subsidiary	Names of main pollutants and characteristic pollutants	Way of discharge	Number of discharge outlets	Layout of discharge outlets	Discharge concentration	Pollutant discharge standards implemented	Total discharge volume	Total approved discharge volume	Excessive discharge
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	COD	Continuous discharge	1	Beijiang River trunk stream waterway	8.1 mg/L	GB18918-2002, Class 1A	325.21 t	1606t/a	None
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	Ammonia nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	0.70 mg/L	GB18918-2002, Class 1A	28.10 t	200.75 t/a	None
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)	Total phosphorus	Continuous discharge	1	Beijiang River trunk stream waterway	0.28 mg/L	GB18918-2002, Class 1A	11.24 t	20.075 t/a	None
Foshan Shunde Huaqingyuan Water Environmental Protection Co., Ltd. (Phases I and II sewage stations by the gate)	Total nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	5.8mg/L	GB18918-2002, Class 1A	232.87 t	602.25 t/a	None

gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (Phase III sewage station by the gate)									
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/smoke	80m chimney	1	North side of the main plant	2.4mg/Nm ³	GB18485-2014	1.044t	14.6t/a	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/SO ₂	80m chimney	1	North side of the main plant	36.9mg/Nm ³	GB18485-2014	23.475t	100t/a	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/NO _x	80m chimney	1	North side of the main plant	159.6mg/Nm ³	GB18485-2014	95.456t	96.72t/a	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/HCl	80m chimney	1	North side of the main plant	36.4mg/Nm ³	GB18485-2014	22.857t	/	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/CO	80m chimney	1	North side of the main plant	19.1mg/Nm ³	GB18485-2014	10.463t	/	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/Pb	80m chimney	1	North side of the main plant	0.02407mg/Nm ³	GB18485-2014	/	/	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/Cd	80m chimney	1	North side of the main plant	0.000016397mg/Nm ³	GB18485-2014	/	/	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/Hg	80m chimney	1	North side of the main plant	0.0048mg/Nm ³	GB18485-2014	/	/	None
Funan Greenlander Environmental Protection Energy Co., Ltd.	Waste gas/dioxin	80m chimney	1	North side of the main plant	0.049ng-TEQ/m ³	GB18485-2014	/	/	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/smoke	80m chimney	1	West side of the main plant	1.79mg/m ³	GB18485-2014	0.81t	/	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/SO ₂	80m chimney	1	West side of the main plant	40.97mg/m ³	GB18485-2014	29.23t	70t/a	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/NO _x	80m chimney	1	West side of the main plant	199.09mg/m ³	GB18485-2014	139.37t	144t/a	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/HCl	80m chimney	1	West side of the main plant	47.41mg/m ³	GB18485-2014	30.16t	/	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/CO	80m chimney	1	West side of the main plant	8.74mg/m ³	GB18485-2014	1.23t	/	None
Shouxian Greenlander New Energy Co., Ltd.	Waste gas/Pb	80m chimney	1	West side of the main plant	0.024mg/m ³	GB18485-2014	/	/	None
Shouxian Greenlander	Waste	80m	1	West side of	0.0019mg/	GB18485-	/	/	None

New Energy Co., Ltd.	gas/Cd	chimney		the main plant	m ³	2014			
Shouxian Grelander New Energy Co., Ltd.	Waste gas/Hg	80m chimney	1	West side of the main plant	0.00007mg/Nm ³	GB18485-2014	/	/	None
Shouxian Grelander New Energy Co., Ltd.	Waste gas/dioxin	80m chimney	1	West side of the main plant	0.0018ngTEQ/m ³	GB18485-2014	/	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/smoke	80m chimney	1	West side of the main plant	0.86mg/Nm ³	GB18485-2014	0.32t	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/SO ₂	80m chimney	1	West side of the main plant	12.83mg/Nm ³	GB18485-2014	9.35t	58t/a	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/NO _x	80m chimney	1	West side of the main plant	180.38mg/Nm ³	GB18485-2014	119.72t	148.85t/a	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/HCl	80m chimney	1	West side of the main plant	16.01mg/Nm ³	GB18485-2014	10.58t	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/CO	80m chimney	1	West side of the main plant	10.97mg/Nm ³	GB18485-2014	7.45t	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/Pb	80m chimney	1	West side of the main plant	0.006mg/Nm ³	GB18485-2014	/	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/Cd	80m chimney	1	West side of the main plant	0.00005mg/Nm ³	GB18485-2014	/	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/Hg	80m chimney	1	West side of the main plant	0.0004mg/Nm ³	GB18485-2014	/	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (1# furnace)	Waste gas/dioxin	80m chimney	1	West side of the main plant	0.021ng-TEQ/m ³	GB18485-2014	/	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/smoke	80m chimney	1	West side of the main plant	1.12mg/Nm ³	GB18485-2014	0.53t	/	None
Xiantao Grelander Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/SO ₂	80m chimney	1	West side of the main plant	25.24mg/Nm ³	GB18485-2014	9.00t	58t/a	None
Xiantao Grelander	Waste	80m	1	West side of	179.64mg/	GB18485-	93.80t	148.85t/a	None

Environmental Protection Power Co., Ltd. (2# furnace)	gas/NOx	chimney		the main plant	Nm ³	2014			
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/HCl	80m chimney	1	West side of the main plant	14.16mg/Nm ³	GB18485-2014	8.19t	/	Nnoe
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/CO	80m chimney	1	West side of the main plant	31.93mg/Nm ³	GB18485-2014	5.76t	/	None
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/Pb	80m chimney	1	West side of the main plant	0.007mg/Nm ³	GB18485-2014	/	/	None
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/Cd	80m chimney	1	West side of the main plant	0.00007mg/Nm ³	GB18485-2014	/	/	None
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/Hg	80m chimney	1	West side of the main plant	0.0025mg/Nm ³	GB18485-2014	/	/	None
Xiantao Greener Environmental Protection Power Co., Ltd. (2# furnace)	Waste gas/dioxin	80m chimney	1	West side of the main plant	0.010ng-TEQ/m ³	GB18485-2014	/	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/smoke	80m chimney	1	North side of the main plant	0.790mg/Nm ³	GB18485-2014	0.2223t	12t/a	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/SO2	80m chimney	1	North side of the main plant	22.689mg/Nm ³	GB18485-2014	6.3807t	80t/a	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/NOx	80m chimney	1	North side of the main plant	151.684mg/Nm ³	GB18485-2014	42.6568t	250t/a	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/HCl	80m chimney	1	North side of the main plant	30.054mg/Nm ³	GB18485-2014	8.4518t	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/CO	80m chimney	1	North side of the main plant	2.466mg/Nm ³	GB18485-2014	0.6935t	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/Pb	80m chimney	1	North side of the main plant	0.019mg/Nm ³	GB18485-2014	/	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/Cd	80m chimney	1	North side of the main plant	0.000243mg/Nm ³	GB18485-2014	/	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste gas/Hg	80m chimney	1	North side of the main plant	0.000077mg/Nm ³	GB18485-2014	/	/	None
Poyang Greener Renewable Energy Co., Ltd.	Waste	80m chimney	1	North side	0.0271ng-	GB18485-	/	/	None

Renewable Energy Co., Ltd.	gas/dioxin	chimney		of the main plant	TEQ/m ³	2014			
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/smoke	80m chimney	1	South side of the main plant	10.64mg/Nm ³	GB18485-2014	0.157t	10.95t/a	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/SO ₂	80m chimney	1	South side of the main plant	38.36mg/Nm ³	GB18485-2014	6.937t	31.68t/a	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/NO _x	80m chimney	1	South side of the main plant	215.88mg/Nm ³	GB18485-2014	33.779t	159.72t/a	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/HCl	80m chimney	1	South side of the main plant	25.6mg/Nm ³	GB18485-2014	5.104t	/	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/CO	80m chimney	1	South side of the main plant	60.8mg/Nm ³	GB18485-2014	0.864t	/	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/Pb	80m chimney	1	South side of the main plant	0.1221mg/Nm ³	GB18485-2014	/	/	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/Cd	80m chimney	1	South side of the main plant	0.000481mg/Nm ³	GB18485-2014	/	/	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/Hg	80m chimney	1	South side of the main plant	0.00143mg/Nm ³	GB18485-2014	/	/	None
Biyang County Fenghe New Energy Power Co., Ltd.	Waste gas/dioxin	80m chimney	1	South side of the main plant	0.01195ngTEQ/Nm ³	GB18485-2014	/	/	None
Xiantao Yinghe Environmental Protection Co., Ltd.	Ammonia and hydrogen sulfide	Centralized	2	Discharge outlets of kitchen waste and sludge were set at the end of the deodorization system, and waste gas was discharged through the chimney	Ammonia: 0.06mg/Nm ³ , hydrogen sulfide: 1.5mg/Nm ³	GB14554-93	NA	/	None
Xiantao Yinghe Environmental Protection Co., Ltd.	Smoke, SO ₂ and NO _x	Centralized	1	Discharge outlets of kitchen biogas combustion were set at the end of the combustion system, and waste gas	Smoke: 20mg/Nm ³ , SO ₂ : 50mg/Nm ³ , NO _x : 200mg/Nm ³	GB13271-2014	0	Smoke: 0.241t; SO ₂ : 0.467t; NO _x : 1.809t	None

				was discharged through the chimney					
Xiantao Yinghe Environmental Protection Co., Ltd.	COD and ammonia nitrogen	Centralized	1	Sewage discharge outlets were set at the end of the sewage treatment facility, and sewage was discharged to the sewage plant in the west of the city after centralized treatment	COD: 500mg/L; ammonia nitrogen: no limit	GB8978-1996	COD: 2.88t; ammonia nitrogen: 0.0155t	COD: 4.2627t; ammonia nitrogen: 0.427t	None

Construction and operation of pollution prevention and control facilities:

The Company, in strict accordance with the environmental protection laws and regulations such as Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Air Pollution, Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste, and Law of the People's Republic of China on Prevention and Control of Water Pollution, as well as the administrative requirements of simultaneous design, construction and application of main works and pollution prevention and control measures, designed and constructed pollution prevention and control facilities and main works simultaneously and carried out acceptance inspections and put them into use simultaneously. The Company ran its water treatment projects with mature and reliable production process, conducted daily sampling and recorded the operation in full, maintained stable operation throughout the year. The Company also ran its domestic waste incineration power generation projects with the most mature and stable process in the industry, ensured sufficient environmental consumables input in these projects, maintained stable operation throughout the year. As required, all key pollutant discharge projects of the Company were equipped with online monitoring devices at the outlets, with monitoring data directly sent to the national environmental platform. All the projects were supervised by national environmental protection authorities, with all emissions in 2021 meeting the requirements.

Assessment on the environmental impact of construction projects and other administrative licenses of environmental protection

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

Contingency plan for environmental emergencies

The Company commissioned a professional third-party organization to develop a contingency plan for environmental emergencies for each of its key pollutant discharge projects, which was approved and filed for record. In 2021, it carried out regular training and drills among its employees in different projects according to the requirements and contents of the contingency plan to enable them to timely and accurately deal with environmental pollution emergencies. In 2021, no major environmental risk incidents

occurred in any of the projects.

Environmental self-monitoring plan

The Company developed the 2021 Environmental Self-Monitoring Plan for each of its key pollutant discharge projects, and filed them with local ecological and environmental protection authorities. It also commissioned a professional third-party inspection institution to carry out regular environmental monitoring of the pollutants discharged by the projects.

Administrative penalties for environmental issues during the reporting period

Name of company or subsidiary	Reason	Violation	Penalty	Impact on the production and operation of listed company	Rectification measures
Shenzhen Yinglian Urban Environmental Service Co., Ltd.	The sealing measures were not well performed and the waste was exposed when the urban waste transport vehicles transported urban domestic waste to the designated place.	The aforesaid administrative penalty given to Shenzhen Yinglian Urban Environmental Service Co., Ltd. is a warning on general violation against law. Such violation did not fall into the situation of "failing to correct within the time limit or causing serious consequences", and did not constitute a major illegal act.	The company was ordered to make rectification and fined RMB 2,000.	There is no significant impact on the production and operation of listed company.	Rectified in time
Shenzhen Bao'an Yinglian Urban Service Co., Ltd.	The sewage was discharged into rainwater pipe network in the area where the rain and sewage should be discharged separately.	The aforesaid administrative penalty given to Shenzhen Bao'an Yinglian Urban Service Co., Ltd. is a warning on general violation against law. Such violation did not fall into the situation of "failing to correct within the time limit or causing serious consequences", and did not constitute a material illegal act.	The company was ordered to make rectification and received a warning, without any fine.	There is no significant impact on the production and operation of listed company.	Rectified in time

Other environmental information to be disclosed

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

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

√ Applicable □ Not Applicable

The Company made rational use of waste resources and effectively reduced environmental carbon emissions through environmental protection industrial modes such as domestic waste incineration for power generation, kitchen waste resource

utilization and sewage treatment. In terms of the project of domestic waste incineration for power generation, the greenhouse gas emission reduction is about 0.78-1.32kg per kilowatt-hour, and 0.2-0.3TCO₂e per ton of waste, with sound emission reduction effect.

Other information related to environmental protection

NA

II. Corporate Social Responsibility

For details, please refer to the 2021 Corporate Social Responsibility Report disclosed at Cninfo (www.cninfo.com.cn).

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

In 2021, the Company actively took social responsibility, participated in local education support activities, and donated funds and materials to help promote rural revitalization with targeted poverty alleviation. All subsidiaries of the Company actively responded to the call of governments at all levels and actively participated in local education support activities, including a pledge of RMB 100,000 to Shangyu People's Education Fund, which will be used to improve the conditions of local schools at all levels and categories, encourage and reward teachers and students, help the poverty-stricken students, etc.; a donation of RMB 12,000 to Funan Youth Volunteers Association to help impoverished college students; a donation of RMB 10,000 for the "Assisting the Impoverished Student in Autumn" activity organized by Biyang County Education Bureau, Henan Province; a pledge of RMB 20,000 to Daliang Educational Charity Fund; a donation of RMB 15,000 to Shenzhen Xinzhiqing Education Development Foundation.

In addition, the Company actively explored ways to carry out targeted poverty alleviation. Its subsidiaries participated in rural revitalization activities such as "supporting rural revitalization by Biyang Charity Fund", "paired-up assistance in poverty alleviation in Long'an, Mashan and Shanglin counties in Guangxi", donating funds for "Anhua Rural Revitalization Fund and Shimen Citrus Festival", participating in "Assisting in poverty alleviation in Dashuiping Village in Xinhua County and helping to improve the village environment" activity organized by the United Front Work Department of CPC Central Committee of Hunan Province, and donated about RMB 495,000 in funds and materials to meet local development needs, making positive contributions to rural revitalization.

The Company always adheres to the unity of economic benefits and social benefits, and pursues healthy and sustainable development. It aims to increase its contribution to the local economy, and finally realize the common progress and development of enterprises and society while striving to achieve its own development and growth.

Part VI Significant Events

I. Performance of undertakings

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

√ Applicable □ Not Applicable

Undertaking	Party	Type	Content	Date	Term of undertakings	Fulfillment of undertakings
Undertaking on shareholding structure reform	--	--	--	--	--	--
Undertakings made in acquisition report or equity change report	--	--	--	--	--	--
Undertakings made in asset restructuring	De facto controller: He Jianfeng	Undertaking on not to relinquish the control of the listed company	I have no plan to relinquish control of the listed company in the next 60 months from the date of completion of this transaction.	January 3, 2019	60 months	It is being properly fulfilled without breach of such undertaking.
	Ningbo Infore Asset Management Co., Ltd.	Undertaking on trading restrictions	1. The shares of the listed company acquired from this transaction shall not be transferred within 36 months from the closing date of issuance. 2. In case the closing price of the listed company's stock is lower than its issue price for 20 consecutive trading days within 6 months from the completion of this transaction, or the closing price is lower than the issue price at the end of six months from the completion of this transaction, the lock-up period for Ningbo Infore's shareholding in the listed company shall automatically extend for at least 6 months.	January 3, 2019	42 months	It is being properly fulfilled without breach of such undertaking.
	Counterparties Ningbo Yingtai,	Undertaking on trading restrictions	The shares of the listed company acquired from this transaction shall not be transferred within 36 months from the closing date of issuance.	January 3, 2019	36 months	It is being properly fulfilled without breach of such

	Ningbo Zhongfeng, Ningbo Liantai					undertaking.
	De facto controller He Jianfeng, Ningbo Infore, Infore Holding	Undertaking to avoid horizontal competition, regulate and reduce related-party transactions, and independence of listed companies	Undertaking to avoid horizontal competition, regulate and reduce related-party transactions, and independence of listed companies	August 15, 2018	Indefinitely	It is being properly fulfilled without breach of such undertaking.
	Ningbo Infore, Hongchuang Investment, Zoomlion, Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking to avoid horizontal competition, and regulate and reduce related-party transactions	Undertaking to avoid horizontal competition, and regulate and reduce related-party transactions	August 15, 2018	Indefinitely	It is being properly fulfilled without breach of such undertaking.
	Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking related to the employment term and non-solicitation	Core personnel such as the general manager of the Company (the specific list of main management personnel and other core personnel shall be verified and confirmed by Infore Enviro) shall be incumbent with the target company for at least 36 months from the closing date of the underlying shares.	November 27, 2018	36 months	The undertaking has been fulfilled and strictly observed by the undertaking parties.
	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Undertaking related to performance	The accumulative total net profit recorded by Lianjiang Greenlander New Energy Co., Ltd, Xiantao Greenlander Environmental Protection Power Co., Ltd., Funan Greenlander Environmental Energy Co., Ltd., and Shouxian Greenlander New Energy Co., Ltd. from 2016 to 2019 shall not be less than RMB 120 million (net profit is subject to the lower after deducting non-recurring profit or loss).	October 14, 2015	48 months	Not fulfilled properly. The audited net profit (net profit is the lower of before or after deducting non-recurring profit or loss) for the period from 2016 to 2019 is RMB 2,156,500, RMB -24,424,500, RMB -19,192,800, and RMB -625,700 respectively; and the accumulated net profit is RMB -42,086,600 which is RMB 162,086,600 less than the performance commitment, indicating a failure to achieve the commitment in respect of the net

						profit for 2016 - 2019.
	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Project undertakings	From 2016 to 2019, the Greenlander Environmental signed a new BOT Agreement on Waste Incineration Power Generation (subject to the signing of franchise agreement), with an agreed daily disposal capacity of no less than 6,500 tons (the daily disposal capacity of a single project shall be no less than 500 tons, and at least one shall be more than 2000 tons).	October 14, 2015	48 months	Not fulfilled properly. The newly signed projects by Greenlander Environmental from 2016 to 2019 totaled 1,400 tons, 5,100 tons less than the project undertaking.
	Greenlander Investment Holding Co., Ltd. and Zheng Weixian	Project construction undertakings	Jiujiang Company must start the construction and obtain approval prior to December 31, 2020. In case of failure to commence 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	December 31, 2020 48 months	Not fulfilled properly.
Undertakings made in IPO or refinancing	He Jianfeng	Undertaking on trading restrictions	The shares subscribed for this time shall not be transferred within 36 months from the closing date of this issuance.	January 3, 2018	36 months	The undertaking has been fulfilled and strictly observed by the undertaking parties.
	She Changguang	Undertaking on trading restrictions	The shares subscribed for shall not be transferred within 36 months from the closing date of this issuance.	January 3, 2018	36 months	The undertaking has been fulfilled and strictly observed by the undertaking parties.
Undertakings related to equity incentives	--	--	--	--	--	--
Undertakings made to minority shareholders of the company	--	--	--	--	--	--
Whether the undertakings were fulfilled on time	No					
If the undertaking is overdue, the specific reasons for not fulfilling it and the next work plan shall	The main cause is that the project construction progress was slower than expected. To safeguard the rights and interests of the Company and protect the interests of shareholders, the Company applied to Foshan Intermediate People's Court for asset preservation against Greenlander Investment Holding Co., Ltd., Zheng Weixian, and Ren Zhe on November 5, 2018. The court has frozen 30% equity interest of Greenlander Investment Holding Co., Ltd. in Shenzhen Greenlander Environmental Protection Co., Ltd. as well as Zheng Weixian's deposits of RMB 9,816.09. On August 21, 2020, the Company received a counterclaim filed by Greenlander Investment Holding Co., Ltd. and Zheng Weixian to the court. On August 24, 2020 and September 24, 2020, the court held two hearings on the case, and on January 13, 2021, the court issued a judgment of first instance. Greenlander Investment Holding Co., Ltd. and Zheng Weixian filed an appeal on January 29, 2021, and the court held a public hearing on the case of second instance					

be elaborated	on November 2, 2021, and has not yet issued the judgment of second instance.
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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

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 in the reporting period.

III. Illegal Provision of Guarantees for External Parties

Applicable Not Applicable

No such cases in the reporting period.

IV. Explanations Given by the Board of Directors Regarding the "Non-standard Audit Opinion" for the Latest Period

Applicable Not Applicable

V. Explanation of the Board of Directors, the Supervisory Committee, and Independent Directors (If Any) Regarding the "Non-standard 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 Report for the Prior Year

Applicable Not Applicable

1. The Company has implemented the revised Accounting Standard No. 21 for Business Enterprises—Leasing (hereinafter referred to as the "New Leasing Standard") since 1 January 2020 (hereinafter referred to as the first implementation date).

(1) For existing contracts prior to the first implementation date, the Company has chosen not to reassess whether they are leases or contain leases.

(2) For leases in which the Company is the lessee, the Company has adjusted the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period based on the cumulative effects of the first implementation date of the new leasing standard and the previous standard, without adjusting the information for comparable periods. The specific process was as follows:

For finance leases prior to the first implementation date, the Company measured the right-of-use assets and lease liabilities respectively at the original carrying amounts of the finance lease assets and finance lease payables on the first implementation date.

For operating leases prior to the first implementation date, the Company measured the lease liabilities on the first implementation date based on the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as of the first implementation date, and measured the right-of-use assets based on an amount equal to the lease liabilities, with necessary adjustments for prepaid rentals.

On the first implementation date, the Company conducted impairment tests on right-of-use assets and accounted for them accordingly as per Note V.31 to the Financial Statements.

1) The major effects of implementing the new leasing standard on the financial statements as of January 1, 2021:

Item	Balance sheet		
	December 31, 2021	Effect of the new leasing standard	January 1, 2021
Right-of-use assets		30,945,067.78	30,945,067.78
Non-current liabilities due within one year	150,862,201.57	7,701,219.17	158,563,420.74
Lease liabilities		23,243,848.61	23,243,848.62

2) The weighted average of the Company's incremental borrowing rate used for the lease liabilities recorded in the balance sheet on the first implementation date was 4.65%.

3) Simplified treatment of operating leases prior to the first implementation date

① For leases completed within 12 months from the first implementation date, the Company applied the simplified approach and did not recognize right-of-use assets and lease liabilities;

② The Company used the same discount rate for lease contracts with similar characteristics when measuring the lease liability;

③ The measurement of right-of-use assets did not include initial direct costs;

④ The Company determined the lease term based on the actual exercise of the renewal option or termination option prior to the first implementation date and other updates;

The above simplified treatment has no significant impact on the Company's financial statements.

(3) For operating lease contracts for low-value assets that existed prior to the first implementation date, the Company adopted the simplified approach of not recognizing right-of-use assets and lease liabilities and accounting for them as per the new leasing standard from the first implementation date.

(4) Leases for which the Company is the lessor were accounted for as per the new leasing standard from the first implementation date.

(5) Treatment of existing sale and leaseback transactions prior to the first implementation date

For sale and leaseback transactions existing prior to the first implementation date, the Company did not reassess on the first implementation date whether the transfer of assets was in conformity with the provisions of Accounting Standard for Business Enterprises No. 14 – Revenue for accounting as a sale.

For sale and leaseback transactions accounted for as sales and finance leases prior to the first implementation date, the Company, as the seller (lessee), accounted for the leasebacks in the same manner as other finance leases existing on the first implementation date and continued to amortize the related deferred revenue or loss over the lease term.

For sale and leaseback transactions accounted for as sales and operating leases prior to the first implementation date, the Company, as the seller (lessee), accounted for the leasebacks in the same manner as other operating leases existing on the first implementation date, and adjusted the right-of-use assets for the related deferred revenue or loss recorded on the balance sheet prior to the first implementation date.

2. The Company has implemented, since January 26, 2021, Interpretation No. 14 of the Accounting Standards for Business Enterprises (hereinafter referred to as Interpretation No. 14) issued in 2021 by the Ministry of Finance.

The Company retroactively adjusted the contracts of relevant PPP projects that commenced before December 31, 2020, and had not been completed by the effective date of Interpretation No. 14, and the amount of relevant projects in the financial statements at the beginning of 2021 based on the cumulative effects, without adjusting the information for comparable periods. The major effects of the adjustment on the Company's financial statements as of January 1, 2021:

Item	Balance sheet		
	December 31, 2021	Effects	January 1, 2021
Construction in progress	1,782,529,087.95	-1,711,793,604.00	70,735,483.95
Intangible assets	3,163,935,814.41	1,711,793,604.00	4,875,729,418.41

3) The Company has implemented, since December 31, 2021, the provision of "Presentation of Centralized Fund Management" in the Interpretation No. 15 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and such change in accounting policies has no impact on the Company's financial statements.

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

Applicable Not Applicable

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

VIII. Engagement and Disengagement of Accounting Firm

Incumbent accounting firm

Name of the domestic accounting firm	Pan-China Certified Public Accountants LLP (Special General Partnership)
The Company's payment to the domestic accounting firm (RMB)	310

10,000)	
Consecutive years of the audit service provided by the domestic accounting firm	20
Names of the certified public accountants from the domestic accounting firm	Bian Shanshan and Pan Jianwu
Consecutive years of the audit service provided by the certified public accountants from the domestic accounting firm	3 years and 1 year respectively
Name of the overseas accounting firm (if any)	Not applicable

Whether the CPA firm was changed for the reporting period

Yes No

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

Applicable Not Applicable

During the year, Pan-China Certified Public Accountants LLP (Special General Partnership) was appointed as the accounting firm for the Company's internal control audit.

IX. Possibility of Delisting after the Disclosure of this Report

Applicable Not Applicable

X. Bankruptcy and Reorganization

Applicable Not Applicable

No such cases in the reporting period.

XI. Material Litigation and Arbitration

Applicable Not Applicable

No such cases in the reporting period.

During the reporting period, other lawsuits that did not meet the disclosure criteria for material litigation primarily included purchase and sales contract disputes, with a total amount of approximately RMB 149 million, which are not expected to incur any provision of large amount.

XII. Punishments and Rectifications

Applicable Not Applicable

No such cases in the reporting period.

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

Applicable Not Applicable

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

XIV. Significant Related-Party Transactions

1. Related-party transactions arising from daily operation

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 (RMB 10,000)	Proportion in the amount of similar transactions (%)	Approved transaction L\line (RMB 10,000)	Over the approved line	Method of settlement	Available market price for similar transactions	Disclosure date	Disclosure document
Zoomlion	Shareholder holding more than 5% of the Company's shares	Goods or financial services	Goods or financial services	Market price	--	21,318.44	--	80,550	No	As per contractual provisions	--	April 23, 2021	www.cninfo.com.cn
Total				--	--	21,318.44	--	80,550	--	--	--	--	--
Details of any large-amount sales return				None									
Give the actual fulfillment situation in the reporting period (if any) where an estimate by type had been made for the total amounts of daily related-party transactions to occur in the current period				None									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

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

Applicable Not Applicable

No such cases in the reporting period.

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

Applicable Not Applicable

No such cases in the reporting period.

4. Current associated rights of credit and liabilities

Applicable Not Applicable

Indicate whether there were any associated rights of credit and liabilities for non-operating purposes

Yes No

No such cases in the reporting period.

5. Transactions with finance companies with related party relationships

Applicable Not Applicable

Deposit business

Related parties	Related party relationship	Maximum daily deposit limit (RMB 10,000)	Range of deposit rate	Opening balance (RMB 10,000)	Current period actual		Ending balance (RMB 10,000)
					Total deposited amount (RMB 10,000)	Total withdrawn amount (RMB 10,000)	
Zoomlion Finance Co., Ltd.	Related company to a shareholder holding more than 5% of the Company's shares	0	No interest accrued	443.46	7,838.95	8,282.41	0

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 in the reporting period.

XV. Significant Contracts and Their Execution

1. Entrustment, contracting, and leasing

(1) Entrustment

Applicable Not Applicable

No such cases in the reporting period.

(2) Contracting

Applicable Not Applicable

No such cases in the reporting period.

(3) Leasing

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 Yixin Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, as the business premises with a construction area of 1,578.68 sqm. The rent payable for the year 2020 was RMB 1,296,100, and the actual payment was RMB 1,296,100. As of December 31, 2021, the above amounts have been settled.

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

Applicable Not Applicable

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

2. Major 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 line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Guarantee type	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not
Buyer's credit business	April 23, 2021	15,000	October 29, 2021	3,294.09	Joint and several liability guarantee	NA	--	2 years	No	No
Buyer's credit business	April 23, 2021	20,000	June 30, 2021	5,749.52	Joint and several liability guarantee	NA	--	1 year	No	No
Buyer's credit business	April 23, 2021	16,528.1	September 18, 2021	16,528.1	Joint and several liability guarantee	NA	--	1 year	No	No
Buyer's credit business	April 23, 2021	778.23	May 18, 2021	778.23	Joint and several liability guarantee	NA	--	1 year	No	No
Buyer's credit business	April 23, 2021	4,948	May 14, 2021	4,948	Joint and several liability guarantee	NA	--	1 year	No	No
Lianjiang Greenlander New Energy Co., Ltd.	August 21, 2020	4,981.5	--	4,649.34	Joint and several liability guarantee	NA	--	15 years	No	Yes
Guangdong	January 30,	14,000	January 1,	14,000	Joint and	NA	--	5 years	No	Yes

Wellkey Electric Material Co., Ltd.	2021		2021		several liability guarantee					
Guangdong Wellkey Electric Material Co., Ltd.	January 30, 2021	2,000	June 25, 2021	2,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Liaoning Donggang Magnetic Wire Co., Ltd.	January 30, 2021	25,000	December 21, 2020	14,800	Joint and several liability guarantee	NA	--	3 years	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	4,000	June 21, 2021	3,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	3,000	May 25, 2021	3,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	2,000	June 28, 2021	2,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Guangdong Wellkey Electric Material Co., Ltd.	January 30, 2021	18,000	--	--	--	--	--	--	--	--
Anhui Wellkey Electric Material Co., Ltd.	January 30, 2021	3,000	--	--	--	--	--	--	--	--
Buyer's credit business	April 23, 2021	22,745.67	--	--	--	--	--	--	--	--
Total approved line for external guarantee during the reporting period (A1)			155,981.5		Total actual amount of external guarantee during the reporting period (A2)					74,747.28
Total approved line for external guarantee at the end of the reporting period (A3)			155,981.5		Total actual balance of external guarantee at the end of the reporting period (A4)					74,747.28
Guarantees provided by the Company for its subsidiaries										
Guaranteed party	Disclosure date of the guarantee	Line of guarantee	Actual occurrence	Actual guarantee	Guarantee type	Security (if any)	Counter-guarant	Term of guarantee	Completed or not	Guarantee for a related

	line announcem ent		date	amount			ees (if any)			party or not
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	22,000	November 13, 2020	15,501.89	Joint and several liability guarantee	NA	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	15,350	December 29, 2020	14,687.7	Joint and several liability guarantee	NA	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	9,100	October 25, 2019	3,883.91	Joint and several liability guarantee	NA	--	2 years	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	30,000	December 10, 2021	5,127.41	Joint and several liability guarantee	NA	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	11,000	August 18, 2020	1,579	Joint and several liability guarantee	NA	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	10,000	April 23, 2021	10,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	7,500	March 22, 2021	0	Joint and several liability guarantee	NA	--	1 year	No	Yes
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	April 23, 2021	15,000	November 16, 2021	15,000	Joint and several liability guarantee	NA	--	1 year	No	Yes
Guangdong Infore Technology	April 23, 2021	5,000	June 17, 2021	65.33	Joint and several liability	NA	--	1 year	No	Yes

Co., Ltd.					guarantee					
Guangdong Infore Technology Co., Ltd.	April 23, 2021	4,000	March 1, 2021	256.04	Joint and several liability guarantee	NA	--	3 years	No	Yes
Guangdong Infore Technology Co., Ltd.	April 23, 2021	3,000	September 3, 2021	51.44	Joint and several liability guarantee	NA	--	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.	December 26, 2017	15,000	December 26, 2018	9,423.05	Joint and several liability guarantee	NA	--	5 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	April 20, 2020	13,000	June 15, 2020	12,750	Joint and several liability guarantee	NA	--	15 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	August 10, 2019	25,000	December 27, 2019	15,840	Joint and several liability guarantee	NA	--	10 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	February 2, 2016	13,000	August 25, 2016	6,175	Joint and several liability guarantee	NA	--	8 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	October 27, 2016	12,000	November 15, 2016	5,120	Joint and several liability guarantee	NA	--	8 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	August 21, 2020	28,000	January 21, 2021	28,000	Joint and several liability guarantee	NA	--	10 years	No	Yes
Maoming Infore Environment Water Treatment Technology	December 26, 2017	15,000	March 20, 2018	11,421.05	Joint and several liability guarantee	NA	--	15 years	No	Yes

Co., Ltd.										
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	October 24, 2019	10,000	March 25, 2020	7,000	Joint and several liability guarantee	NA	--	5 years	No	Yes
Changde Zelian Environmental Service Co., Ltd.	April 23, 2021	12,000	May 26, 2021	9,600	Joint and several liability guarantee	NA	--	15 years	No	Yes
Lu'an Zhongfeng Urban Environmental Service Co., Ltd.	April 23, 2021	8,000	June 08, 2021	7,800	Joint and several liability guarantee	NA	--	13 years	No	Yes
Tongshan Tongda Water Treatment Technology Co., Ltd.	April 25, 2020	6,000	February 01, 2021	1,000	Joint and several liability guarantee	NA	--	18 years	No	Yes
Xiantao Yinghe Environmental Protection Co., Ltd.	August 21, 2020	30,100	January 20, 2021	9,300	Joint and several liability guarantee	NA	--	15 years	No	Yes
Changsha Zhongbiao Environmental Industry Co., Ltd.	April 23, 2021	5,000	September 11, 2021	3,408.12	Joint and several liability guarantee	NA	--	1 year	No	Yes
Changde Zelian Environmental Service Co., Ltd.	April 23, 2021	60	--	--	--	--	--	--	--	--
Guangdong Infore Technology Co., Ltd.	April 23, 2021	700	--	--	--	--	--	--	--	--
Other holding subsidiaries	April 23, 2021	5,450	--	--	--	--	--	--	--	--
Total approved guarantee line for subsidiaries during the reporting period (B1)			219,260		Total actual guarantee amount for subsidiaries during the reporting period (B2)					192,989.95
Total approved			330,260		Total actual guarantee					192,989.95

guarantee line for subsidiaries at the end of the reporting period (B3)				balance for subsidiaries at the end of the reporting period (B4)							
Guarantees between subsidiaries											
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Guarantee type	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Completed or not	Guarantee for a related party or not	
Total approved guarantee line for subsidiaries during the reporting period (C1)				0	Total actual guarantee amount for subsidiaries during the reporting period (C2)				0		
Total approved guarantee line 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 line during the reporting period (A1+B1+C1)		375,241.5		Total actual guarantee amount during the reporting period (A2+B2+C2)						267,737.23	
Total approved guarantee line at the end of the reporting period (A3+B3+C3)		486,241.5		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)						267,737.23	
Proportion of the total actual guarantee amount (A4+B4+C4) in the Company's net assets										15.84%	
Of which:											
Balance of debt guarantees provided directly or indirectly for the guaranteed party with a liability-to-asset ratio over 70% (E)										173,089.95	
Total amount of the three kinds of guarantees above (D+E+F)										173,089.95	

Description of composite guarantees

3. Entrusted cash management

(1) Entrusted wealth management

Applicable Not Applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB 10,000

Type	Funding source	Entrustment amount	Undue amount	Unrecovered overdue amount	Accrued impairment amount for unrecovered overdue wealth management
Bank's wealth management	Own funds	217,895	0	0	0

product					
Total		217,895	0	0	0

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

Applicable Not Applicable

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

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

No such cases in the reporting period.

4. Other significant contracts

Applicable Not Applicable

No such cases in the reporting period.

XVI. Other Significant Events

Applicable Not Applicable

No such cases in the reporting period.

XVII. Other Significant Events of Subsidiaries

Applicable Not Applicable

On January 29, 2021, and February 24, 2021, the Company held the 11th Extraordinary Meeting of the ninth Board of Directors and the 1st Extraordinary General Meeting of 2021 to deliberate and approve the Proposal on Public Listing Transfer of 51% of the Controlling Right of Subsidiary. It was approved that the Company would transfer 51% of the controlling right of Foshan Yingtong to the transferee, Guangdong Yinghe Corporate Management Co., Ltd. (hereinafter referred to as Guangdong Yinghe). The Company had completed the registration of the public listing transfer of 51% equity interest in Foshan Yingtong, after which the Company held 49% equity interest in Foshan Yingtong. During the reporting period, the Company had received RMB 131.9 million of the transaction price paid by Guangdong Yinghe, and the remaining RMB 123.1 million is to be paid as per the transfer agreement. For more information, please refer to announcements published on November 21, 2020, January 30, 2021, February 25, 2021, and March 17, 2021 on the media of information disclosure specified by the Company, Cninfo (www.cninfo.com.cn).

Part VII Share Changes and Shareholder Information

I. Share Changes

1. Share changes

Unit: Share

	Before		Increase/decrease in the current period (+/-)					After	
	Quantity	Ratio	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Others	Sub-total	Quantity	Ratio
I. Restricted shares	1,158,356,644	36.62%	0	0	0	18,757,326	18,757,326	1,139,599,318	35.84%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	1,158,356,644	36.62%	0	0	0	18,757,326	18,757,326	1,139,599,318	35.84%
Including: Domestic legal person shares	1,137,761,778	35.97%	0	0	0	0	0	1,137,761,778	35.78%
Domestic natural person shares	20,594,866	0.65%	0	0	0	18,757,326	18,757,326	1,837,540	0.06%
4. Foreign-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign legal person share	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person share	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted Shares	2,004,705,502	63.38%	16,409,605	0	0	18,757,326	35,166,931	2,039,872,433	64.16%
1. RMB-denominated ordinary shares	2,004,705,502	63.38%	16,409,605	0	0	18,757,326	35,166,931	2,039,872,433	64.16%
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	3,163,062,146	100.00%	16,409,605	0	0	0	16,409,605	3,179,471,751	100.00%

Reasons for share changes

√ Applicable □ Not Applicable

1. On January 7, 2021, the Company disclosed the Reminder on Lifting Trading Restrictions on Restricted Shares in the Private Placement. In 2017, the Company issued 73,856,975 restricted shares to 9 subscribers through private placement, with lock-up periods of 12 months and 36 months, respectively. On January 3, 2018, the shares issue via the private placement were listed on the

Shenzhen Stock Exchange (SZSE). The 18,757,326 shares subscribed by He Jianfeng and Yu Changguang were not negotiable within 36 months upon completion of issuance. On January 8, 2021, the 18,757,326 restricted shares issued via the private placement were lifted from trading restrictions and available for listing and circulation.

2. On March 11, 2021, the 2nd exercise schedule of the 2nd stock option incentive plan was closed. The total of stock options exercised by 46 incentive subjects was 18,200. The number of non-restricted shares increased by 18,200. Therefore, the Company's total share capital increased from 3,163,062,146 shares to 3,163,080,346 shares.

3. In the 2nd eligible exercise schedule of the 3rd stock option incentive plan, the total of exercised stock options was 16,384,380 (as of 31 December 2021). The number of non-restricted shares increased by 16,384,380. Therefore, the Company's total share capital increased from 3,163,080,346 shares to 3,179,464,726 shares.

4. On January 5, 2022, the Company disclosed the Announcement on Results of Conversion of Convertible Bonds and Changes in Share Capital in the 4th Quarter of 2021. As of December 31, 2021, a total amount of 7,025 A shares were converted from the "Infore Convertible Bonds" issued by the Company. The number of non-restricted shares increased by 7,025. Therefore, the Company's total share capital increased from 3,179,464,726 shares to 3,179,471,751 shares.

Approval of changes in share capital

Applicable Not Applicable

1. On April 23, 2020, the Company convened the 4th Meeting of the 9th Board of Directors. Upon discussion, the Meeting approved the "Proposal on Matters Related to the Exercise in the 2nd Exercise Schedule of the 2nd Stock Option Incentive Plan". A total of 46 incentive objects of the 2nd Stock Option Incentive Plan were deemed fit to exercise their 3,495,000 stock options voluntarily in the 2nd exercise window before March 11, 2021.

2. On April 22, 2021, the Company convened the 13th Meeting of the ninth Board of Directors. Upon discussion, the meeting approved the Proposal on Matters Related to the Exercise in the 2nd Exercise Schedule of the 3rd Stock Option Incentive Plan. A total of 231 incentive subjects of the 3rd stock option incentive plan were deemed fit to exercise their 17,814,000 stock options voluntarily in the 2nd exercise schedule before November 25, 2022.

3. With the approval granted by the CSRC under Document ZH.J.X.K [2020], the Company publicly issued 14,761,896 convertible corporate bonds on November 4, 2020, each with a par value of RMB 100 and the total issued amount is RMB 1,476,189,600. Approved by the SZSE, the Company's convertible corporate bonds of RMB 1,476,189,600 have been listed for trading on the SZSE since December 2, 2020. The Infore Convertible Bonds in this offering have been convertible into the Company's shares since May 10, 2021.

Transfer of shares

Applicable Not Applicable

During the reporting period, China Securities Depository and Clearing (Shenzhen) Corporation Limited handled the share registration procedures for 18,200 exercised stock options in the 2nd stock option incentive plan, 16,384,380 exercised stock options in the 3rd stock option incentive plan and 7,025 shares converted from the convertible corporate bonds.

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

Applicable Not Applicable

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

Applicable Not Applicable

2. Changes in restricted shares

Applicable Not Applicable

Unit: Share

Name of shareholders	Number of shares held at the beginning of the period	Increase of restricted shares during the period	Decrease of restricted shares during the period	Number of shares held at the end of the period	Reasons for trading restriction	Date of lifting trading restriction
Ningbo Infore Asset Management Co., Ltd.	1,017,997,382	0	0	1,017,997,382	Restricted shares in private placement	July 4, 2022
Ningbo Yingtai Investment Partnership (Limited Partnership)	40,913,514	0	0	40,913,514	Restricted shares in a private placement	January 4, 2022
Ningbo Zhongfeng Investment Partnership (Limited Partnership)	40,141,033	0	0	40,141,033	Restricted shares in a private placement	January 4, 2022
Ningbo Liantai Investment Partnership (Limited Partnership)	38,709,849	0	0	38,709,849	Restricted shares in a private placement	January 4, 2022
He Jianfeng	11,723,329	0	11,723,329	0	Restricted shares in a private placement	January 8, 2021
She Changguang	7,033,997	0	7,033,997	0	Restricted shares in a private placement	January 8, 2021
Others	1,837,540	0	0	1,837,540	Locked-up shares of senior management	25% of the total shareholdings are unlocked annually
Total	1,158,356,644	0	18,757,326	1,139,599,318	--	--

II. Issuance and Listing of Securities

1. Securities (exclusive of preference shares) issued in the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

1. On November 8, 2017, the Company received the Approval of Private Placement of Infore Environment Technology Group Co., Ltd. (Document ZH.J.X.K [2017] No.1938) from the CSRC. On December 22, 2017, it received the Confirmation Letter of Acceptance of Share Registration Application from the CSDC Shenzhen. In this private placement, the Company non-publicly issued 73,856,975 floating shares with trading restrictions (lock-up period of 12 months and 36 months respectively) to 9 subscribers. The shares issued were listed on the SZSE on January 3, 2018.

On January 7, 2021, the Company disclosed the Reminder on Lifting Trading Restrictions on Restricted Shares in the Private Placement. The 18,757,326 shares subscribed by He Jianfeng and Yu Changguang were not negotiable within 36 months upon completion of issuance. On January 8, 2021, the 18,757,326 restricted shares issued in the private placement were lifted from trading restrictions and available for listing and circulation.

2. On April 23, 2020, the Company convened the 4th Meeting of the ninth Board of Directors. Upon discussion, the meeting approved the Proposal on Matters Related to the Exercise in the 2nd Exercise Schedule of the 2nd Stock Option Incentive Plan". A total of 46 incentive subjects of the 2nd stock option incentive plan were deemed fit to exercise their 3,495,000 stock options voluntarily in the 2nd exercise schedule before March 21, 2021.

On March 11, 2021, the 2nd exercise schedule of the 2nd stock option incentive plan was closed. The total of stock options exercised by 46 incentive subjects was 18,200. The number of non-restricted shares increased by 18,200. Therefore, the Company's total share capital increased from 3,163,062,146 shares to 3,163,080,346 shares.

3. On April 22, 2021, the Company convened the 13th Meeting of the ninth Board of Directors. Upon discussion, the Meeting approved the Proposal on Matters Related to the Exercise in the 2nd Exercise Schedule of the 3rd Stock Option Incentive Plan. A total of 231 incentive subjects of the 3rd stock option incentive plan were deemed fit to exercise their 17,814,000 stock options voluntarily in the 2nd exercise schedule before November 25, 2022.

In the 2nd eligible exercise schedule of the 3rd stock option incentive plan, the total of exercised stock options was 16,384,380 (as of December 31, 2021). The number of non-restricted shares increased by 16,384,380. Therefore, the Company's total share capital increased from 3,163,080,346 shares to 3,179,464,726 shares.

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

On January 5, 2022, the Company disclosed the Announcement on Results of Conversion of Convertible Bonds and Changes in Share Capital in the 4th Quarter of 2021. As of December 31, 2021, a total amount of 7,025 A shares were converted from the "Infore Convertible Bonds" issued by the Company. The number of non-restricted shares increased by 7,025. Therefore, the Company's total share capital increased from 3,179,464,726 shares to 3,179,471,751 shares.

3. Existing internal employee shares

Applicable Not Applicable

III. Controlling Shareholders and De Facto Controller

1. Shareholders and their shareholdings

Unit: Share

Shareholders of common shares at the end of the reporting period	31,113	Shareholders at the end of the previous month prior to the disclosure date of this report	45,043	Preference shareholders with resumed voting power at the end of the reporting period (if any) (see Note 8)	0	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 with over 5% of total shares or top 10 shareholders								
Name of shareholders	Nature of shareholders	Shareholding proportion	Shareholdings at the end of the	Increase/decrease during the	Restricted shares held	Unrestricted shares held	Shares pledged, tagged or frozen	
							Status	Quantity

			reporting period	reporting period				
Ningbo Infore Asset Management Co., Ltd.	Domestic non-state-owned legal person	32.02%	1,017,997,382	0	1,017,997,382	0	Pledged	610,798,429
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Domestic non-state-owned legal person	12.56%	399,214,659	0	399,214,659	0	Pledged	0
Infore Group Co., Ltd.	Domestic non-state-owned legal person	11.31%	359,609,756	0	359,609,756	0	Pledged	200,000,000
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	Domestic non-state-owned legal person	9.76%	310,423,813	0	310,423,813	0		--
He Jianfeng	Domestic natural person	2.00%	63,514,690	0	63,514,690	0	Pledged	32,941,724
Zara Green Hong Kong Limited	Foreign legal persons	1.72%	54,778,335	0	54,778,335	0		--
Ningbo Yingtai Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.29%	40,913,514	0	40,913,514	0		--
Ningbo Zhongfeng Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.26%	40,141,033	0	40,141,033	0		--
Ningbo Liantai Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.22%	38,709,849	0	38,709,849	0		--
Chen Liyuan	Domestic natural person	0.98%	31,018,000	0	31,018,000	0		--
Strategic investor/general legal person becoming a top 10 shareholder in a rights issue (if any) (see note 3)	Not applicable.							
Related or acting-in-concert parties among the shareholders above	Ningbo Infore Asset Management Co., Ltd. and Infore Group Co., Ltd. share the same de facto controller — He Jianfeng, and they act in concert. Apart from that, the Company is not aware of any related or acting-in-concert parties (as defined in the Methods for the Acquisition and Management of Listed Companies) among the above other shareholders.							
Shareholders above entrusting/entrusted with or waiving voting rights	Not applicable.							
Top 10 shareholders with repurchase account (if any) (see note 10)	There are 58,976,234 corporate shares in the Company's account for security repurchase, occupying for about 1.85% of the total shares.							
Shareholding of top 10 unrestricted shareholders								
Name of shareholders	Unrestricted shares at the end of the reporting period	Type of shares						
		Type of shares	Quantity					
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	310,423,813	RMB-dominated	310,423,813					

Center (Limited Partnership)		common shares	
He Jianfeng	63,514,690	RMB-dominated common shares	63,514,690
Zara Green Hong Kong Limited	54,778,335	RMB-dominated common shares	54,778,335
Chen Liyuan	31,018,000	RMB-dominated common shares	31,018,000
Hong Kong Securities Clearing Company Ltd.	29,123,470	RMB-dominated common shares	29,123,470
Guangdong Hengjian Investment Holding Co., Ltd.	28,059,147	RMB-dominated common shares	28,059,147
Bank of China Limited - China AMC Industrial Hybrid Securities Investment Fund	24,953,514	RMB-dominated common shares	24,953,514
Ningbo Chaoyi Commodity Co., Ltd.	18,705,329	RMB-dominated common shares	18,705,329
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	He Jianfeng is the de facto controller of Infore Group Co., Ltd. Apart from that, the Company is not aware of any related or acting-in-concert parties (as defined in the Methods for the Acquisition and Management of Listed Companies) among the other shareholders.		
Top 10 common shareholders involved in securities margin trading (if any) (see note 4)	N/A		

Indicate whether any of the top 10 common shareholders or the top 10 unrestricted common shareholders of the Company conducted any promissory repurchase during the reporting period

Yes No

No such case during the reporting period.

2. Controlling shareholder

Nature of the controlling shareholder: Natural person

Type of the controlling shareholder: Legal person

Name of the controlling shareholder	Legal representative/person -in-charge	Date of incorporation	Organization code	Principal business activities
Ningbo Infore Asset Management Co., Ltd.	Wei Ting	May 2, 2017	91330206MA290L5J3L	Asset management, industrial investment, investment management. (The Company shall not engage in financial businesses such as absorbing deposits, financing guarantee, wealth management service, and raising/financing funds from the public without the approval of regulatory authorities such as financial regulators.) (Business activities subject to approval in accordance with laws shall not be

				carried out without approval by relevant authorities.)
Other domestically and overseas listed companies as controlling shareholders and equity participants during the reporting period	Not applicable.			

Changes in controlling shareholders during the reporting period

Applicable Not Applicable

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

3. De facto controller and acting-in-concert parties

Nature of the de facto controller: Domestic natural person

Type of the de facto controller: Natural person

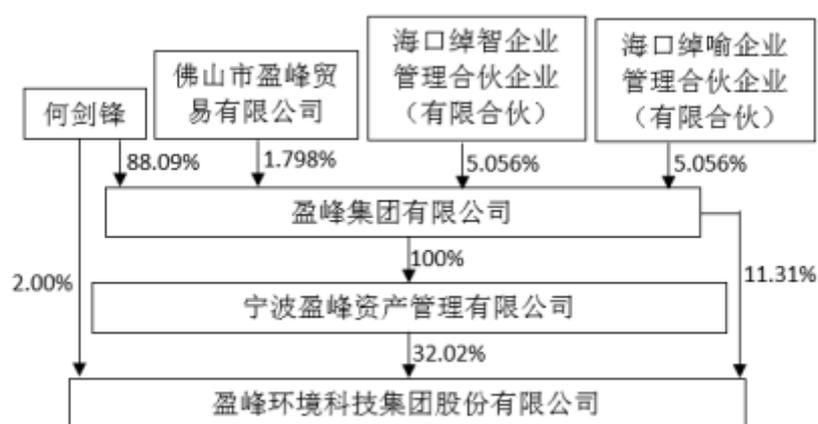
Name of the de facto controller:	Relationship with the de facto controller	Nationality	Residency in other countries or regions or not
He Jianfeng	The de facto controller himself	China	Yes
Main occupation and position	Chairman of the Board and President of Infore Group Co., Ltd.		
Controlling interests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

Change in de facto controller during the reporting period

Applicable Not Applicable

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

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



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

Applicable Not Applicable

4. The pledged shares of the company's controlling shareholder or largest shareholder and concerted actors account for 80% of their total shareholdings

Applicable Not Applicable

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

Applicable Not Applicable

Name of institutional shareholder	Legal representative/person-in-charge	Date of incorporation	Registered capital	Principal business or management activities
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Zhan Chunxin	August 31, 1999	RMB 8,666,612,984	Development, production, and sales of engineering machinery, agricultural machinery, sanitation machinery, crane trucks and exclusive chassis, fire engines and exclusive chassis, aerial work machines, emergency and rescue equipment, mining machinery, machinery in coal mines, material transportation facilities, other machinery, metal and non-metal materials, and new high-tech products of optical-electro-mechanical integration and provision of leasing and after-sale technical services. Sales of building and decorative materials, vehicles for engineering and metal materials, chemical materials, and chemical products (excluding hazardous chemicals and monitoring products). Sales of lubricant oil, lubricating grease and hydraulic oil (excluding hazardous chemicals). Retail of refined oil products (operated by licensed subsidiaries only). Operation of commodity and technology import and export businesses. Investment in real estate with self-owned assets (the company shall not engage in national financial regulation and financial credit businesses such as absorbing deposits, fund-raising and collection, entrusted loans, and issuing notes and loans). Sales of second-hand vehicles. Disassembly and recovery of disused machinery equipment. (Business activities subject to approval in accordance with laws shall not be carried out without approval from relevant authorities.)
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.

				<p>Enterprise management and enterprise consulting services. Computer information services and software services. Film production and planning (based on validated licenses). Advertising planning and production. Appraisal and consultancy services of artwork (excluding ivory and ivory products) and collectibles. Planning of culture and art exhibitions. Sales of maternal and baby products and clothing. Supply and marketing of domestic business and goods except the above items. Business information consulting services. Import and export of commodities or technologies (excluding the import and export of commodities and technologies that are prohibited by the state or involve administrative review and approval). R&D, manufacturing, sales and leasing of sanitation equipment, robots, new energy vehicles, and environmental monitoring equipment. Cleaning, collection, recycling, transportation, and treatment services of urban domestic waste. Undertaking environmental engineering and water pollution control projects. R&D, manufacturing and sales of ventilators, and air-cooling, water-cooling and air conditioning equipment. R&D, manufacturing, and sales of new materials, equipment, and products. (Production and manufacturing projects shall be operated by the company's subsidiaries) (Business activities subject to approval in accordance with laws shall not be carried out without approval from relevant authorities.)</p>
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6. Limitations on shareholding reduction by the Company's controlling shareholder, de facto controller, reorganizer party and other commitment makers

Applicable Not Applicable

IV. Repurchase of Shares during the Reporting Period

The progress of share repurchase

Applicable Not Applicable

Disclosure date	Shares to be repurchased	Proportion to the total shares	Value of shares to be repurchased	Repurchase period	Repurchase purpose	Repurchased shares currently	Repurchased shares as a percentage of the underlying

							shares included in the stock option incentive plan (if any)
April 14, 2020	25,000,000 - 50,000,000 shares	0.79% - 1.57%	RMB 200,000,000 - 400,000,000	April 13, 2020 - April 8, 2021	Exercise of the Company's stock option incentive plan/employee stock ownership plan	7,634,138	0.00%
April 9, 2021	22,730,000 - 45,450,000 shares	0.71% - 1.43%	RMB 200,000,000 - 400,000,000	April 8, 2021 - April 7, 2022	Exercise of the Company's stock option incentive plan/employee stock ownership plan	51,342,096	0.00%

Progress of decreasing repurchased shares by auction

Applicable Not Applicable

Part VIII Information on Preference Shares

Applicable Not Applicable

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

Part IX Information on Bonds

Applicable Not Applicable

I. Enterprise Bond

Applicable Not Applicable

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

II. Corporate Bond

Applicable Not Applicable

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

III. Debt Financing Instruments of Non-financial Enterprises

Applicable Not Applicable

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

IV. Convertible Corporate Bonds

Applicable Not Applicable

1. Previous adjustments of the conversion price

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

On July 8, 2021, the distribution of the company's equity interests in 2020 was completed. In accordance with the issuance terms of the Prospectus for Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. and the relevant regulations of China Securities Regulatory Commission on the issuance of convertible bonds, the conversion price of "Infore Convertible Bonds" was adjusted from the original RMB 8.31 per share to RMB 8.19 per share since July 8, 2021. The adjusted conversion price will take effect on July 8, 2021.

2. Information on cumulative conversion of bonds into shares

Applicable Not Applicable

Abbreviated name of	Commencement and end	Total issued number	Total issued amount	Accumulated share	Accumulated share	The proportion of	Amount not yet converted	Proportion of the amount
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convertible bond	date of share conversion	(sheet)		conversion amount (RMB)	conversion number (share)	the number of shares converted to the total issued shares of the Company before the commencement date of the conversion	into shares RMB)	not converted into shares to the total issued amount
Infore Enviro Convertible Bond	May 10, 2021	14,761,896	1,476,189,600.00	58,300.00	7,025	0.00%	1,476,131,300.00	100.00%

3. Information on top 10 convertible bond holders

Unit: Share

No.	Name of convertible bond holders	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period (sheet)	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Industrial and Commercial Bank of China Co., Ltd -- CUAM Convertible Bond Securities Investment Fund	Others	1,032,235	103,223,500.00	6.99%
2	Agricultural Bank of China Co., Ltd -- Bocom Schroeder Regular Payment Double Interest Balanced Hybrid Securities Investment Fund	Others	557,457	55,745,700.00	3.78%
3	Industrial and Commercial Bank of China Co., Ltd -- GF Convertible Bond Initiated Securities Investment Fund	Others	538,456	53,845,600.00	3.65%
4	Renmin stable and double-benefit fixed-income pension product -- Industrial and Commercial Bank of China Co., Ltd.	Others	470,001	47,000,100.00	3.18%
5	Industrial and Commercial Bank of China Co., Ltd -- Aegon-industrial Hengyi Bond Securities Investment Fund	Others	447,180	44,718,000.00	3.03%
6	Northwest Investment Management (Hong Kong) Co., Ltd. -- Northwest Feilong Fund Co., Ltd.	Foreign legal persons	409,186	40,918,600.00	2.77%
7	Fullgoal Fumin Fixed-Income Pension Product -- China Construction Bank Co., Ltd	Others	323,482	32,348,200.00	2.19%
8	Industrial and Commercial Bank of China Co., Ltd -- CUAM double-Benefit bond securities investment fund	Others	295,852	29,585,200.00	2.00%
9	Yinhua Kunli No.2 fixed income pension product -- CITIC Bank Co., Ltd.	Others	239,028	23,902,800.00	1.62%
10	Fullgoal Fuyi aggressive fixed-income pension product -- Industrial and Commercial Bank of China Co., Ltd	Others	221,390	22,139,000.00	1.50%

4. Information on significant changes of the profitability, asset and credit standing of the guarantor

Applicable Not Applicable

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

On June 21, 2021, China Chengxin International Credit Rating Co., Ltd. issued the Tracking Rating Report on the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. (2021) (X.P.W.H. [2021] Tracking No.0853), maintaining the corporate credit rating of the company at AA +, maintaining the credit rating of Infore Convertible Bonds at AA +, with a rating outlook as stable. For details, please refer to the Tracking Rating Report on Public Offering of Convertible Corporate Bonds by the Company (2021) disclosed by the Company on June 23, 2021 on Cninfo (www.cninfo.com.cn).

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

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

Applicable Not Applicable

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

Applicable Not Applicable

VII. Violation of Rules and Regulations During the Reporting Period

Yes No

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

Unit: RMB 10,000

Item	End of the current reporting period	End of last year	Change at the end of this reporting period compared to the end of prior year
Current ratio	1.7	1.51	12.58%
Liabilities-to-assets ratio	39.10%	42.64%	-3.54%
Quick ratio	1.55	1.38	12.32%
	Current reporting period	Prior year	YoY increase/decrease during the current reporting period
Net profit after deducting non-recurring profit and loss	53,272.62	143,221.9	-62.80%
EBITDA/total liabilities	13.75%	17.45%	-3.70%
Interest coverage ratio	5.84	11.8	-50.51%
Cash/interest coverage ratio	9.46	14.44	-34.49%
EBITDA/interest coverage ratio	9.15	14.91	-38.63%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage ratio	100.00%	100.00%	0.00%

Part X Financial Report

I. Audit Report

Type of audit opinions	Standard unqualified opinion
Signing date of the auditor's report	April 29, 2022
Name of the auditor	Pan-China Certified Public Accountants LLP (Special General Partnership)
No. of the auditor's report	PCCPA Auditor's Report [2022] No. 5128
Names of certified public accountants	Bian Shanshan, Pan Jianwu

Main body of the auditor's report

All shareholders of Infore Environment Technology Group Co., Ltd.:

I . Audit Opinions

We have audited the attached financial statements of Infore Environment Technology Group Co., Ltd. (hereinafter referred to as "the Company"), including the Consolidated and the Parent Company's Balance Sheet as of December 31, 2021, the Consolidated and the Parent Company's Income Statement, the Consolidated and the Parent Company's Cash Flow Statement, Consolidated and the Parent Company's Statement of Changes in Owner's Equity and the Notes to Financial Statements of 2021.

In our opinion, the attached financial statements were prepared in accordance with the provisions of the accounting standards for business enterprises in all major aspects, and fairly reflected the Company's consolidated and the parent company's financial position as of December 31, 2021, as well as the consolidated and the parent company's business results and cash flows in 2021.

II . Basis for Forming the Audit Opinions

We conducted audit in accordance with the provisions of the Auditing Standards for the Chinese Certified Public Accountants (CPA). The section "CPA's responsibility for audit of financial statements" in the audit report further provided for our responsibilities under these accounting standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and perform other duties in terms of professional ethics. We believe that the audit evidence we have obtained is appropriate and sufficient 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 provide a separate opinion on these matters.

(I) Revenue recognition

1. Description

Please refer to Notes III (XXVI) and V (II) 1 to the financial statements for details of relevant information disclosure.

The operating revenue of the Company mainly comes from the sales of environmental and sanitation machinery and equipment, ventilator equipment and the environmental sanitation operation business. In 2021, the operating revenue of the Company was RMB 11,813,537,400, down 17.57% from the previous year.

The Company's sales of environmental and sanitation machinery and equipment and ventilator equipment fall into to the performance of obligation to be fulfilled at a certain point in time, of which the income is recognized when the products are delivered by the Company to the place agreed in the contract and are confirmed and accepted by the customer, and when the price has been collected or the right to collect money has been obtained and the relevant economic benefits are very likely to flow in. The Company's sanitation operation business falls to the performance of obligation to be fulfilled within a certain period of time, of which the income is recognized pursuant to the service assessment statement acknowledged by the labor recipient.

As operating revenue is the key financial indicator of the Company, and the authenticity, accuracy and completeness of revenue recognition have a significant impact on the financial statements of the Company, we identify revenue recognition as a key audit matter.

2. Responsive audit procedures

For revenue recognition, our audit procedures mainly include:

(1) Understanding the key internal controls related to revenue recognition, evaluating the design of such controls to determine whether they have been implemented, and testing the operational effectiveness of relevant internal controls;

(2) Checking the sales contracts signed between the Company and its customers, understanding the main contract terms or conditions, and evaluating whether the revenue recognition policy conforms to the provisions of the Accounting Standards for Business Enterprises;

(3) Implementing analysis procedures for operating revenue and gross profit margin based on months, products, customers or projects, identifying potential major or abnormal fluctuations, and identifying the reasons for fluctuations;

(4) For the revenue from sales of environmental and sanitation machinery and equipment, ventilator equipment and other products, checking the supporting documents related to revenue recognition by sampling method, including sales contract, sales invoice, outbound delivery order, shipment order, customer receipt, etc. For the revenue from environmental sanitation operation business, conducting a selective examination on the supporting documents related to revenue recognition, such as sales contract, service assessment statement and supervision progress sheet;

(5) Implementing written confirmation procedures for key customers related to product sales and major customers related to environmental sanitation operation business, and recognizing the sales amount and current account balance of the current period and the performance of contracts;

(6) Carrying out cut-off test on the operating revenue recognized before and after the balance sheet date to evaluate whether the operating revenue is recognized in an appropriate period;

(7) Checking whether the information related to operating revenue has been properly presented in the financial statements.

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

1. Description

Please refer to Notes III (X) and V (I) 4, 10, 12 to the financial statements for details of relevant information disclosure.

As of December 31, 2021, the carrying amounts balance of accounts receivable of the Company was RMB 5,424,413,700, the provision for bad debts was RMB 477,708,800, and the book value was RMB 4,946,705,000; The book balance of long-term receivables (including those due within one year) was RMB 2,024,611,400, the provision for bad debts was RMB 149,338,400, and the book value was RMB 1,757,164,400. The total carrying amounts of accounts receivable and long-term receivables (hereinafter collectively referred to as receivables) was RMB 6,703,869,400.

According to the credit risk characteristics of various receivables, the management of the Company (hereinafter referred to as the Management) measures its loss reserve in line with the amount equivalent to the expected credit loss in the whole duration based on single receivables item or receivables portfolio. For receivables that measure expected credit losses on a single basis, the Management estimates the expected cash flow in the light of comprehensive considerations of reasonable and based information about past events, current conditions and prediction of future economic conditions, and determines the bad debt provision that should be accrued accordingly; For receivables that measure expected credit losses on a collective basis, the Management divides the portfolio according to the overdue days or aging, makes adjustments according to historical credit loss experience and forward-looking estimates, and prepares a comparison table between the overdue days/aging of receivables and the expected credit loss rate, so as to determine the provision for bad debts that should be accrued.

As the amount of receivables is significant and the impairment test of receivables involves major judgment of the Management, we determine the impairment of receivables as a key audit matter.

2. Responsive audit procedures

For impairment of receivables, our audit procedures mainly include:

(1) Understanding the key internal controls related to impairment of receivables, evaluating the design of these controls to determine whether they have been implemented, and testing the operational effectiveness of relevant internal controls;

(2) Reviewing the subsequent actual write-off or reversal of receivables for which provision for bad debts has been made in previous years to evaluate the accuracy of the Management's past forecasts;

(3) Reviewing the relevant considerations and objective evidence of the Management's credit risk assessment of receivables to evaluate whether the Management properly identifies the credit risk characteristics of various receivables;

(4) For receivables that measure expected credit losses on a single basis, obtaining and checking the Management's forecast of expected cash flow, evaluating the rationality of key assumptions used in the forecast and the accuracy of data, and checking with the obtained external evidence;

(5) For receivables that measure expected credit losses on a collective basis, evaluating the rationality of the Management's dividing the portfolio according to credit risk characteristics; evaluating the rationality of the comparison table between overdue days/aging of receivables and expected credit loss rate determined by the Management according to historical credit loss experience and forward-looking estimation; testing the accuracy and completeness of data used by the Management (including overdue days, aging of receivables, etc.) and the accuracy of the calculation of bad debt provision;

(6) Checking the post-period payment of receivables to evaluate the rationality of the Management's provision for bad debts of receivables;

(7) Check whether information relating to impairment of receivables has been properly presented in the financial statements.

(III) Impairment of goodwill

1. Description

Please refer to Notes III (XX) and V (I) 21 to the financial statements for details of relevant information disclosure.

As of December 31, 2021, the original carrying amounts of goodwill of the Company was RMB 6,209,424,300, the impairment reserve was RMB 233,232,300, and the carrying amounts was RMB 5,976,192,000, accounting for 21.09% of the total assets.

When there are signs of impairment in the asset group or portfolio related to goodwill and at the end of each year, the Management conducts impairment test on goodwill. The Management conducts impairment test on goodwill in combination with its related asset groups or portfolio, and the recoverable amount of related asset groups or portfolio is calculated and determined in line with the present value of estimated future cash flows. The key assumptions used in the impairment test include: the growth rate of revenue in the detailed forecast period, the growth rate of stable revenue, profit rate, pre-tax discount rate, etc.

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

2. Responsive audit procedures

For impairment of goodwill, our audit procedures mainly include:

(1) Understanding the key internal controls related to impairment of goodwill, evaluating the design of these controls to determine whether they have been implemented, and testing the operational effectiveness of relevant internal controls;

(2) Reviewing the Management's forecast of the present value of future cash flows in previous years and the actual operating results to evaluate the accuracy of the Management's past calculation;

(3) Understanding and evaluating the competence, professionalism and objectivity of external valuation experts employed by the management;

(4) Evaluating the competence, professionalism and objectivity of the experts we employ and the appropriateness of their work;

(5) Evaluating the rationality and consistency of the methods used by the Management in the impairment test;

(6) Evaluating the rationality of the key assumptions adopted by the Management in the impairment test, and reviewing whether the relevant assumptions are consistent with the overall economic environment, industry conditions, operating conditions, historical experience, operating plans, approved budgets, meeting minutes, and other assumptions related to the financial statements used by the Management;

(7) Reviewing the sensitivity analysis conducted by the management on key assumptions, evaluating the impact of changes in key assumptions on impairment test results, and identifying possible signs of bias of the Management in the selection of key assumptions;

(8) Testing the accuracy, completeness and relevance of the data used by the Management in the impairment test, and reviewing the internal consistency of relevant information in the impairment test;

(9) Testing whether the Management's calculation of the present value of the estimated future cash flow is accurate;

(10) Checking whether information relating to impairment of goodwill has been properly presented in the financial statements.

(IV) Confirmation of performance compensation and indemnifying payment

1. Description

Please refer to Notes V (II) 8 and XIV (V) to the financial statements for details of relevant information disclosure.

As Greenlander Investment Holding Co., Ltd. and Zheng Weixian failed to fulfill the commitment on the business performance of Shenzhen Greenlander Environmental Protection Co., Ltd. in 2016-2019, the Company confirmed the investment income of RMB 163,460,600 for the performance compensation and indemnifying payment arising from such business performance commitment, which accounted for 22.44% of the net profit attributable to the owner of the parent company in 2021.

In order to implement the collection of the performance compensation and indemnifying payment, the Company filed a lawsuit against Greenlander Investment Holding Co., Ltd. and Zheng Weixian. As of December 31, 2021, the Company has obtained favorable judgment in the first instance. According to the judgment of the first instance, the public hearing of the second instance, the relevant lawyers' case handling reports and lawyers' analysis reports, the Company believes that the court of second instance would maintain the judgment of the first instance, and the economic benefits related to the performance compensation and indemnifying payment are very likely to flow in, so the investment income is recognized in 2021. As the amount of performance compensation and indemnifying payments is significant and involves major judgment of the Management, we determine the recognition of performance compensation and indemnifying payment as key audit matters.

2. Responsive audit procedures

For the recognition of performance compensation and indemnifying payment, our audit procedures mainly include:

(1) Obtaining relevant documents on equity acquisition and performance completion related to the recognition of performance compensation and indemnifying payment, including Signing Equity Transfer Agreement, Cooperation Framework Agreement of Shenzhen Greenlander Environmental Protection Co., Ltd. and Authentication Report on Completion of the Performance Commitment of Shenzhen Greenlander Environmental Protection Co., Ltd., etc.;

(2) Obtaining litigation-related documents related to the recognition of performance compensation and indemnifying payment, including the first-instance judgment of Foshan Intermediate People's Court of Guangdong Province, Greenlander Investment Holding Co., Ltd. and Zheng Weixian's appellate petition to Guangdong Higher People's Court, the supplementary evidence submitted by the appellant in the public hearing of the second instance, and the bill of defense of Infore Enviro;

(3) Obtaining the case handling report issued by Guangdong ETR Law Firm and the legal analysis report issued by Guangdong Dafang Law Firm to understand the lawyer's analysis and judgment on the case;

(4) Obtaining relevant instructions issued by the Management on the recognition of performance compensation and indemnifying payment;

(5) Reviewing the Management's assessment of the recoverability of the performance compensation and indemnifying payment;

(6) Checking whether the information related to the recognition of performance compensation and indemnifying payment has been properly presented in the financial statements.

IV. Other Information

The Management is responsible for other information. Other information include the information covered in the annual report, excluding the financial statements and audit report.

Our audit opinions to the financial statements do not cover such other information, and will not give authentication

conclusions in any form on such other information.

Our responsibility is to read such other information together with our audit of the financial statements. In this process, we consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we determine that there is a material misstatement in such other information based on the work we have performed, we should report such material misstatement. In this regard, we have nothing to report.

V. The Management and Corporate Governance Team's Responsibilities for the Financial Statements

The Management shall be responsible for the preparation and fair presentation of financial statements in accordance with the Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining the necessary internal control so as to make the financial statements be free from any material misstatement caused by frauds and errors.

In the preparation of the financial statements, the Management was responsible for assessing the Company's ability to continue as a going concern, disclosing the matters related to the going concern (if applicable), and applying the going concern assumption unless it either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The corporate governance team of the Company (hereinafter referred to as the Corporate Governance Team) is responsible for supervising the financial reporting process of the Company.

VI. CPA's Responsibility for Auditing Financial Statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to frauds or errors and to present an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that the audit performed in accordance with audit standards can always identify all material misstatements. 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 made on the basis of these financial statements.

During the audit performed in accordance with the audit standards, we used professional judgment and maintained professional suspicion. At the same time, we also performed the following tasks, including:

(I) Identifying and assessing risks of material misstatement of the financial statements due to fraud or errors, designing and implementing audit procedures to address these risks, and obtaining adequate and appropriate audit evidence as a basis for expressing audit opinions. Since frauds may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to identify a material misstatement due to frauds is higher than the risk of failing to identify a material misstatement due to errors.

(II) Learning about the internal control related to the audit, in order to design appropriate audit procedures.

(III) Evaluating the appropriateness of the accounting policies selected by the Management and the reasonableness of the accounting estimates and relevant disclosure made by the Management.

(IV) Drawing conclusions on the appropriateness of going concern assumptions used by the Management. Meanwhile, based on the audit evidence acquired, conclude on the existence of material uncertainty related to matters or condition 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 by the auditing standards to draw attention of the users of the statements in the audit report to the relevant disclosures in the financial statements; If such disclosures are inadequate, we are required to express unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may impair the Company's ability to continue as a going concern.

(V) Evaluating the overall presentation, structure, and content of the financial statements, and evaluating whether the financial statements fairly reflect the relevant transactions and events.

(VI) Obtaining sufficient and appropriate audit evidence on the financial information of entities or business activities in the Company to express audit opinions on the financial statements. We are responsible for guiding, supervising and executing audit of the Company, and assume full responsibility for the audit opinions.

We communicated with the Corporate Governance Team on the planned audit scope, timing, and major audit findings,

including communication on the internal control deficiencies that we identified during the audit.

We also provide those charged with the Corporate Governance Team 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 related safeguards (if applicable).

From the matters communicated with the Corporate Governance Team, 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 CPAS (Special General Partnership)

Chinese Certified Public Accountant: Bian Shanshan
(Project Partner)

Hangzhou, China

Chinese Certified Public Accountant: Pan Jianwu

April 29, 2022

II. Financial Statements

Currency unit of the statements in notes to the financial statements is RMB

1. Consolidated Balance Sheet

Compiled by: Infore Environment Technology Group Co., Ltd.

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current Assets:		
Cash and bank balances	4,583,245,371.02	5,904,127,970.85
Deposit reservation for balance		
Lending to banks and other financial institutions		
Held-for-trading financial assets		128,017,735.11
Derivative financial assets		
Notes receivable	54,402,653.25	64,663,544.98
Accounts receivable	4,946,704,963.71	5,564,834,864.04
Financing from accounts receivables	296,379,694.57	520,429,874.86
Prepayments	128,604,382.66	137,769,198.53
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	509,164,126.27	257,670,998.28
Including: Interest receivable		

Dividends receivable		
Financial assets purchased under resale agreement		
Inventories	1,124,149,719.01	1,305,177,407.85
Contract assets	140,367,802.53	170,840,655.62
Held-for-sale assets		
Non-current assets due within one year	739,917,866.53	1,157,997,329.53
Other current assets	492,705,381.17	524,859,055.94
Total current assets	13,015,641,960.72	15,736,388,635.59
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	1,017,246,537.53	1,063,292,418.65
Long-term equity investments	603,580,781.31	318,243,332.69
Other entity instrument investments	15,702,971.01	26,070,000.00
Other non-current financial assets		
Investment properties	1,837,703.68	2,009,006.98
Fixed assets	1,758,052,005.19	1,640,546,747.67
Construction in progress	224,068,633.86	1,782,529,087.95
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	25,505,911.86	
Intangible assets	5,319,721,844.23	3,163,935,814.41
Development expenditure	15,682,278.17	4,449,066.69
Goodwill	5,976,192,021.27	6,170,809,035.86
Long-term deferred expenses	15,733,757.32	12,703,802.65
Deferred tax assets	109,565,926.15	95,270,882.31
Other non-current assets	233,477,295.83	94,289,159.43
Total non-current Assets	15,316,367,667.41	14,374,148,355.29
Total assets	28,332,009,628.13	30,110,536,990.88
Current liabilities:		
Short-term borrowings	439,024,733.46	1,657,905,376.55
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Held-for-trading financial liabilities		810,300.00
Derivative financial liabilities		
Notes payable	2,468,799,189.71	3,853,175,394.09
Accounts payable	2,960,061,508.33	3,404,825,085.03
Advance receipts		
Contract liabilities	210,432,628.98	181,051,683.90
Financial assets sold under repurchase agreement		
Absorbing deposit and due to placements with banks and other		

financial institutions		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee benefits payable	310,701,572.37	321,861,989.64
Taxes payable	139,494,861.08	372,514,942.66
Other payables	683,714,082.05	443,477,082.48
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	378,610,951.81	150,862,201.57
Other current liabilities	62,964,777.60	55,106,039.73
Total current liabilities	7,653,804,305.39	10,441,590,095.65
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	1,697,742,767.72	765,643,457.78
Bonds payable	1,254,962,176.00	1,199,466,109.60
Including: Preference shares		
Perpetual bonds		
Lease liabilities	18,523,740.10	
Long-term payables	315,735,814.91	255,735,814.91
Long-term employee benefits payable		
Estimated liabilities	3,129,793.85	1,461,553.82
Deferred income	101,635,992.65	96,734,819.84
Deferred income tax liabilities	32,562,033.97	78,884,957.38
Other non-current liabilities		
Total Non-current Liabilities	3,424,292,319.20	2,397,926,713.33
Total liabilities	11,078,096,624.59	12,839,516,808.98
Owner's equity:		
Share capital	3,175,734,760.00	3,163,062,146.00
Other equity instruments	266,929,289.24	266,939,831.65
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,772,795,863.75	9,707,741,876.49
Less: Treasury shares	455,303,777.91	8,920,597.83
Other comprehensive income	-4,280,000.00	
Special reserve		
Surplus reserve	296,754,883.56	232,701,943.56
General risk reserve		
Retained profits	3,850,610,683.45	3,558,688,885.55
Total owners' equity attributable to equity holders of the Parent Company	16,903,241,702.09	16,920,214,085.42

Minority interests	350,671,301.45	350,806,096.48
Total owners' equity	17,253,913,003.54	17,271,020,181.90
Total liabilities and owners' equity	28,332,009,628.13	30,110,536,990.88

Legal Representative: Ma Gang

Chief Accountant: Lu Anfeng

Person in Charge of Accounting Body: Wu Shanshan

2. The Parent Company's balance sheet

Unit: RMB

Item	Dec. 31, 2021	Dec. 31, 2020
Current Assets:		
Cash and bank balances	920,283,773.31	1,279,695,772.57
Held-for-trading financial assets		126,075,691.90
Derivative financial assets		
Notes receivable	2,964,486.88	
Accounts receivable		
Financing from accounts receivables	221,756,340.36	528,356,236.97
Prepayments	601,403.69	
Other receivables	3,884,005,093.84	3,095,331,754.24
Including: Interest receivable		
Dividends receivable		50,000,000.00
Inventories		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		337,148,608.96
Other current assets		
Total current assets	5,029,611,098.08	5,366,608,064.64
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	16,956,047,890.72	16,694,341,699.36
Other entity instrument investments	15,702,971.01	26,070,000.00
Other non-current financial assets		
Investment properties		
Fixed assets		
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	1,779,955.11	
Intangible assets	2,755,338.15	3,395,200.95
Development expenditure		
Goodwill		

Long-term deferred expenses		1,155,903.84
Deferred tax assets		
Other non-current assets		
Total non-current Assets	16,976,286,154.99	16,724,962,804.15
Total assets	22,005,897,253.07	22,091,570,868.79
Current liabilities:		
Short-term borrowings	150,165,000.00	600,733,518.18
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,137,507.93	3,899,667.53
Advance receipts		
Contract liabilities		
Employee benefits payable	3,357,619.13	8,700,968.00
Taxes payable	10,278,606.48	12,475,208.42
Other payables	892,387,560.66	753,207,113.25
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	1,539,297.15	
Other current liabilities		
Total current liabilities	1,058,865,591.35	1,379,016,475.38
Non-current liabilities:		
Long-term borrowings	300,000,000.00	
Bonds payable	1,254,962,176.00	1,199,466,109.60
Including: Preference shares		
Perpetual bonds		
Lease liabilities	579,712.08	
Long-term payables	3,000,000.00	3,000,000.00
Long-term employee benefits payable		
Estimated liabilities	3,129,793.85	218,598.02
Deferred income		350,000.00
Deferred income tax liabilities		30,762,849.39
Other non-current liabilities		
Total Non-current Liabilities	1,561,671,681.93	1,233,797,557.01
Total liabilities	2,620,537,273.28	2,612,814,032.39
Owner's equity:		
Share capital	3,175,734,760.00	3,163,062,146.00
Other equity instruments	266,929,289.24	266,939,831.65
Including: Preference shares		
Perpetual bonds		
Capital reserve	15,433,256,911.67	15,356,688,889.72
Less: Treasury shares	455,303,777.91	8,920,597.83
Other comprehensive income	-4,280,000.00	

Special reserve		
Surplus reserve	262,534,494.14	198,481,554.14
Retained profits	706,488,302.65	502,505,012.72
Total owners' equity	19,385,359,979.79	19,478,756,836.40
Total liabilities and owners' equity	22,005,897,253.07	22,091,570,868.79

3. Consolidated income statement

Unit: RMB

Item	FY2021	FY2020
I. Total operating income	11,813,537,444.48	14,332,025,075.40
Including: Operating income	11,813,537,444.48	14,332,025,075.40
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	10,909,873,152.25	12,499,304,152.40
Including: Operating costs	9,210,318,426.37	10,766,288,959.00
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net provision of insurance policy reserve		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and surcharges	54,143,815.44	74,460,829.99
Selling expenses	738,833,571.05	801,289,013.51
Administrative expenses	585,353,407.57	536,466,686.12
R&D expenses	262,619,127.29	254,677,332.19
Financial expenses	58,604,804.53	66,121,331.59
Including: Interest expense	149,868,429.63	136,661,706.73
Interest income	107,324,690.38	94,482,738.64
Add: Other income	83,541,172.51	74,276,327.83
Investment income (Loss is indicated by "-")	239,933,995.59	78,328,670.09
Including: Income from investments in associates and joint ventures	36,885,135.08	41,578,662.81
Gains from derecognition of financial assets at amortized cost		
Gains from foreign exchange (losses are indicated by "-")		
Net exposure hedging income (loss is indicated by "-")		
Gains from fair value changes (losses are indicated by "-")	-73,074,674.05	-95,719,301.47
Credit impairment loss (losses are indicated by "-")	-98,375,820.02	-119,562,421.08
Asset impairment losses on (losses are indicated by "-")	-230,940,495.92	-82,478,500.15

Gains on disposal of assets (losses are indicated by "-")	-1,161,842.22	-1,787,925.37
III. Operating profit (loss is indicated by "-")	823,586,628.12	1,685,777,772.85
Add: Non-operating income	10,028,024.42	9,844,019.69
Less: Non-operating expenses	11,786,454.06	58,229,724.05
IV. Total profit (loss is indicated by "-")	821,828,198.48	1,637,392,068.49
Less: Income tax expenses	53,503,488.11	207,571,413.76
V. Net profit (net loss is indicated by "-")	768,324,710.37	1,429,820,654.73
(I) Classified by business continuity		
1. Net profit from going concern (net loss indicated by "-")	761,297,012.86	1,396,598,567.79
2. Net profit from discontinued operations (net loss indicated by "-")	7,027,697.51	33,222,086.94
(II) Classified by ownership		
1. Net profit attributable to the shareholders of the Parent Company	728,467,910.42	1,386,476,099.73
2. Profit or loss attributable to minority shareholders	39,856,799.95	43,344,555.00
VI. Other comprehensive income, net of tax	-4,280,000.00	-479,437.51
Other comprehensive income attributable to the owners of the Parent Company, net of tax	-4,280,000.00	-479,437.51
(I) Other comprehensive income that will not be reclassified to profit or loss	-4,280,000.00	
1. Changes arising from re-measurement of defined benefit plan		
2. Other comprehensive income that cannot be transferred to the profit or loss under the equity method		
3. Fair value changes of other equity instrument investments	-4,280,000.00	
4. Fair value changes of credit risk of the Company		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		-479,437.51
1. Other comprehensive income that can be transferred to profit or loss under equity method		
2. Fair value changes of other debt investments		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		-479,437.51
6. Translation difference of financial statement denominated in foreign currencies		

7. Others		
Other comprehensive incomes attributable to minority shareholders, net of tax		
VII. Total comprehensive income	764,044,710.37	1,429,341,217.22
Total comprehensive income attributable to owners of the Parent Company	724,187,910.42	1,385,996,662.22
Total comprehensive income attributable to minority shareholders	39,856,799.95	43,344,555.00
VIII. Earnings per share:		
(I) Basic earnings per share	0.23	0.44
(II) Diluted earnings per share	0.23	0.44

For business combination involving enterprises under common control in the current period, the net profit realized by the acquire before the combination was RMB 0.00, and the net profit realized by the acquire for the prior period was RMB 0.00.

Legal Representative: Ma Gang

Chief Accountant: Lu Anfeng

Person in Charge of Accounting Body: Wu Shanshan

4. The parent company's income statement

Unit: RMB

Item	FY2021	FY2020
I. Operating income	487,932.74	7,213,284.07
Less: Operating costs	487,932.74	4,157,985.26
Taxes and surcharges	227,340.60	182,314.26
Selling expenses	562,853.92	369,570.87
Administrative expenses	24,147,760.09	39,475,371.54
R&D expenses		
Financial expenses	-17,684,273.22	-26,807,548.72
Including: Interest expense	23,111,838.20	39,786,911.13
Interest income	83,393,551.31	52,733,916.01
Add: Other income	184,301.81	46,200.00
Investment income (Loss is indicated by "-")	697,535,882.88	-51,519,175.85
Including: Income from investments in associates and joint ventures	24,398,494.78	30,182,747.26
Gains from derecognition of financial assets at amortized cost (losses are indicated by "-")		
Net exposure hedging income (loss is indicated by "-")		
Gains from fair value changes (losses are indicated by "-")	-73,120,883.39	-89,179,102.46
Credit impairment loss (losses are indicated by "-")	-11,011,665.82	-9,948,732.66
Asset impairment losses on (losses are indicated by "-")		
Gains on disposal of assets (losses are indicated by "-")		

II. Operating profit (loss is indicated by "-")	606,333,954.09	-160,765,220.11
Add: Non-operating income	1,877,643.88	4,001.38
Less: Non-operating expenses	36,656.80	6,251,989.16
III. Total profit (total loss is indicated by "-")	608,174,941.17	-167,013,207.89
Less: Income tax expenses	-32,354,461.28	-16,043,825.23
IV. Net Profit (net loss is indicated by "-")	640,529,402.45	-150,969,382.66
(I) Net profit from going concern (net loss is indicated by "-")	640,529,402.45	-150,969,382.66
(II) Net profit from discontinued operations (net loss is indicated by "-")		
V. Other comprehensive income, net of tax	-4,280,000.00	
(I) Other comprehensive income that will not be reclassified to profit or loss	-4,280,000.00	
1. Changes arising from re-measurement of defined benefit plan		
2. Other comprehensive income that cannot be transferred to the profit or loss under the equity method		
3. Fair value changes of other equity instrument investments	-4,280,000.00	
4. Fair value changes of credit risk of the Company		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under equity method		
2. Fair value changes of other debt investments		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation difference of financial statement denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	636,249,402.45	-150,969,382.66
VII. Earnings Per Share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	FY2021	FY2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	11,921,988,281.60	14,388,470,951.18
Net Increase in customers deposits and due to placements with from banks and other financial institutions		
Net increase in borrowings from Central Bank		
Net increase in borrowings from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from re insurance business		
Net increase in policyholders' deposits and investment		
Cash receipts from interest, fees and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in financial assets sold under repurchase agreements		
Net cash receipts from vicariously traded securities trading agency securities		
Receipts of tax refunds	26,261,970.67	42,951,350.75
Other cash receipts relating to operating activities	2,924,238,760.42	1,153,494,070.87
Subtotal of cash inflows from operating activities	14,872,489,012.69	15,584,916,372.80
Cash payments for goods purchases and services received	9,223,061,869.14	9,435,508,509.89
Net increase in loans and advances to customers		
Net increase in balance with the Central Bank and due placements with from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in lending to banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	1,604,759,059.51	1,060,641,117.62
Payments of various types of taxes	628,578,908.13	617,586,885.55

Other cash payments relating to operating activities	2,606,870,455.78	2,782,465,767.99
Subtotal of cash outflows from operating activities	14,063,270,292.56	13,896,202,281.05
Net cash flows from operating activities	809,218,720.13	1,688,714,091.75
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	56,196,352.10	25,375,775.54
Cash receipts from investment income	42,698,349.08	47,958,881.63
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	17,760,470.09	4,912,554.51
Net cash receipts from disposal of subsidiaries and other business units	445,597,313.96	213,687,034.09
Other cash receipts relating to investing activities	4,850,116,524.23	5,159,933,419.02
Subtotal of cash inflows from investing activities	5,412,369,009.46	5,451,867,664.79
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,734,581,869.14	1,291,812,173.08
Cash payments to acquire investments	10,130,000.00	7,639,195.26
Net increase in pledged loans receivables		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	4,789,881,717.72	5,036,128,312.71
Subtotal of cash outflows from investing activities	6,534,593,586.86	6,335,579,681.05
Net cash flows from investing activities	-1,122,224,577.40	-883,712,016.26
III. Cash flows from financing activities:		
Cash receipts from capital contributions	96,777,104.58	64,992,660.00
Including: Cash receipts from capital contributions from minority shareholders' investment ins subsidiaries	17,943,815.00	64,992,660.00
Cash receipts from borrowings	2,571,966,000.32	5,849,194,821.72
Other cash receipts relating to financing activities	233,079,996.55	7,880,000.00
Subtotal of cash inflows from financing activities	2,901,823,101.45	5,922,067,481.72
Cash repayments of borrowings	2,180,619,133.00	4,153,395,539.94
Cash payments for distribution of dividends, profits or settlement of interest expenses	491,122,899.60	488,778,125.98
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries	339,454.75	
Other cash payments relating to	454,152,599.63	38,041,830.99

financing activities		
Subtotal of cash outflows from financing activities	3,125,894,632.23	4,680,215,496.91
Net cash flows from financing activities	-224,071,530.78	1,241,851,984.81
IV. Effect of exchange rate changes on cash and cash equivalents	-2,001,825.46	-708,908.76
V. Net increase in cash and cash equivalents	-539,079,213.51	2,046,145,151.54
Add: Opening balance of cash and cash equivalents	4,657,826,099.23	2,611,680,947.69
VI. Closing balance of cash and cash equivalents	4,118,746,885.72	4,657,826,099.23

6. The parent company's cash flow statement

Unit: RMB

Item	FY2021	FY2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	728,741.14	8,741,951.34
Receipts of tax refunds		
Other cash receipts relating to operating activities	1,467,056,243.50	532,435,143.45
Subtotal of cash inflows from operating activities	1,467,784,984.64	541,177,094.79
Cash payments for goods purchases and services received	1,743,599.35	8,712,307.61
Cash payments to and on behalf of employees	16,185,831.90	9,702,646.88
Payments of various types of taxes	383,530.02	339,945.08
Other cash payments relating to operating activities	1,235,268,785.97	1,244,340,931.04
Subtotal of cash outflows from operating activities	1,253,581,747.24	1,263,095,830.61
Net cash flows from operating activities	214,203,237.40	-721,918,735.82
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	549,259,519.99	513,687,034.09
Cash receipts from investment income	509,652,357.10	95,158,453.24
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	2,165,423,619.03	4,883,758,860.22
Subtotal of cash inflows from investing activities	3,224,335,496.12	5,492,604,347.55
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	513,101.79	1,135,853.50
Cash payments to acquire	436,550,000.00	427,739,035.26

investments		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	3,012,636,177.10	4,870,251,731.64
Subtotal of cash outflows from investing activities	3,449,699,278.89	5,299,126,620.40
Net cash flows from investing activities	-225,363,782.77	193,477,727.15
III. Cash flows from financing activities:		
Cash receipts from capital contributions	78,833,289.58	
Cash receipts from borrowings	650,000,000.00	2,497,336,184.17
Other cash receipts relating to financing activities	580,000,000.00	6,100,000.00
Subtotal of cash inflows from financing activities	1,308,833,289.58	2,503,436,184.17
Cash repayments of borrowings	800,000,000.00	777,500,000.00
Cash payments for distribution of dividends, profits or settlement of interest expenses	393,783,090.74	375,434,276.64
Other cash payments relating to financing activities	447,594,655.11	8,920,597.83
Subtotal of cash outflows from financing activities	1,641,377,745.85	1,161,854,874.47
Net cash flows from financing activities	-332,544,456.27	1,341,581,309.70
IV. Effect of exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-343,705,001.64	813,140,301.03
Add: Opening balance of cash and cash equivalents	1,213,988,774.95	400,848,473.92
VI. Closing balance of cash and cash equivalents	870,283,773.31	1,213,988,774.95

7. Consolidated statement of changes in owners' equity

Amount for the current period

Unit: RMB

Item	FY2021														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surpluses	General risk reserve	Retained profits	Others			Sub-total
	Preference share	Perpetual bonds	Others												
I. Closing balance of the prior year	3,163,062,146.00			266,939,831.65	9,707,741,876.49	8,920,597.83			232,701,943.56		3,558,688,885.55		16,920,214,085.42	350,806,096.48	17,271,020,181.90
Add: Changes in accounting															

policies															
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	3,163,062,146.00			9,698,117.76	99,993,195.75	479,437.51		232,701,943.56		2,520,329,621.90	15,514,697.715.97	252,600,598.37	15,767,298,314.34		
III. Changes for the current period (decrease is indicated by "-")			266,939,831.65	9,624,113.74	91,072,597.92	-479,437.51				1,038,359,263.65	1,405,516,369.45	98,205,498.11	1,503,721,867.56		
(I) Total comprehensive income						-479,437.51				1,386,476,099.73	1,385,996,662.22	43,344,555.00	1,429,341,217.22		
(II) Owners' contributions and reduction in capital			266,939,831.65	9,624,113.74	91,072,597.92						367,636,543.31	54,860,943.11	422,497,486.42		
1. Ordinary share invested by owners					8,920,597.83						8,920,597.83	61,699,287.49	52,778,689.66		
2. Capital contribution from holders of other equity instruments			266,939,831.65								266,939,831.65		266,939,831.65		
Share-based payment recognized in owners' equity				11,260,547.81							11,260,547.81	765,449.01	12,025,996.82		
4. Others				1,636,434.07	99,993,195.75						98,356,761.68	7,603,793.39	90,752,968.29		
(III) Profit distribution										348,116,836.08	348,116,836.08		348,116,836.08		
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk reserve															
3. Distribution to owners (or shareholders)										348,116,836.08	348,116,836.08		348,116,836.08		
4. Others															

prior year	00			5	2					2		
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	3,163,062,146.00			266,939,831.65	15,356,688,889.72	8,920,597.83			198,481,554.14	502,505,012.72		19,478,756,836.40
III. Changes for the current period (decrease is indicated by "-")	12,672,614.00			-10,542.41	76,568,021.95	446,383,180.08	-4,280,000.00		64,052,940.00	203,983,289.93		-93,396,856.61
(I) Total comprehensive income							-4,280,000.00			640,529,402.45		636,249,402.45
(II) Owners' contributions and reduction in capital	12,672,614.00			-10,542.41	76,568,021.95	446,383,180.08						-357,153,086.54
1. Ordinary share invested by owners	12,665,589.00				66,167,700.58	446,383,180.08						-367,549,890.50
2. Capital contribution from holders of other equity instruments	7,025.00			-10,542.41	52,079.08							48,561.67
3. Share-based payment recognized in owners' equity					10,348,242.29							10,348,242.29
4. Others												
(III) Profit distribution									64,052,940.00	-436,546,112.52		-372,493,172.52
1. Withdrawal of surplus reserve									64,052,940.00	-64,052,940.00		
2. Distribution to owners (or shareholders)										-372,493,172.52		-372,493,172.52
3. Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve (into cash capital or share capital)												
2. Capitalization of surplus reserve (into cash capital or												

share capital)												
3. Loss offset by surplus reserve												
4. Changes of defined benefit plan transferred to retained earnings												
5. Other comprehensive incomes transferred to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawal of special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current year	3,175,734,760.00			266,929,289.24	15,433,256,911.67	455,303,777.91	-4,280,000.00		262,534,494.14	706,488,302.65		19,385,359,979.79

Amount for the prior period

Unit: RMB

Item	FY2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preference share	Perpetual bonds	Others								
I. Closing balance of the prior year	3,163,062,146.00				15,345,428,341.90	99,993,195.75			198,481,554.14	1,001,411,231.44		19,608,390,077.73
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	3,163,062,146.00				15,345,428,341.90	99,993,195.75			198,481,554.14	1,001,411,231.44		19,608,390,077.73
III. Changes for the current period (decrease is indicated by "-")				266,939,831.65	11,260,547.82	-91,072,597.92				498,906,218.72		-129,633,241.33
(I) Total comprehensive income										150,969,382.66		150,969,382.66

(II) Owners' contributions and reduction in capital				266,939,831.65	11,260,547.82	91,072,597.92						369,272,977.39
1. Ordinary share invested by owners						8,920,597.83						8,920,597.83
2. Capital contribution from holders of other equity instruments				266,939,831.65								266,939,831.65
3. Share-based payment recognized in owners' equity					11,260,547.82							11,260,547.82
4. Others						99,993,195.75						99,993,195.75
(III) Profit distribution												
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)												
3. Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve (into cash capital or share capital)												
2. Capitalization of surplus reserve (into cash capital or share capital)												
3. Loss offset by surplus reserve												
4. Changes of defined benefit plan transferred to retained earnings												
5. Other comprehensive incomes transferred to retained earnings												
6. Others												

(V) Special reserve												
1. Withdrawal of special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current year	3,163,062,146.00			266,939,831.65	15,356,688,889.72	8,920,597.83			198,481,554.14	502,505,012.72		19,478,756,836.40

III. Company Profile

Infore Environment Technology Group Co., Ltd. (the "Company"), formerly known as Zhejiang Shangfeng Industrial Co., Ltd., was registered with the Zhejiang Industry & Commerce Administrative Bureau on November 18, 1993. Under the approval of the Zhejiang Share System Pilot Work Coordination Group with the document of approval numbered Zhe Gu [1993] No.51, the Company was established by Zhejiang Fan and Air Cooling Equipment Co., Ltd., the main initiator, and Shangyu Fan Factory and Shaoxing Fluid Engineering Research Institute, the joint initiators, through private placement. It is headquartered in Shaoxing City, Zhejiang Province. The Company currently holds a business license with a unified social credit code of 913300006096799222. As of December 31, 2021, its registered capital is RMB 3,163,062,146.00, and its share capital is RMB 3,175,734,760.00. The difference between the Company's registered capital and share capital is caused by the unfulfilled industrial and commercial change registration of the increased share capital. According to China Securities Depository and Clearing Corporation Limited ("CSDC"), as of December 31, 2021, the Company has 1,139,599,318 restricted outstanding shares and 2,039,872,433 unrestricted outstanding shares, totaling 3,179,471,751 shares, including 3,736,991 shares that were exercised by employees and paid to the CSDC's account but not yet transferred to the Company's account. The Company's shares have been listed on Shenzhen Stock Exchange since March 30, 2000.

The Company is classified as ecological protection and environmental management industry. Its main business activities include R&D, maintenance and operation services of environmental monitoring instruments and environmental sanitation equipment, environmental treatment technology development, consulting and services, operation services of environmental treatment facilities, environmental engineering, environmental protection engineering, urban engineering, sale of ventilators, air-cooling, and water-cooling and air-conditioning equipment, etc. The main revenue source categories include environmental and sanitation machinery and equipment, sale of ventilators, and environmental sanitation operation services.

The financial statements were approved and authorized for issuance by the 18th meeting of the ninth session of the Board of Directors dated April 29, 2022.

The Company has brought 189188 subsidiaries including Changsha Zoomlion Environmental Industry Co., Ltd., hereinafter referred to as Zoomlion Environmental, Zhejiang Shangfeng Hi-Tech Zhuanfeng Industrial Co., Ltd., hereinafter referred to as Shangfeng Industrial, Guangdong Infore Technology Co., Ltd. (hereinafter referred to as Infore Technology), and Shenzhen Greenlander Environmental Protection Co., Ltd. (hereinafter referred to as Greenlander Environmental) into the consolidation scope. Please refer to sections VI and VII of notes to financial statements for details.

IV. Preparation Basis of the Financial Statements

1. Preparation basis

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

2. Assessment of the ability to continue as a going concern

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

V. Significant accounting policies and estimates

Specific accounting policies and accounting estimates reminders:

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

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises, and present truly and completely the financial position, results of operations, cash flows, and other related information of the Company.

2. Accounting period

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

3. 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.

4. Recording currency

The Company's recording currency is Renminbi (RMB).

5. 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 a business combination are measured at the carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the 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, and 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 the combination cost is in excess of the fair value of identifiable net assets obtained from the acquire on 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, and then the difference is recognized in profit or loss.

6. 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.

7. Classification of joint arrangements and accounting treatments 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 the 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 sales of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB at the spot exchange rate on the transaction date at initial recognition. On the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate on the balance sheet date with the difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-monetary items carried at historical costs are translated at the spot exchange rate on the transaction date, with the RMB amounts unchanged; non-monetary items carried at fair value in foreign currency are translated at the spot exchange rate on the date when the fair value is determined, with the difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

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

10. 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 measured at amortized cost; (2) financial assets measured at fair value with changes included in other comprehensive income; (3) financial assets measured at fair value with changes included in profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities measured at fair value with changes included in 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 falling 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 measured at amortized cost.

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

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

A financial asset or a financial liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value when initially recognized; for financial assets and liabilities measured at fair value with changes included in 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 contracts in which the financing components with an associated period less than one year are not considered, the initial measurement is conducted at their transaction price defined in the Accounting Standard for Business Enterprises 14 – Revenues.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

This category of financial assets is measured at amortized cost using the effective interest method. Gains or losses on financial assets that are measured at amortized cost but not part of any hedging relationship shall be included into profit or loss when they are derecognized, reclassified, amortized using the effective interest method or recognized with impairment loss.

2) Debt instrument investments measured at fair value with changes included in other comprehensive income

Equity instrument investments are measured at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that are calculated using the 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 measured at fair value with changes included in other comprehensive income

Equity instrument investments are measured 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 these financial liabilities are derecognized.

4) Financial assets measured at fair value with changes included in profit or loss

These financial assets are measured at fair value, and gains or losses arising therefrom (including interests and dividends) shall be included into profit or loss, except for those as part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities measured at fair value with changes included in profit or loss

This category of financial liabilities includes held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as measured at fair value with changes included in profit or loss. All of them are measured 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 those as part of hedging relationships. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when these 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 financial liabilities are measured in accordance with the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets.

3) Financial guarantee contracts not falling 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)

Both of them are measured at the higher of: ① the amount of loss allowances in accordance with impairment requirements of financial instruments; ② the amount initially recognized less the amount of accumulated amortization recognized in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.

4) Financial liabilities measured at amortized cost

They are measured at amortized cost using the effective interest method. Gains or losses on financial liabilities that are measured at amortized cost but are not part of any hedging relationship shall be included into profit or loss when they are derecognized or amortized using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when one of the following conditions are met:

① the contractual rights to collect cash flows from the financial assets expired; or

② the financial assets have been transferred, and the transfer qualifies for derecognition as specified in the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

2) When the present obligations of a financial liability are relieved fully or partly, the financial liability (or this part of financial liability) shall be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right and obligation arising or retained from such transfer is recognized independently as an asset or a liability; if it has retained substantially all the risks and rewards related to the ownership of the financial asset, it continues to recognize the financial asset. Where the Company neither transfers nor retains substantially all 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, the financial asset is derecognized, and any right and obligation arising or retained 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, the related financial asset is recognized and the relevant liability is recognized accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are 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 corresponding to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value with changes included in other comprehensive income). If a part of a financial asset is transferred and satisfies the conditions for derecognition, the entire carrying amount of the financial asset before such transfer 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 are 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 with changes included in other comprehensive income).

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

The Company uses valuation techniques that are appropriate in the current circumstances and for which sufficient supporting data and other information are available to measure the fair value of relevant financial assets and financial liabilities. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and applied accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities available on 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, including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; 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, including interest rate that is not observable or cannot be corroborated by observable market data, stock volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets measured at amortized cost, debt instrument investments, contract assets or lease receivables measured at fair value with changes included in other comprehensive income, loan commitments other than financial liabilities measured at fair value with changes included in profit or loss, financial guarantee contracts not belonging to financial liabilities measured at fair value with changes included in 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 of financial instruments 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.

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

For lease receivables, accounts receivable and contract assets that incurred from the transactions as regulated in the Accounting Standards for Business Enterprises No. 14 – Revenue, the Company utilizes the simplified approach to measure the loss allowance at an amount equal to the lifetime expected credit losses.

At each balance sheet date, the Company assesses whether the credit risks on financial assets other than those measured by the approach above have increased significantly since the initial recognition. The Company measures the loss allowance at an amount equal to the lifetime expected credit losses if the credit risks have increased significantly since the initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to the 12-month expected credit loss.

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

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

The Company estimates the expected credit risk and measure the 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 losses on each balance sheet date, and the 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 with changes included in other comprehensive income, the loss allowance shall be recognized in other comprehensive income, without offsetting the carrying amount of such financial asset.

(2) Financial instruments with the expected credit risk assessed and expected credit losses measured on a collective basis

Item	Basis for portfolio determination	Method for measuring the expected credit loss
Other receivables – Portfolio grouped by balance due from related parties within the consolidation scope	Related party dealings within the consolidation scope	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate
Other receivables – Portfolio grouped by performance compensation	Nature of the account	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate
Other receivables – Portfolio grouped by account aging	Account aging	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate
Long-term receivables – Portfolio grouped by financial lease payment/ Long-term receivables – Portfolio grouped with accounts receivable and commercial factoring payment/ Accounts receivable – Portfolio grouped with commercial factoring payment	Nature of the account	The expected credit loss rates are managed by five-level classification of credit assets of non-bank financial institutions and calculated accordingly: 1.5% for pass category, 3% for special-mention category, 30% for substandard category, 60% for doubtful category, and 100% for loss category

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

1) Specific portfolios and method for measuring the expected credit loss

Item	Basis for portfolio determination	Method for measuring the expected credit loss
Bank acceptance receivable	Type of notes	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and lifetime expected credit loss rate
Trade acceptance receivable		
Accounts receivable – Portfolio grouped by balance due from related parties within the consolidation scope	Related party dealings within the consolidation scope	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and lifetime expected credit loss rate
Accounts receivable – Portfolio grouped by account aging	Account aging	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table between overdue days/ages and lifetime expected credit loss rate, and calculates the expected credit loss
Accounts receivable – Portfolio grouped by government subsidies receivable for new energy	Nature of the account	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table between overdue days/ages and lifetime expected credit

vehicles		loss rate, and calculates the expected credit loss
Contract assets – Portfolio grouped by quality guarantee deposit	Nature of the account	Based on the historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates the expected credit loss through exposure at default and lifetime expected credit loss rate
Long-term receivables – Portfolio grouped by account aging	Nature of the account	For long-term receivables within the credit period that have not reached the contractual payment deadline, the provision for bad debts is accrued at 5% of the balance; for the outstanding long-term receivables that have exceeded the contractual payment deadline, the provision for bad debts is accrued based on the age of the balance

2) Accounts receivable – comparison table of ages and lifetime expected credit loss rate of the portfolio grouped by account aging

① The parent company and electromechanical equipment manufacturing industry

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

② Ventilation equipment manufacturing industry and environmental integrated industry

Account aging	Expected credit loss rate of accounts receivable (%)
Within 1 year	5
1-2 years	10
2-3 years	30
3-5 years	50
Over 5 years	100

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet without offsetting. 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 offset 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.

11. Notes receivable

12. Accounts receivable

13. Receivables financing

14. Other receivables

The methods of determination and accounting treatment of the expected credit loss of other receivables

15. Inventory

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, and materials or supplies etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories

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

3. Basis for determining the net realizable value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and the 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 materials 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; on the balance sheet date, when only part of the same item of inventories have contract prices, their net realizable value is determined separately and is compared with their costs to set the provisions for inventory write-down to be made or reversed.

4. Inventory system

The Company adopts the perpetual inventory system.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Packages are amortized with the one-off method.

(2) Packages

Packages are amortized with the one-off method.

16. Contract assets

17. Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfill a contract.

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

If the costs incurred to fulfill 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 costs (or similar costs), costs that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs can increase the resources of the Company that can be used in satisfying performance obligations in the future;

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized by the Company on a same basis that is used for recognizing the revenue of goods or services related to the asset, with amortization being included into profit or

loss.

The Company shall make a 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 provision for impairment shall be reversed and included into profit or loss if the carrying amount of an asset is less than 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 because the impairment conditions for a previous period no longer exists. 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.

18. Assets held for sale

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

Non-current assets or disposal groups are accounted for as held for sale when all of the following conditions are 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 confirmed offer, 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 such non-current asset or disposal group as held for sale on the acquisition date only if the requirement of "being expected to be completed within one year" is met on 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 beyond the control of the Company: (1) a buyer or other party unexpectedly set conditions that will delay the sale, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

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

(1) Initial measurement and subsequent measurement

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

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

The asset impairment loss recognized for a disposal group held for sale shall deduct the carrying amount of goodwill in the disposal group first, and then deduct 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) Accounting treatment of reversal of assets impairment loss

When there is a subsequent increase in the net amount of the fair value of a non-current asset held for sale less the costs to sell on 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 amount shall be included into the profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in the net amount of the fair value of a disposal group held for sale less the costs to sell on 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 amount shall be included into the profit or loss. The deducted carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification are not reversed.

For the subsequent reversal amount 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) Accounting treatment of those no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet the criteria of being held for sale and no longer classified as held for sale, or a non-current asset being 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, the unrecognized gains or losses shall be included into profit or loss.

19. Debt investments

20. Other debt investments

21. Long-term accounts receivable

22. 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 have been unanimously consented by the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint control with others of the stipulation of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is made by payment in cash, transfers of non-cash assets, assumption of liabilities or issuance of 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 investment cost. The difference between the initial investment cost of the long-term equity investments

and the carrying amount of the combination consideration paid or the par value of shares issued offsets the capital reserve; if the balance of the capital reserve is insufficient to offset, the retained earnings are adjusted.

When the long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a "package deal". If it is a "package deal", the stages as a whole are considered as one transaction in the accounting treatment. If it is not a "package deal", on the date of combination, the initial investment cost is 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 capital reserve is adjusted according to the difference between the initial investment cost of the long-term equity investments and the sum of the carrying amount of the long-term equity investments before combination and the acquired carrying amount of the consideration newly paid for shares on the combination date, and if the capital reserve is insufficient to write down, the retained earnings are adjusted.

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

If the 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 the relevant accounting treatment:

1) In the case of stand-alone financial statements, the initial investment cost accounted for using the cost method is the sum of the carrying amount of previously-held equity investment and the additional investment cost.

2) In the case of consolidated financial statements, the Company determines whether it is a "package deal". If it is a "package deal", the stages as a whole are considered as one transaction in the accounting treatment. If it is not a "package deal", the carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured with the fair value on 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 the 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 the defined benefit plan of the acquiree.

(3) Long-term equity investments obtained by ways other than business combination: the initial investment cost of those obtained by cash payment shall be the actually paid purchase consideration; the initial investment cost of those obtained by issuing equity securities shall be the fair value of the equity securities issued; the initial investment cost of those obtained through debt restructuring shall be determined according to the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring; and the initial investment cost of those obtained through exchange of non-cash assets shall be determined according to the Accounting Standards for Business Enterprises No. 7 – Non-cash Assets Exchange.

3. Subsequent measurement and recognition method of profit or loss

Long-term equity investments controlled by the investee are accounted for with the cost method, and those in associated enterprises and joint ventures are accounted for with the equity method.

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

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in loss of significant influence or joint control, the remaining equity is accounted for with the equity method; however, if the disposal results in loss of control, joint control, or significant influence, the remaining equity is accounted for according to the Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement.

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as "package deal" resulting in loss of control

Before 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 control of a former subsidiary is lost, the remaining equity is remeasured at the fair value on the date of loss of control. The aggregated value of disposal consideration and the fair value of the remaining 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 control over such subsidiary is lost, and meanwhile goodwill is offset. Other comprehensive income related to equity investments in the former subsidiary is reclassified as investment income upon the loss of control.

2) Disposal of a subsidiary in stages qualified as "package deal" resulting in loss of control

In case of a "package deal", the stages as a whole are considered as one transaction resulting in loss of control in the accounting treatment. However, before loss of control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income in the consolidated financial statements and reclassified as profit or loss in the period when the control is lost.

23. Investment properties

Measurement mode of investment properties

Measurement by cost method

Depreciation or amortization method

1. Investment properties include leased-out land use right, land use right held for capital appreciation, and buildings that have been leased out.

2. Investment properties are measured initially at cost, subsequently using the cost model, and depreciated or amortized with the same method as that of fixed assets and intangible assets.

24. Fixed assets

(1) Recognition criteria

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 for 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 in and the cost of the assets can be measured reliably.

(2) Depreciation method

Category	Depreciation method	Depreciation life	Salvage rate	Annual depreciation rate
Houses and buildings	Straight-line method	3-35	3-5	1.90-19.40
General equipment	Straight-line method	3-5	3-5	9.50-32.33
Special equipment	Straight-line method	2-15	0-5	6.33-47.50
Transport facilities	Straight-line method	3-15	3-5	9.50-32.33
Other equipment	Straight-line method	3-10	5	9.50-31.67

(3) Basis for identification of fixed assets held under finance leases and related valuation and depreciation methods

25. 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 in, 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 final accounts of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using the estimated value first, and then adjusted accordingly when the actual cost is settled in the final accounts, but the accumulated depreciation is not to be adjusted retrospectively.

26. 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 all of the following requirements are 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) 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, until the acquisition and construction or production of the asset restarts.

(3) 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 interest amount to be capitalized is determined in light of the actual interest expenses incurred (including amortization of premium or discount according to the 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 interest amount on the general borrowing to be capitalized is calculated and determined by multiplying the weighted average asset disbursement on the part of the accumulative asset disbursements in excess of the general borrowing by the capitalization rate of the general borrowing used.

27. Biological assets**28. Oil-and-gas assets****29. Right-of-us assets****30. Intangible assets****(1) Valuation method, useful life and impairment test**

1. Intangible assets, including land use rights, patent rights and non-patented technologies etc., are initially measured at cost.

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

Item	Amortization period (years)
Franchise	Contract years
Land use right	35-50
Proprietary technology	Economic lifecycle
Software	3-10
Others	5

(2) Accounting policies on internal R&D expenses

Expenditures in the research phase of an internal R&D project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal R&D project is recognized if all of the following criteria are met: (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (2) there is an intention to complete the intangible asset and use or sell it; (3) evidence of how the intangible asset will generate probable future economic benefits, among other things, it is able to 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) there are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and (5) the expenditure attributable to the intangible asset during its development can be measured reliably.

Criteria used by the Company for distinguishing the research phase from the development phase of an internal R&D project:

The planned investigation phase for acquiring new technology and knowledge should be defined as the research phase, which is characterized by the 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 generating 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 an internal R&D project are recognized as profit or loss when they are incurred. 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 reported as development expenditures in the financial statements. The project will be transferred to intangible assets when it qualifies for sale or mass production.

31. Provisions for long-term asset impairment

For long-term assets such as long-term equity investments, investment property measured by the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if on the balance sheet date there is an

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 an indication of impairment, the impairment test must be performed annually. The impairment test on goodwill is performed on its 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.

32. Long-term deferred expenses

The long-term deferred and prepaid expenses are the expenses that have been spent but with amortization periods of more than one year (excluded). They are recorded with the actual amount, and evenly amortized within the beneficiary period or stipulated period. If any items of the long-term deferred and prepaid expenses cannot be beneficial to the following accounting periods, the residual values of such items which have not been amortized shall be fully transferred to profit or loss.

33. Contract liabilities

34. Employees' remuneration

(1) Accounting treatment of short-term remuneration

1. Employees' remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

2. Accounting treatment of short-term remuneration

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

(2) Accounting treatment of post-employment benefits

Post-employment benefits are divided into defined contribution plans and defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution amount 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) The accounting treatment of a defined benefit plan usually involves the following steps:

1) According to the projected unit credit method, the demographic variables, financial variables, etc. shall be estimated through the unbiased and mutually consistent actuarial assumption, so as to measure the obligations arising from the defined benefit plan and determine the period of relevant obligations. Meanwhile, the obligations under the defined benefit plan are discounted 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 deficit or surplus by deducting the fair value of the defined benefit plan assets from the present value of the defined benefit plan obligations is recognized as a net liability or asset of the defined benefit plan. When a defined benefit plan has a surplus, the net asset of the defined benefit plan is measured at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the employee remuneration costs generated by the defined benefit plan are recognized as three parts: net interests of the service costs, net liabilities or net assets of the defined benefit plan, and changes from net liabilities or net assets of the remeasured defined benefit plan, in which the net interests of the service costs and the net liabilities or net assets of the defined benefit plan are included in profit or loss or relevant assets cost, and the changes from net liabilities or net assets of the remeasured

defined benefit plan are included in other comprehensive incomes, and are not allowed to be turned back to profit or loss in the subsequent accounting period, but the amounts recognized in other comprehensive incomes can be transferred within the equity scope.

(3) Accounting treatment of termination benefits

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

(4) Accounting treatment of other long-term employee benefits

When other long-term employee benefits provided to the employees can meet the conditions for setting a defined contribution plan, those benefits shall be accounted for according to the requirements relating to defined contribution plan, while other benefits are accounted for under the requirements relating to defined benefit plan. In order to simplify the relevant accounting treatment, the cost of employee benefits arising therefrom are recognized as service cost, net interest on the net liability or net assets of other long-term employee benefits, and changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. The net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

35. Lease liabilities

36. Estimated liabilities

1. Obligations are recognized by the Company as estimated liabilities when they become present obligations arising from contingencies such as providing guarantees externally, litigation matters, products quality guarantee, onerous contract, etc., which may cause the outflow of the economic benefits from the Company and the amount of such obligations can be reliably measured.

2. Estimated liabilities are initially measured by the Company according to the best estimated figures required for fulfilling the relevant present obligations, and their carrying amount is reviewed on the balance sheet date.

37. Share-based payments

1. Categories of share-based payments

Share-based payments are divided into share-based payments settle by equity and share-based payments settled by cash.

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

(1) Share-based payments settled by equity

The share-based payments settled by equity in exchange for employees' services, if immediately exercisable upon being granted, are recognized as relevant cost or expense at the fair value of equity instruments on the grant date, with a corresponding adjustment in capital reserve. If the share-based payments settled by equity in exchange for employees' services can be exercisable until the services are provided in the vesting period or the specified performance criteria are met, then on each balance sheet date within the exercise period, based on the best estimate of the number of exercisable equity instruments, services received in the period are recognized as relevant cost or expense at the fair value of equity instruments on the grant date, with a corresponding adjustment in capital reserve.

For share-based payments settled by equity in exchange for the services of parties other than employees, if the fair value of the

services received can be measured reliably, the fair value is measured on the day when the services are received; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, they are measured at the fair value of the equity instruments granted measured on the day when the services are received, and recognized as relevant cost or expense, with a corresponding increase in owner's equity.

(2) Share-based payments settled by cash

The share-based payments settled by cash in exchange for employees' services, if immediately exercisable upon being granted, are recognized as relevant cost or expense at the fair value of the liabilities assumed by the Company on the grant date, with a corresponding increase in liabilities. If the share-based payments settled by cash in exchange for employees' services can be exercisable until the services are provided in the exercise period or the specified performance criteria are met, then on each balance sheet date within the exercise period, based on the best estimate of the exercisable circumstances, the services received in the period are recognized as relevant cost or expense and the corresponding liabilities at the fair value of the liabilities assumed by the Company.

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

If a modification increases the fair value of equity instruments granted, the Company recognizes the increase of services received according to the incremental fair value of equity instruments; if a modification increases the number of equity instruments granted, the Company recognizes the fair value of the increased equity instruments as an increase in services received; if the Company modifies the exercise conditions in a manner that is beneficial to the employee, it may take the modified exercise conditions into account.

If a modification reduces the fair value of equity instruments granted, the Company does not take into account the reduction in the fair value, but continues to recognize the amount for services received based on the fair value of equity instruments on the grant date; if a modification reduces the number of equity instruments granted, the Company treats the reduction as a cancellation of that portion of equity instruments granted; if the exercise conditions are modified in a manner adverse to employees, the modified exercise conditions may not be taken into account.

If the Company cancels or settles granted equity instruments during the exercise period (other than those canceled because the exercise conditions are not satisfied), the cancellation or settlement may be treated as an acceleration of exercise, and the amount that otherwise would have been recognized over the remainder of the exercise period shall be recognized immediately.

38. Preference shares, perpetual bonds and other financial instruments

Pursuant to the relevant accounting standards on financial instruments, Regulations for Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatment (Cai Kuai [2014] No. 13), and Regulations on Accounting Treatments of Perpetual Bonds (Cai Kuai [2019] No. 2), for financial instruments such as issued convertible bonds, the Company classifies financial instruments or their components upon initial recognition as financial assets, financial liabilities or equity instruments, according to the contract terms of the issued financial instruments and the economic essence it reveals instead of its legal form only, in combination with the definitions of financial asset, financial liability and equity instrument.

On the balance sheet date, for any financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as the Company's profit distribution, and its repurchase and cancellation are treated as the changes in equity; for any financial instrument classified as financial liabilities, its interest expenditure or dividend distribution is treated as borrowing expense, and its gain or loss on repurchase or redemption is included in profit or loss.

39. Revenue

Accounting policies adopted for revenue recognition and measurement

1. Principles of revenue recognition

On the contract effective date, the Company shall assess the contract, identify each performance obligation in the contract, and determine whether a performance obligation is satisfied over time or at a point in time.

Performance obligation is satisfied over time if one of the following criteria is met, otherwise, it 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 controls as the goods is created during the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to receive the payments for performance completed to date during the whole contract period.

For a performance obligation satisfied over time, the Company shall recognize revenue over time according to the progress of performance. If the progress cannot be determined reasonably, and the costs incurred are expected to be compensated, the revenue shall be recognized at the amount of costs incurred until the progress can be determined reasonably. For a performance obligation satisfied at a point in time, the revenue shall be recognized at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of the goods, the Company shall consider the following indications: (1) the Company has a present right to payment 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 the legal title to the goods; (3) the Company has transferred the physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred the significant risks and rewards in the ownership of the goods to the customer, i.e., the customer has obtained the significant risks and rewards in the ownership of the goods; (5) the customer has accepted the goods; (6) there is other evidence indicating the customer has obtained control over the goods.

2. Principles of revenue measurement

(1) Revenue is measured by the Company according to 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 estimation of variable consideration at the 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 highly 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) If a contract contains a significant financing component, the Company shall determine the transaction price according to the amount payable in cash by the customer for obtaining control over the goods or services. The difference between the transaction price and the amount of contract consideration is amortized with the effective interest method over the contract period. The effects of a significant financing component shall not be considered if the Company expects, on the contract effective date, that the period between when the customer obtains control over the goods or services and when the customer pays consideration is one year or less.

(4) For a contract containing two or more performance obligations, the Company shall determine the stand-alone selling price on the contract effective date 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. Specific methods of revenue recognition

The Company mainly sells products such as environmental and sanitation machinery and equipment, ventilator equipment, and engages in environmental sanitation operation business.

(1) The sale of ventilator equipment is a performance obligation satisfied at a point in time. The revenue from the domestic sales of products that do not require installation is recognized when the Company has delivered them to the place of delivery designated by the contract and such delivery have been verified for acceptance by customers, the Company has obtained the delivery notes and 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 require installation, the revenue is recognized when the products are delivered and the installation and commissioning are accepted. The revenue from the overseas sales is recognized when the customs clearance has been handled

pursuant to the contract, the bill of lading has been obtained, 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) The sale of environmental and sanitation machinery and equipment is a performance obligation satisfied at a point in time, and its revenue is recognized when the goods are delivered and accepted, 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) The environmental sanitation operation business is a performance obligation satisfied over time, and its revenue is recognized according to the service assessment statement confirmed by the service recipient.

(4) The revenue recognition of PPP business with BOT models is detailed in Note III (XXXIII)1 to the financial statements.

Differences in the accounting policies of revenue recognition because the same type of business adopts different operation models

40. Government subsidies

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

2. Government subsidies related to assets

Government subsidies related to assets are government subsidies with which the Company 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 subsidies, and government subsidies related to assets are government subsidies 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 within the useful lives of the relevant assets in a reasonable and systematic manner. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, retired 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 subsidies related to income

Government grants related to income are government subsidies other than those related to assets. For government subsidies 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 subsidies related to income. For government subsidies 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 subsidies 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 subsidies related to the ordinary course of business shall be included into other income or used to offset relevant cost or expense based on business nature, while those not related to the ordinary course of business shall be included into non-operating income or expense.

41. Deferred Income Tax Assets/Deferred Income Tax Liabilities

42. Leases

(1) Accounting treatment of operating lease

1. Company as lessee

The Company recognizes a lease with an entire term of no more than 12 months and without a purchase option as a short-term lease, and a lease with a separate underlying asset that is of low value when it is new as a low-value asset lease, on the commencement date of the lease term. The original lease will cease being a low-value asset lease if the Company sub-leases or expects to sub-lease the underlying asset.

For all short-term leases and low-value asset leases, the Company includes the lease payments to the cost of the related asset or profit or loss on a straight-line basis in each period over the lease term.

For all leases other than the above-mentioned short-term leases and low-value asset leases that are accounted for in a simplified way, the Company recognizes a right-of-use assets and a lease liability, on the commencement date of the lease term.

(1) Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises: 1) the amount equal to the lease liability at its initial recognition; 2) the lease payments made at or before the commencement of the lease, less lease incentives received (if any); 3) any initial direct costs incurred by the lessee; 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 assets on a straight-line basis. If the Company is reasonably certain to obtain the ownership of the underlying asset upon the expiration of the lease term, the Company depreciates the underlying asset over the remaining useful life. Otherwise, the Company depreciates the underlying asset over the shorter of the lease term and the remaining useful life of the underlying asset.

(2) Lease liability

The Company recognizes the present value of the lease payments receivable as a lease liability, on the lease commencement date. When calculating the present value of the lease payments, the Company uses the interest rate implicit in the lease as the discount rate. However, if the interest rate implicit in the lease cannot be reasonably determined, the Company uses its incremental borrowing interest rate as the discount rate. The difference between the amount of lease payments and their present value is regarded as an unrecognized financing cost, with the interest expense to be recognized at the discount rate used to recognize the present value of the lease payments and to be included in the current profit or loss in each period over the lease term. The variable lease payments not included in the measurement of the lease liability are included in the current profit or loss when actually incurred.

After the commencement date of the lease term, in the event of any change in in-substance fixed payments, amounts expected to be payable under residual value guarantees, the index or rate used to determine the lease payments, or the assessment result or actual exercise of the purchase option, renewal option or termination option, the Company remeasures the lease liability at the present value calculated based on the lease payments after the change and adjusts the carrying amount of the right-of-use assets accordingly, and if the carrying amount of the right-of-use assets has been adjusted down to zero but the lease liability still needs to be further adjusted down, the Company includes the remaining amount in the current profit or loss.

2. Company as lessor

The Company classifies a lease that substantially transfers all the risks and rewards incidental to ownership of an underlying asset as a financial lease, and any other lease as an operating lease, on the lease commencement date.

(1) Operating lease

In each period over the lease term, the Company recognizes the lease receipts as a rental income on a straight-line basis, and capitalizes the initial direct costs incurred and amortizes them to the current profit or loss according to the same principles and procedures applicable to the recognition of rental income over the lease term. The variable lease payments received by the Company in relation to the operating lease but not included in the lease receipts are included in the current profit or loss when actually incurred.

(2) Financial lease

On the commencement date of the lease term, the Company recognizes a finance lease receivable at an amount equal to the net investment in the lease (which is the sum of any unguaranteed residual value and the present value of the aggregate of lease payments receivable as at the commencement date of the lease term, discounted at the interest rate implicit in the lease) and derecognizes a financial lease asset. In each period over the lease term, the Company calculates and recognizes an interest income at the interest rate implicit in the lease.

The variable lease payments received by the Company but not included in the measurement of the net investment in the lease are included in the current profit or loss when actually incurred.

3. Sale and leaseback

(1) Company as lessee

The Company assesses and determines whether the asset transfer in a sale and leaseback transaction is a sale in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.

If the asset transfer in the sale and leaseback transaction is a sale, the Company measures the right-of-use asset arising from the sale and leaseback at the carrying amount of the original asset corresponding to the part of right-of-use acquired due to the leaseback, and only recognizes gains or losses in relation to the part of right-of-use transferred to the lessor.

If the asset transfer in the sale-and-leaseback transaction is not a sale, the Company continues recognizing the transferred asset, and at the same time, recognizes a financial liability equal to the transfer proceeds, and accounts for the financial liability in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(2) Company as lessor

The Company assesses and determines whether the asset transfer in a sale and leaseback transaction is a sale in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.

If the asset transfer in the sale and leaseback transaction is a sale, the Company accounts for the purchase of the asset in accordance with other applicable accounting standards for business enterprises, and accounts for the lease of the asset in accordance with the Accounting Standards for Business Enterprises No. 21 - Lease.

If the asset transfer in the sale-and-leaseback transaction is not a sale, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds, and accounts for the financial asset in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(2) Accounting treatment of financial lease

43. Other significant accounting policies and estimates

(I) Work safety fund

The Company accrues work safety fund in accordance with the Management Measures on the Accrual and Use of Work Safety Fund (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety of China. The standard work safety fund is included in cost or current profit or loss, and meanwhile accounted for under "special reserve". When the accrued work safety fund is used as an expense, it can offset the special reserve directly. When the work safety fund forms fixed assets, the expenses are accounted for under "construction in progress" and recognized as fixed assets when the work safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset the special reserve, and the accumulated

depreciation shall be recognized with the same amount. Such fixed assets shall not be depreciated in future periods

(II) 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 of the Company is a component meeting the following conditions simultaneously:

1. the segment engages in daily activities from which it may generate revenues and incur expenses;
2. its operating results can be regularly reviewed by the management to make decisions about resource to be allocated to the segment and to assess its performance;
3. the accounting information regarding its financial position, operating results and cash flows is available through analysis.

(III) Other significant accounting policies and estimates

1. PPP business

The Company adopts the PPP model (by means of BOT and TOT, etc.) for participation in the public infrastructure business. Project companies can obtain the franchise rights of public infrastructure projects from government authorities so as to take part in the project construction and operation. Upon expiry of the franchise rights, project companies need to transfer relevant infrastructure to government or government-designated departments.

The company provides multiple services (both asset building services of PPP projects and operation and maintenance services after construction) according to the contractual provisions of the PPP project, identifies separate performance obligations in the contract pursuant to the Accounting Standards for Business Enterprises No.14 – Revenue, and allocates the transaction price to each performance obligation in proportion to the standalone selling price. If the stand-alone selling price cannot be directly observable or the similar market price is not available, the Company will reasonably estimate the stand-alone selling price with the market adjustment method, cost-plus method or residual method after considering information such as market conditions, company specific factors and customer-related information. If a construction service provided by the Company is satisfied over time, the revenue should be recognized based on performance progress over time, except that the performance progress cannot be determined reasonably. The performance progress is generally measured by the proportion of accumulative actual contract costs incurred against the expected total contract costs. If the performance progress cannot be determined reasonably, and the Company expects that the costs incurred can be compensated, the revenue shall be recognized at the amount of costs incurred until the progress can be determined reasonably.

Pursuant to the contractual provisions of the PPP project, during the project operation, the Company has the right to collect payments from the recipient of public goods and services, but such right shall not be an unconditional collection right if the payment amount is uncertain. When the PPP project assets reach their expected usable conditions, the amount of consideration of relevant PPP project assets or recognized amount of construction revenue is recognized as an intangible asset and subject to the accounting treatment specified in the Accounting Standards for Business Enterprises No. 6 – Intangible Assets.

Pursuant to the contractual provisions of the PPP project, during the project operation, if the conditions for collection can be met, the cash of a definite amount (other financial asset) is recognized as accounts receivable when the Company has the right to collect such consideration (which depends only on the passage of time), and subject to the accounting treatment specified in the Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement. When the PPP project assets reach their expected usable conditions, the difference of the amount of consideration of relevant PPP project assets or the recognized amount of construction revenue in excess of the cash of a definite amount (or other financial asset) is recognized as an intangible asset.

If the amount of consideration of relevant PPP project assets or recognized amount of construction revenue is recognized as an intangible asset, the contract assets recognized during the construction are presented under "intangible assets" in the balance sheet; other contract assets recognized during the construction, depending on whether they will be realized within one year from the balance-sheet date, are presented under "contract assets" or "other non-current assets" in the balance sheet.

When the PPP project assets reach their expected usable conditions, the Company recognizes revenue related to operation services according to the Accounting Standards for Business Enterprises No. 14 – Revenue.

2. Basis of the adoption of hedging accounting and accounting treatment

(1) Hedge includes fair value hedge, cash flow hedge and hedge of net investment in foreign operation.

(2) A hedge may qualify for hedge accounting if all the following conditions are met: 1) the hedging relationship consists only of eligible hedging instruments and eligible hedged instruments; 2) at the inception of the hedge, the Company formally designates hedging instruments and hedged item, and prepares the written documentation of the hedging relationship and the Company's risk management strategy and objective for undertaking the hedge; 3) the hedging relationship meets the hedging effectiveness requirements.

The Company recognizes that a hedging relationship meets the effectiveness requirements if the all the followings are simultaneously satisfied: 1) there is an economic relationship between the hedged item and the hedging instruments; 2) the effect of credit risk does not dominate the value changes that result from that economic relationship between the hedged item and the hedging instruments; 3) the hedge ratio of the hedging relationship is the equal to the ratio of the quantity of the hedged item that the Company actually hedges and the actual number of hedging instruments to hedge them, but does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

The Company shall assess whether a hedging relationship meets the hedge effectiveness requirements on the hedge inception date and on an ongoing basis. If a hedging relationship ceases to meet the hedge effectiveness requirements due to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company shall rebalance the hedging relationship.

(3) Accounting treatment of hedges

1) Fair value hedges

① Gain or loss on the hedging instrument shall be recognized in profit or loss. If a hedging instrument hedges a non-trading equity instrument (or a component thereof) at fair value through other comprehensive income, gain or loss on the hedging instrument may be recognized in other comprehensive income.

② The gain or loss on a hedged item arising from risk exposure should be recognized in profit or loss, and meanwhile the carrying amount of the recognized hedged item which is not measured at fair value should be adjusted. If a hedged item is a financial asset (or a component thereof) that is measured at fair value with changes included in other comprehensive income according to the classification in Article 18 of the Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement, the gain or loss arising from the hedged risk exposure shall be recognized in profit or loss, with its carrying amount being unadjusted because it has already been measured at fair value; if the hedged item is a non-trading equity instrument (or a component thereof) for which the Company has elected to present changes at fair value with changes included in other comprehensive income, the gain or loss arising from risk exposure on the hedged item shall be recognized in other comprehensive income, with carrying amount being unadjusted because it has already been measured at fair value.

When a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item after its designation shall be recognized as an asset or a liability with a corresponding gain or loss being recognized in profit or loss for each period. When a firm commitment is performed to acquire an asset or assume a liability, the initially recognized amount of the asset or the liability is adjusted to include the cumulative change in the fair value of the hedged item that was previously recognized.

For a hedged item that is a financial instrument (or a component thereof) measured at amortized cost, any adjustment made by the Company on the carrying amount of the hedged item shall be amortized to profit or loss based on a recalculated effective interest rate on the date that amortization begins. If a financial asset (or a component thereof) that is a hedged item and that is measured at fair value with changes included in other comprehensive income according to the classification in Article 18 of the Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement, amortization applies in the same

manner but to the amount that represents the cumulative gain or loss previously recognized, which shall be subsequently recognized in profit or loss, instead of by adjusting the carrying amount of the financial asset (or a component thereof).

2) Cash flow hedges

① The portion of the gain or loss on the hedging instrument that belongs to an effective hedge shall be recognized in other comprehensive income as cash flow hedge reserve, while the ineffective portion shall be recognized in profit or loss. The cash flow hedge reserve shall be recognized at the lower of the following (in absolute amounts): A. the cumulative gain or loss on the hedging instrument from the inception of the hedge; and B. the cumulative change in the present value of the expected future cash flows of the hedged item from the inception of the hedge.

② If a hedged item is a forecast transaction that subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which the fair value hedge accounting is applied, the Company shall transfer out the amount of cash flow hedge reserve previously recognized in other comprehensive income, and include it in the initially recognized amount of the asset or the liability.

③ For other cash flow hedges, the amount of cash flow hedge reserve previously recognized in other comprehensive income shall be transferred out into profit or loss in the same period the hedged forecast sale affects profit or loss.

3) Hedges of net investment in foreign operation

The portion of gain or loss on the hedging instrument that belongs to an effective hedge is recognized in other comprehensive income, and reclassified from other comprehensive income to profit or loss on the disposal of the foreign operation; and the ineffective portion is recognized in profit or loss.

3. 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 at the actually paid amount, and recorded and registered for reference. If the repurchased shares are to be canceled, the capital reserve is reduced according to the difference between the book value of shares canceled plus the total book value calculated by the number of shares canceled and the amount paid for the actual repurchase, or the retained earnings are reduced when the capital reserve is not sufficient. If the reward of repurchased shares to the Company's employees is the share-based payment settled by equity, when the employee exercises the stock purchase right and the company receives the payment, the cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated are to be written off, and the capital reserve (share premium) is adjusted according to the difference.

44. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

√ Applicable □ Not Applicable

Content of and reason for the changes in accounting policies	Approval procedures	Remarks
The revised Accounting Standard for Business Enterprises No. 21 — Leasing has been implemented since January 1, 2021 (hereinafter referred to as "the first implementation date")	Approved by the Company's management	Please refer to the statements for details
The Interpretation No. 14 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance has been implemented since January 26, 2021	Approved by the Company's management	Please refer to the statements for details
The Company has, since December 31, 2021, implemented the Interpretation No. 15 of the Accounting Standards for Business Enterprises "Presentation of Centralized Fund Management" issued by the Ministry of Finance	Approved by the Company's management	Please refer to the statements for details

Accounting policy changes caused by variations in the accounting standards for business enterprises

1. The Company has implemented the revised Accounting Standard No. 21 for Business Enterprises—Leasing (hereinafter

referred to as the "New Leasing Standard") since 1 January 2021 (hereinafter referred to as the first implementation date).

(1) For existing contracts prior to the first implementation date, the Company has chosen not to reassess whether they are leases or contain leases.

(2) For leases in which the Company is the lessee, the Company has adjusted the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period based on the cumulative effects of the first implementation date of the new leasing standard and the previous standard, without adjusting the information for comparable periods. The specific process was as follows:

For finance leases prior to the first implementation date, the Company measured the right-of-use assets and lease liabilities respectively at the original carrying amounts of the finance lease assets and finance lease payables on the first implementation date.

For operating leases prior to the first implementation date, the Company measured the lease liabilities on the first implementation date based on the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as of the first implementation date, and measured the right-of-use assets based on an amount equal to the lease liabilities, with necessary adjustments for prepaid rentals.

On the first implementation date, the Company conducted impairment tests on right-of-use assets and accounted for them accordingly as per Note 3(2) to the Financial Statements.

1) The major effects of implementing the new leasing standard on the financial statements as of January 1, 2021:

Item	Balance sheet		
	December 31, 2020	New leasing standard Effects	January 1, 2021
Right-of-use assets		30,945,067.78	30,945,067.78
Non-current liabilities due within one year	150,862,201.57	7,701,219.17	158,563,420.74
Lease liabilities		23,243,848.61	23,243,848.61

2) The weighted average of the Company's incremental borrowing rate used for the lease liabilities recorded in the balance sheet on the first implementation date was 4.65%.

3) Simplified treatment of operating leases prior to the first implementation date

① For leases completed within 12 months from the first implementation date, the Company applied the simplified approach and did not recognize right-of-use assets and lease liabilities;

② The Company used the same discount rate for lease contracts with similar characteristics when measuring the lease liability;

③ The measurement of right-of-use assets did not include initial direct costs;

④ The Company determined the lease term based on the actual exercise of the renewal option or termination option prior to the first implementation date and other updates;

The above simplified treatment has no significant impact on the Company's financial statements.

(3) For operating lease contracts for low-value assets that existed prior to the first implementation date, the Company adopted the simplified approach of not recognizing right-of-use assets and lease liabilities and accounting for them as per the new leasing standard from the first implementation date.

(4) Leases for which the Company is the lessor were accounted for as per the new leasing standard from the first implementation date.

(5) Treatment of existing sale and leaseback transactions prior to the first implementation date

For sale and leaseback transactions existing prior to the first implementation date, the Company did not reassess on the first implementation date whether the transfer of assets was in conformity with the provisions of Accounting Standard for Business Enterprises No. 14 – Revenue for accounting as a sale.

For sale and leaseback transactions accounted for as sales and finance leases prior to the first implementation date, the Company,

as the seller (lessee), accounted for the leasebacks in the same manner as other finance leases existing on the first implementation date and continued to amortize the related deferred revenue or loss over the lease term.

For sale and leaseback transactions accounted for as sales and operating leases prior to the first implementation date, the Company, as the seller (lessee), accounted for the leasebacks in the same manner as other operating leases existing on the first implementation date, and adjusted the right-of-use assets for the related deferred revenue or loss recorded in the balance sheet prior to the first implementation date.

2. The Company has implemented, since January 26, 2021, Interpretation No. 14 of the Accounting Standards for Business Enterprises (hereinafter referred to as Interpretation No. 14) issued in 2021 by the Ministry of Finance.

The Company retroactively adjusted the contracts of relevant PPP projects that commenced before December 31, 2020, and had not been completed by the effective date of Interpretation No. 14, and the amount of relevant projects in the financial statements at the beginning of 2021 based on the cumulative effects, without adjusting the information for comparable periods. The major effects of the adjustment on the Company's financial statements as of January 1, 2021:

Item	Balance sheet		
	December 31, 2020	Effects	January 1, 2021
Construction in progress	1,782,529,087.95	-1,711,793,604.00	70,735,483.95
Intangible assets	3,163,935,814.41	1,711,793,604.00	4,875,729,418.41

3. The Company has implemented the Interpretation No. 15 of the Accounting Standards for Business Enterprises "Presentation of Centralized Fund Management" issued by the Ministry of Finance since December 31, 2021, and such change in accounting policies has no impact on the Company's financial statements.

(2) Significant changes in accounting estimates

Applicable Not Applicable

(3) The first implementation of the new leasing standard to adjust the year-beginning financial statement items since 2021

Applicable Not Applicable

Whether to adjust the year-beginning balance sheet items

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment due to the implementation of the revised revenue standard
Current Assets:			
Cash and bank balances	5,904,127,970.85	5,904,127,970.85	
Deposit reservation for balance			
Lending to banks and other financial institutions			
Held-for-trading financial assets	128,017,735.11	128,017,735.11	
Derivative financial assets			

Notes receivable	64,663,544.98	64,663,544.98	
Accounts receivable	5,564,834,864.04	5,564,834,864.04	
Financing from accounts receivables	520,429,874.86	520,429,874.86	
Prepayments	137,769,198.53	137,769,198.53	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	257,670,998.28	257,670,998.28	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreement			
Inventories	1,305,177,407.85	1,305,177,407.85	
Contract assets	170,840,655.62	170,840,655.62	
Held-for-sale assets			
Non-current assets due within one year	1,157,997,329.53	1,157,997,329.53	
Other current assets	524,859,055.94	524,859,055.94	
Total current assets	15,736,388,635.59	15,736,388,635.59	
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables	1,063,292,418.65	1,063,292,418.65	
Long-term equity investments	318,243,332.69	318,243,332.69	
Other entity instrument investments	26,070,000.00	26,070,000.00	
Other non-current financial assets			
Investment properties	2,009,006.98	2,009,006.98	
Fixed assets	1,640,546,747.67	1,640,546,747.67	
Construction in progress	1,782,529,087.95	70,735,483.95	1,711,793,604.00
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		30,945,067.78	-30,945,067.78
Intangible assets	3,163,935,814.41	4,875,729,418.41	-1,711,793,604.00
Development expenditure	4,449,066.69	4,449,066.69	
Goodwill	6,170,809,035.86	6,170,809,035.86	
Long-term deferred expenses	12,703,802.65	12,703,802.65	
Deferred tax assets	95,270,882.31	95,270,882.31	

Other non-current assets	94,289,159.43	94,289,159.43	
Total non-current Assets	14,374,148,355.29	14,405,093,423.07	-30,945,067.78
Total assets	30,110,536,990.88	30,141,482,058.66	-30,945,067.78
Current liabilities:			
Short-term borrowings	1,657,905,376.55	1,657,905,376.55	
Borrowings from the Central Bank			
Borrowings from banks and other financial institutions			
Held-for-trading financial liabilities	810,300.00	810,300.00	
Derivative financial liabilities			
Notes payable	3,853,175,394.09	3,853,175,394.09	
Accounts payable	3,404,825,085.03	3,404,825,085.03	
Advance receipts			
Contract liabilities	181,051,683.90	181,051,683.90	
Financial assets sold under repurchase agreement			
Absorbing deposit and due to placements with banks and other financial institutions			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee benefits payable	321,861,989.64	321,861,989.64	
Taxes payable	372,514,942.66	372,514,942.66	
Other payables	443,477,082.48	443,477,082.48	
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year	150,862,201.57	158,563,420.74	-7,701,219.17
Other current liabilities	55,106,039.73	55,106,039.73	
Total current liabilities	10,441,590,095.65	10,449,291,314.82	-7,701,219.17
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	765,643,457.78	765,643,457.78	
Bonds payable	1,199,466,109.60	1,199,466,109.60	
Including: Preference shares			

Perpetual bonds			
Lease liabilities		23,243,848.61	-23,243,848.61
Long-term payables	255,735,814.91	255,735,814.91	
Long-term employee benefits payable			
Estimated liabilities	1,461,553.82	1,461,553.82	
Deferred income	96,734,819.84	96,734,819.84	
Deferred income tax liabilities	78,884,957.38	78,884,957.38	
Other non-current liabilities			
Total Non-current Liabilities	2,397,926,713.33	2,421,170,561.94	-23,243,848.61
Total liabilities	12,839,516,808.98	12,870,461,876.76	-30,945,067.78
Owner's equity:			
Share capital	3,163,062,146.00	3,163,062,146.00	
Other equity instruments	266,939,831.65	266,939,831.65	
Including: Preference shares			
Perpetual bonds			
Capital reserve	9,707,741,876.49	9,707,741,876.49	
Less: Treasury shares	8,920,597.83	8,920,597.83	
Other comprehensive income			
Special reserve			
Surplus reserve	232,701,943.56	232,701,943.56	
General risk reserve			
Retained profits	3,558,688,885.55	3,558,688,885.55	
Total owners' equity attributable to equity holders of the Parent Company	16,920,214,085.42	16,920,214,085.42	
Minority interests	350,806,096.48	350,806,096.48	
Total owners' equity	17,271,020,181.90	17,271,020,181.90	
Total liabilities and owners' equity	30,110,536,990.88	30,141,482,058.66	-30,945,067.78

Adjustment description

Parent company balance sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment due to the implementation of the revised revenue standard
Current Assets:			
Cash and bank balances	1,279,695,772.57	1,279,695,772.57	
Held-for-trading financial assets	126,075,691.90	126,075,691.90	
Derivative financial assets			
Notes receivable			
Accounts receivable			
Financing from accounts receivables	528,356,236.97	528,356,236.97	

Prepayments			
Other receivables	3,095,331,754.24	3,095,331,754.24	
Including: Interest receivable			
Dividends receivable	50,000,000.00	50,000,000.00	
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	337,148,608.96	337,148,608.96	
Other current assets			
Total current assets	5,366,608,064.64	5,366,608,064.64	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	16,694,341,699.36	16,694,341,699.36	
Other entity instrument investments	26,070,000.00	26,070,000.00	
Other non-current financial assets			
Investment properties			
Fixed assets			
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		2,966,591.85	-2,966,591.85
Intangible assets	3,395,200.95	3,395,200.95	
Development expenditure			
Goodwill			
Long-term deferred expenses	1,155,903.84	1,155,903.84	
Deferred tax assets			
Other non-current assets			
Total non-current Assets	16,724,962,804.15	16,727,929,396.00	-2,966,591.85
Total assets	22,091,570,868.79	22,094,537,460.64	-2,966,591.85
Current liabilities:			
Short-term borrowings	600,733,518.18	600,733,518.18	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	3,899,667.53	3,899,667.53	
Advance receipts			

Contract liabilities			
Employee benefits payable	8,700,968.00	8,700,968.00	
Taxes payable	12,475,208.42	12,475,208.42	
Other payables	753,207,113.25	753,207,113.25	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,194,082.62	-1,194,082.62
Other current liabilities			
Total current liabilities	1,379,016,475.38	1,380,210,558.00	-1,194,082.62
Non-current liabilities:			
Long-term borrowings			
Bonds payable	1,199,466,109.60	1,199,466,109.60	
Including: Preference shares			
Perpetual bonds			
Lease liabilities		1,772,509.23	-1,772,509.23
Long-term payables	3,000,000.00	3,000,000.00	
Long-term employee benefits payable			
Estimated liabilities	218,598.02	218,598.02	
Deferred income	350,000.00	350,000.00	
Deferred income tax liabilities	30,762,849.39	30,762,849.39	
Other non-current liabilities			
Total Non-current Liabilities	1,233,797,557.01	1,235,570,066.24	-1,772,509.23
Total liabilities	2,612,814,032.39	2,615,780,624.24	-2,966,591.85
Owner's equity:			
Share capital	3,163,062,146.00	3,163,062,146.00	
Other equity instruments	266,939,831.65	266,939,831.65	
Including: Preference shares			
Perpetual bonds			
Capital reserve	15,356,688,889.72	15,356,688,889.72	
Less: Treasury shares	8,920,597.83	8,920,597.83	
Other comprehensive income			
Special reserve			
Surplus reserve	198,481,554.14	198,481,554.14	
Retained profits	502,505,012.72	502,505,012.72	
Total owners' equity	19,478,756,836.40	19,478,756,836.40	
Total liabilities and owners' equity	22,091,570,868.79	22,094,537,460.64	-2,966,591.85

Adjustment description

(4) Retrospectively restated datum of the previous period since the first adoption of new accounting standards governing leases in 2021

□ Applicable √ Not Applicable

45. Others**VI. Taxes****1. Main taxes and tax rates**

Taxes	Tax basis	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, the difference is the amount of the VAT due	3%, 6%, 9%, 13%. Exported goods are subject to "exemption, credit, refund" policies, with refund rate of 10% or 13%.
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Enterprise income tax	Taxable income	15%, 20%, 25%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%, 1%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Infore Technology Company	15%
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	15%
Liaoning Donggang Magnetic Wire Co., Ltd.	15%
Guangdong Wellkey Electric Material Co., Ltd.	15%
Anhui Wellkey Electric Material Co., Ltd.	15%
Zoomlion Environmental	15%
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.	15%
Fengyun IoT Technology Co., Ltd.	15%
Foshan Shunde Huabo Environmental Water Co., Ltd.	20%
Dingnan Zoomlion Environmental Industry Co., Ltd.	20%
Huichang Zoomlion Environmental Industry Co., Ltd.	20%
Huachuan Zhongfeng Urban Environmental Service Co., Ltd.	20%
Heze Yingsheng Environmental Sanitation Service Co., Ltd.	20%
Shenzhen Yinglian Environmental Industry Co., Ltd.	20%
Qixian Tongying Environmental Sanitation Service Co., Ltd.	20%
Shengzhou Yinghe Environmental Sanitation Management Co.,	20%

Ltd.	
Shengzhou Zoomlion Environmental Engineering Co., Ltd.	20%
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	20%
Susong Yinghe Environmental Sanitation Management Co., Ltd.	20%
Liaocheng Yinghe Environmental Sanitation Service Co., Ltd.	20%
Changsha Zoomlion Environmental Industry Co., Ltd. Chengdu Branch	20%
Shenzhen Tongying Environmental Industry Co., Ltd.	20%
Shenzhen Zhongfu Environmental Technology Co., Ltd.	20%
Jian'ou Yingsheng Environmental Sanitation Management Co., Ltd.	20%
Yichang Yinglian Urban Environmental Service Co., Ltd.	20%
Wuhan Infore Zhonghui Environmental Protection Technology Co., Ltd.	20%
Wuhan Tongying Environmental Sanitation Management Co., Ltd.	20%
Shenzhen Yingli Environmental Sanitation Service Co., Ltd.	20%
Binchuan Zhongying Environmental Service Co., Ltd.	20%
Heping Hesheng Environmental Sanitation Service Co., Ltd.	20%
Suzhou Xiangcheng Yinglian Environmental Industry Co., Ltd.	20%
Foshan Gaoming Yingde Smart City Management Co., Ltd.	20%
Foshan Liansheng Environmental Sanitation Service Co., Ltd.	20%
Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	20%
Taxpayers other than the above-mentioned	25%

2. Tax preferential policies

1. Enterprise income tax

No.	Company	Tax preferences
1	Zhejiang Shangfeng Special Blower Industrial Co., Ltd., Infore Technology Company, Guangdong Wellkey Electric Material Co., Ltd., Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.	According to the preferential income tax policy for high-tech enterprises, its 2019-2021 enterprise income tax rate is reduced to 15%.
2	Zoomlion Environmental, Fengyun IoT Technology Co., Ltd., Liaoning Donggong Magnet Wire Co., Ltd.	According to the preferential income tax policy for high-tech enterprises, its 2020-2022 enterprise income tax rate is reduced to 15%.
3	Anhui Wellkey Electric Material Co., Ltd.	According to the preferential income tax policy for high-tech enterprises, its 2021-2023 enterprise income tax rate is reduced to 15%.
4	Shimen Zoomlion Environmental Industry Co., Ltd., Huaian Chenjie Environmental Engineering Co., Ltd.	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2016-2018, and enjoys a 50% reduction in income for 2019-2021.
5	Funan Greenlander Environmental Energy Co., Ltd., Hanshou Zoomlion Environmental Industry Co., Ltd.*, Zhongfang County Zoomlion Environmental Industry Co., Ltd., Anhua Zoomlion Environmental Industry Co., Ltd., Cili County Zoomlion Huabao Environmental Industry Co., Ltd., Longhui County Zoomlion Environmental Industry Co., Ltd.	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2017-2019, and enjoys a 50% reduction in income for 2020-2022.
6	Xiantao Greenlander Environmental Power Generation Co., Ltd., Shouxian Greenlander New Energy Co., Ltd., Zhangjiajie Zoomlion Environmental Industry Co., Ltd., Huayuan Zoomlion Environmental Industry Co., Ltd., Fusui Zhongfeng Environmental Industry Co., Ltd., Shangsi Zoomlion Environmental Industry Co., Ltd., Ningyuan County	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2018-2020, and enjoys a 50% reduction in income for 2021-2023.

	Zoomlion Environmental Industry Co., Ltd., Lianping Zoomlion Jiabao Environmental Industry Co., Ltd., Hongjiang District Zhongfeng Environmental Industry Co., Ltd., Meishan Pengshan Zhongfeng Environmental Industry Co., Ltd., Liling Yingfeng Zoomlion Environmental Industry Co., Ltd.	
7	Changsha Zoomlion Changgao Environmental Industry Co., Ltd., Xiantao Yinghe Environmental Protection Co., Ltd., Kaili Zoomlion Environmental Industry Co., Ltd., Loudi Zoomlion Huabao Environmental Protection Technology Co., Ltd., Changsha Juzhou Zoomlion Environmental Industry Co., Ltd., Duchang County Zhongfeng Environmental Industry Co., Ltd., Anlong Ninghe Environmental Protection Technology Co., Ltd., Fushun Yingfeng Zoomlion Urban Environmental Sanitation Management Co., Ltd., Renshou Infore Zoomlion Urban Environmental Service Co., Ltd., Yichun Yinglian Urban Environmental Service Co., Ltd., Songyuan Zoomlion Xinyu Environmental Service Co., Ltd., Ganzhou Rongjiang New Area Zhongfeng Environmental Technology Co., Ltd., Quyang Yinglian Environmental Service Co., Ltd., Chengdu Yinglian Environmental Management Co., Ltd., Qixian Yinglian Urban Environmental Service Co., Ltd., Fujian Nan'an Yingfeng Urban Environmental Service Co., Ltd., Gucheng Yinglian Urban Environmental Service Co., Ltd., Huaibei Yinglian Urban Environmental Service Co., Ltd., Huaibei Zhongfeng Urban Environmental Service Co., Ltd., Jishan County Yinglian Urban Environmental Service Co., Ltd., Tangshan Caofeidian District Yinglian Environmental Service Co., Ltd., Anyi County Zhongfeng Environmental Industry Co., Ltd., Changsha Zhongfeng Environmental Protection Technology Co., Ltd., Shenzhen Yinglian Urban Environmental Service Co., Ltd.	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2019-2021, and enjoys a 50% reduction in income for 2022-2024.
8	Tongren Bijiang District Zhongfeng Environmental Industry Co., Ltd., Baise Yinglian Urban Environmental Service Co., Ltd., Chongqing Yinglian City Sanitation Service Co., Ltd., Donglan Yinglian Urban Environmental Service Co., Ltd., Xiantao Yinglian Environmental Technology Co., Ltd., Anhua Yingsheng Environmental Sanitation Service Co., Ltd., Shenzhen Bao'an Yinglian City Service Co., Ltd., Shaoyang County Zhongfeng Environmental Industry Co., Ltd., Tangyin County Yinglian Environmental Service Co., Ltd., Xi'an Yinglian Urban Environmental Service Co., Ltd., Yangbi Zhongying Environmental Services Co., Ltd., Rongcheng County Yinglian Urban Environmental Service Co., Ltd., Infore Zoomlion City Environmental Service Co., Ltd., Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd., Ji'an Zhongfeng Environmental Technology Co., Ltd., Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd., Luannan County Yinglian Environmental Management Co., Ltd., Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd., Shennongjia Forest Area Yinghe Environmental Sanitation Management Co., Ltd., Foshan Shunde District Yinghe Urban Environmental Service Co., Ltd., Foshan Shunde District Lianying Environmental Development Co., Ltd., Foshan Yingshun Urban Environmental Service Co., Ltd., Zaozhuang Yinglian Urban Environmental Service Co., Ltd., Zaozhuang Zhongying Urban Environmental Service Co., Ltd., Daqing Saertu District Zoomlion Environmental Development Co., Ltd., Jilin Zhongfeng Oasis Environmental Development Co., Ltd., Lai'an Zhongfeng Environmental Technology Co., Ltd., Lanling Zoomlion Environmental Service Co., Ltd., Yuncheng Zhongying City Environmental Service Co., Ltd., Suqian Lianying City Service Co., Ltd.	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2020-2022, and enjoys a 50% reduction in income for 2023-2025.
9	Poyang Greenlander Renewable Energy Co., Ltd., Biyang County Fenghe New Energy Power Co., Ltd., Jiayu Xingzhou Water Treatment Technology Co., Ltd., Xianghe Yinglian Environmental Technology Co., Ltd., Renshou Yinglian Urban and Rural Environmental Sanitation Service Co., Ltd., Liucheng Yinglian Environmental Sanitation Management Co., Ltd., Chongqing Zhongying Environmental Sanitation Service Co., Ltd., Tongbai Tongying Environmental Sanitation Development Co., Ltd., Yiyang Yinglian Environmental Sanitation Management Co., Ltd., Chongyang Yinglian Environmental Protection Co., Ltd., Xiangtan Yinglian Environmental Industry Co., Ltd., Jinzhou	Engage in qualified environmental protection, energy-saving and water-saving projects, it enjoys enterprise income tax exemption in 2021-2023, and enjoys a 50% reduction in income for 2024-2026.

	Yinglian Urban Environmental Sanitation Management Co., Ltd., Handan Yinglian Environmental Sanitation Management Co., Ltd., Wuhai Yinglian Environmental Engineering Co., Ltd., Zongyang Tongying Environmental Sanitation Management Co., Ltd., Ordos Environmental Sanitation Management Co., Ltd., Luanzhou Yinglian Environmental Service Co., Ltd., Wanning Yinglian Environmental Industry Co., Ltd., Guangde Yinghe Environmental Sanitation Development Co., Ltd., Weihui Yinglian Environmental Service Co., Ltd., Zhoushan Yinghe Environmental Sanitation Service Co., Ltd., Baisha Yinghe Environmental Sanitation Service Co., Ltd., Shouxian Liansheng Environmental Sanitation Management Co., Ltd., Foshan Shude Yinghong Smart Environmental Sanitation Management Co., Ltd., Foshan Shunde Yingsheng Urban Environment Management Co., Ltd., Zhongshan Yinglian Urban Environment Management Co., Ltd.	
10	Xinning Lianying Urban Environmental Service Co., Ltd., Fenghuang Lianying Environmental Service Co., Ltd., Huayuan Environmental Sanitation Management Co., Ltd., Nanchang Yingsheng Environment Protection Service Co., Ltd., Zhongwei Yinglian Urban Environmental Service Co., Ltd., Huaibei Yinghe Urban Environmental Service Co., Ltd., Guangrao Yinghe Urban Service Co., Ltd., Foshan Gaoming Yingde Smart Urban Administration Co., Ltd., Changde Zelian Environmental Service Co., Ltd., Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd., Chongqing Tongliang Fenglan Environmental Technology Co., Ltd., Hnashou Jinglan Environment Protection Co., Ltd., Lu'an Zhongfeng Urban Environmental Service Co., Ltd.	Engaged in qualified environmental protection, energy-saving and water-saving projects, it enjoys three-year-exemption and three-year-half-reduction policy for enterprise income tax since the year in which it generates its first income.
11	Foshan Shunde Huabo Environmental Water Co., Ltd., Dingnan Zoomlion Environmental Industry Co., Ltd., Huichang Zoomlion Environmental Industry Co., Ltd., Huachuan Zhongfeng Urban Environmental Service Co., Ltd., Heze Yingsheng Environmental Sanitation Service Co., Ltd., Shenzhen Yinglian Environmental Industry Co., Ltd., Qixian Tongying Environmental Sanitation Service Co., Ltd., Shengzhou Yinghe Environmental Sanitation Management Co., Ltd., Shengzhou Zoomlion Environmental Engineering Co., Ltd., Puan Yinghe Environmental Sanitation Management Co., Ltd., Susong Yinghe Environmental Sanitation Management Co., Ltd., Liaocheng Yinghe Environmental Sanitation Service Co., Ltd., Changsha Zoomlion Environmental Industry Co., Ltd. Chengdu Branch, Shenzhen Tongying Environmental Industry Co., Ltd., Shenzhen Zhongfu Environmental Technology Co., Ltd., Jianou Yingsheng Environmental Sanitation Management Co., Ltd., Yichang Lianying Urban Environmental Service Co., Ltd., Wuhan Yingfeng Zhonghui Environmental Technology Co., Ltd., Wuhan Tongying Environmental Sanitation Management Co., Ltd., Shenzhen Yingli Environmental Sanitation Service Co., Ltd., Binchuan Zhongying Environmental Service Co., Ltd., Heping County Hesheng Environmental Sanitation Service Co., Ltd., Suzhou Xiangcheng Yinglian Environmental Industry Co., Ltd., Foshan Liansheng Environmental Sanitation Service Co., Ltd., Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	According to Announcement of the State Taxation Administration on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (2021) No.12, from January 1, 2021 to December 31, 2022, for small enterprises with low profits, the income tax is calculated by applying income tax rate of 20% to the adjusted taxable income, i.e. 12.5% of the portion of taxable income not exceeding RMB 1,000,000 plus 50% of the portion of taxable income exceeding RMB 1,000,000 but not exceeding RMB 3,000,000.
12	Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd., Foshan Shunde Huaying Environmental Water Co., Ltd., Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd., Foshan Shunde Huabo Environmental Protection Co., Ltd.	For revenue from producing the products that are not restricted or prohibited by the state and satisfy the national and industrial standards using the resources specified in the Catalogue of Preferential Income Tax for Enterprises Adopting Comprehensive Utilization of Resources (2008) as the major raw materials, only 90% of such revenue is included in taxable income when calculating the enterprise income tax for 2021.
13	Ruili Yinglian Environmental Industry Co., Ltd.	According to the Implementation Plan for the Construction of Key Development and Opening-Up Pilot Zone in Ruili, Yunnan (Guo Ban Han [2012] No.103), the start-up business in the pilot zone enjoys the five-year-exemption and five-year-half-reduction policy for the portion of local tax (40%) of the enterprise income tax, specifically, the local tax exemption period is

		2021 - 2025, and 50% reduction period is 2026 - 2030. For the portion of 60% state taxation, it enjoys the policies for small enterprises with low profit.
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2. VAT

(1) According to the Notice of MOF and STA on VAT Preferential Policies for Promoting Employment of Persons with Disabilities (Cai Shui [2016] No. 52), taxpayers who meet the conditions for enjoying preferential tax policies shall be entitled to enjoy VAT refund upon collection within limit according to the number of persons with disabilities employed by taxpayer. For Jan. - Feb. 2021, the subsidiary Liaoning Donggang Magnet Wire Co., Ltd. (hereinafter referred to as "Donggang Magnet Wire Company") enjoys the preferential policy of VAT refund upon collection at the amount of RMB 59,200 per year for each disabled person employed, and the refunded VAT upon collection totaled RMB 2,048,320.00.

(2) According to the Notice of MOF and STA on VAT Policies for Software Products (Cai Shui [2011] No. 100), general VAT taxpayers who sell self-developed and produced software products are subject to VAT refund upon collection for the amount exceeding 3% of their actual VAT burdens. In 2021, the subsidiaries Zoomlion Environmental and Infore Technology Company are entitled to enjoy the VAT refund upon collection policy for its development and sale of their self-developed software products, and the VAT refunds received in the current period are RMB 13,995,039.60 and RMB 171,688.08 respectively.

(3) According to the Notice of MoF and STA on Policies for Weighted VAT Deductions for Consumer Services (2019) No.87, the qualified taxpayers may apply to competent tax authority for weighted deduction of input VAT. In 2021, the subsidiaries Zoomlion Environmental and Foshan Shunde District Yuanyi Environmental Water Co., Ltd. are engaged in consumer service related business and enjoy the weighted deduction of input VAT of RMB 2,104,520.73 and RMB 81,887.02 respectively.

(4) According to Article 5 of the Notice of MOF and STA on Printing and Distributing the "Catalogue of Preferential VAT for Products and Services Adopting Comprehensive Utilization of Resources" (Cai Shui [2015] No. 78), since July 1, 2015, sewage treatment services are entitled to enjoy 70% VAT refund upon collection. In 2021, the subsidiaries Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd., Foshan Shunde Huaying Environmental Water Co., Ltd., Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd., and Foshan Shunde Huabo Environmental Protection Co., Ltd. received VAT refund upon collection of RMB 2,412,123.35, RMB 1,746,316.53, RMB 1,707,473.76 and RMB 114,351.29 respectively.

(5) Pursuant to the Measures for the Implementation of the Pilot Implementation of VAT Reform for the Transportation Industry and Certain Modern Service Industries (Cai Shui [2011] No. 111), revenue from technology transfer, technology development, and related technical consulting, and technical service businesses is exempt from VAT. In 2021, the subsidiary Shenzhen Dingzhu Environmental Technology Co., Ltd. meets the condition and is exempt from VAT.

3. Urban land use tax

(1) According to the Notice of MOF and STA on the Urban Land Use Tax and Other Policies for Entities with Employment of Persons with Disabilities (Cai Shui [2010] No. 121), the Donggang Magnet Wire Company, as a social welfare company, meets the requirement of temporary exemption of land use tax. After confirmation with Beijingzi Local Taxation Bureau of Donggang Local Taxation Bureau, it is exempt from land use tax in Jan. - Feb. 2021.

(2) According to Opinions on Deepening the Reform of Optimal Allocation of Resource Elements for Manufacturing Enterprises (Zhe Zheng Ban Fa [2019] No.62) of General Office of the People's Government of Zhejiang Province, the subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. satisfy the conditions for preferential tax and enjoys 100% exemption of land use tax in 2021.

3. Others

VII. Notes to items in the consolidated financial statements

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	89,806.02	147,826.76
Bank deposits	4,190,857,415.70	5,334,320,758.07
Other cash and bank balances	392,298,149.30	569,659,386.02
Total	4,583,245,371.02	5,904,127,970.85
Including: Total amount deposited overseas	4,464,479.35	4,585,104.79

Other statements

1) Closing balance of bank deposits included certificate of deposits in amount of RMB 67,743,888.90, funds frozen due to lawsuits in amount of RMB 1,109,678.44, and engineering escrow accounts that are not available for separate use in amount of RMB 3,632,809.64, which were restricted for use.

2) Closing balance of other cash and bank balances included deposit for notes amounting to RMB 304,539,128.51, deposit for letters of guarantee amounting to RMB 86,544,774.72, deposit for migrant workers' wages amounting to RMB 925,205.09, and ETC deposit amounting to RMB 3,000.00, which were restricted for use.

2. Held-for-trading financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss		128,017,735.11
Including:		
Equity instrument investments		127,192,985.11
Derivative financial assets		824,750.00
Including:		
Total		128,017,735.11

3. Derivative financial assets

Applicable Not Applicable

4. Notes receivable

(1) Notes receivable presented by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	6,412,054.79	

Commercial acceptance	47,990,598.46	64,663,544.98
Total	54,402,653.25	64,663,544.98

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Ratio	Amount	Provision proportion		Amount	Ratio	Amount	Provision proportion	
Including:										
Notes receivable for which bad debt provision is assessed collectively	57,247,027.23	100.00%	2,844,373.98	4.97%	54,402,653.25	67,804,653.12	100.00%	3,141,108.14	4.63%	64,663,544.98
Including:										
Bank acceptance	6,412,054.79	11.20%	0.00	0.00%	6,412,054.79					
Commercial acceptance	50,834,972.44	88.80%	2,844,373.98	5.60%	47,990,598.46	67,804,653.12	100.00%	3,141,108.14	4.63%	64,663,544.98
Total	57,247,027.23	100.00%	2,844,373.98	4.97%	54,402,653.25	67,804,653.12	100.00%	3,141,108.14	4.63%	64,663,544.98

Dad debt provision assessed collectively:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision proportion
Bank acceptance portfolio	6,412,054.79		
Commercial acceptance portfolio	50,834,972.44	2,844,373.98	5.60%
Total	57,247,027.23	2,844,373.98	--

Description of basis for determining the portfolio:

If the bad debt provision for notes receivable is assessed using general model of expected credit loss, please disclose the bad debt provision by reference to the disclosure of bad debt provision for other receivables:

Applicable Not Applicable

(2) Provision, recovery or reversal of bad debt for the period

Dad debt provision for the period:

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Commercial acceptance portfolio	3,141,108.14	-296,734.16				2,844,373.98
Total	3,141,108.14	-296,734.16				2,844,373.98

Significant recovery or reversal of bad debt provision for the period:

Applicable Not Applicable

(3) The Company had no pledged notes receivable at the end of the period**(4) Notes receivable endorsed or discounted by the Company at the end of the period and yet undue at the balance sheet date**

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance		5,050,609.92
Commercial acceptance	2,050,000.00	14,668,452.95
Total	2,050,000.00	19,719,062.87

The Company discounted part of the commercial acceptance to bank in the manner of buyout and no longer assumes the risk of such commercial acceptance, therefore the Company derecognized aforesaid notes.

(5) Notes receivable transferred to accounts receivable due to the drawer's failure to perform its obligations

Unit: RMB

Item	Amount transferred to accounts receivable at the end of the period
Commercial acceptance	3,013,368.24
Total	3,013,368.24

(6) There is no write-off of notes receivable in the period**5. Accounts receivable****(1) Accounts receivable disclosed by category**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Ratio	Amount	Provision proportion		Amount	Ratio	Amount	Provision proportion	
Accounts receivable for which bad debt provision is assessed individually	5,544,902.60	0.10%	5,544,902.60	100.00%		13,881,143.78	0.23%	13,881,143.78	100.00%	
Of which:										
Accounts receivable for which bad debt provision is assessed collectively	5,418,868,812.39	99.90%	472,163,848.68	8.71%	4,946,704,963.71	5,965,218,384.23	99.77%	400,383,520.19	6.71%	5,564,834,864.04
Of which:										
Accounts receivable for which bad debt provision is assessed collectively on the basis of account aging	4,927,634,598.38	90.93%	465,706,843.43	9.45%	4,461,927,754.95	5,761,903,779.56	96.37%	397,132,501.12	6.89%	5,364,771,278.44

Accounts receivable for which bad debt provision is assessed based on five-level classification of credit risks	419,134,910.78	7.73%	6,457,005.25	1.54%	412,677,905.53	203,314,604.67	3.40%	3,251,019.07	1.60%	200,063,585.60
Accounts receivable for which bad debt provision is assessed collectively - government subsidy for new energy vehicles	72,099,303.23	1.33%		0.00%	72,099,303.23					
Total	5,424,413,714.99	100.00%	477,708,751.28	8.81%	4,946,704,963.71	5,979,099,528.01	100.00%	414,264,663.97	6.93%	5,564,834,864.04

Dad debt provision assessed individually:

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Provision proportion	Reasons for provision
Jiande Xinyue Real Estate Co., Ltd.	377,496.00	377,496.00	100.00%	Expected to be irrecoverable
Xuzhou Weitian Chemical Co., Ltd.	400,000.00	400,000.00	100.00%	Expected to be irrecoverable
Ma'anshan Ruiheng Material Trading Co., Ltd.	2,137,100.00	2,137,100.00	100.00%	Expected to be irrecoverable
Fuqing Dinghuan Cleaning Co., Ltd.	329,600.00	329,600.00	100.00%	Expected to be irrecoverable
Kunming Jialize Characteristic Town Real Estate Co., Ltd.	1,330,000.00	1,330,000.00	100.00%	Expected to be irrecoverable
Nanning Mingwan Environmental Protection Engineering Co., Ltd.	525,000.00	525,000.00	100.00%	Expected to be irrecoverable
Others	445,706.60	445,706.60	100.00%	Expected to be irrecoverable
Total	5,544,902.60	5,544,902.60	--	--

Bad debt provision assessed collectively: Ventilation equipment manufacturing industry and environmental integrated industry under aging analysis method

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision proportion
Within 1 year	3,640,492,179.71	182,024,609.08	5.00%
1-2 years	835,288,035.93	83,528,803.59	10.00%
2-3 years	262,860,548.89	78,858,164.66	30.00%
3-5 years	135,397,135.35	67,698,567.60	50.00%
Over 5 years	53,596,698.50	53,596,698.50	100.00%
Total	4,927,634,598.38	465,706,843.43	--

Bad debt provision assessed collectively: Commercial factoring portfolio grouped by five-level classification

Unit: RMB

Name	Closing balance
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	Book balance	Bad debt provision	Provision proportion
Normal	430,467,016.73	6,457,005.25	1.50%
Total	430,467,016.73	6,457,005.25	--

Bad debt provision assessed collectively: government subsidy for new energy vehicles

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision proportion
Accounts receivable – Portfolio grouped with government subsidy receivable for new energy vehicles	72,099,303.23	0.00	
Total	72,099,303.23	0.00	--

If the bad debt provision for notes receivable is assessed using general model of expected credit loss, please disclose the bad debt provision by reference to the disclosure of bad debt provision for other receivables:

Applicable Not Applicable

Disclosure by account aging

Unit: RMB

Account aging	Book balance
Within 1 year (inclusive)	4,131,726,393.71
1-2 years	836,618,035.93
2-3 years	263,420,548.90
Over 3 years	192,648,736.45
3-5 years	138,149,475.35
Over 5 years	54,499,261.10
Total	5,424,413,714.99

(2) Provision, recovery or reversal of bad debt for the period

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Dad debt provision assessed individually	13,881,143.78	1,968,398.82		10,304,640.00		5,544,902.60
Dad debt provision assessed collectively	400,383,520.19	78,712,815.20		6,665,916.53	266,570.18	472,163,848.68
Total	414,264,663.97	80,681,214.02		16,970,556.53	266,570.18	477,708,751.28

Other decrease of RMB 266,570.18 represents the transfer-out due to disposal of Guangdong Yingling Testing Technology Service Co., Ltd., Hunan Ningxiang Renhe Integrated Waste Treatment Co., Ltd. and Donggang Magnet Wire Company.

(3) Accounts receivable written off in the period

Unit: RMB

Item	Write-off
Trade receivable	16,970,556.53

Significant accounts receivable written off in the period:

Unit: RMB

Debtors	Nature of accounts receivable	Write-off	Reasons for write-off	Write-off procedures performed	Whether arising from related party transactions
Shenzhen Weimin Ecological Technology Co., Ltd.	Goods payment	10,304,640.00	Expected to be irrecoverable	Management approval	No
Shenzhen Jieya Environmental Protection Industry Co., Ltd.	Goods payment	1,525,200.00	Expected to be irrecoverable	Management approval	No
Urban Administration and Law Enforcement Bureau of Anqing County	Goods payment	600,000.00	Expected to be irrecoverable	Management approval	No
Ordos Municipal Kangbashi District Utility Service Center	Goods payment	500,000.00	Expected to be irrecoverable	Management approval	No
Shenzhen Dongheng Environmental Protection Co., Ltd.	Goods payment	450,000.00	Expected to be irrecoverable	Management approval	No
Shenghe Urban Environmental Technology Co., Ltd.	Goods payment	447,486.02	Expected to be irrecoverable	Management approval	No
Tianjin City Appearance and Sanitation Machinery Equipment Service Center	Goods payment	422,300.00	Expected to be irrecoverable	Management approval	No
Xi'an Municipal Beilin District Urban Administration and Law Enforcement Bureau	Goods payment	295,500.00	Expected to be irrecoverable	Management approval	No
Tianjin Municipal Beichen District City Appearance and Gardens Management Committee	Goods payment	266,980.00	Expected to be irrecoverable	Management approval	No
Xiamen Xiang'an Municipal Group Environmental Engineering Co., Ltd	Goods payment	261,538.48	Expected to be irrecoverable	Management approval	No
Total	--	15,073,644.50	--	--	--

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

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion to the total balance of accounts receivable (%)	Closing balance of bad debt provision
Customer A	74,081,870.15	1.37%	3,704,093.51
Customer B	73,000,000.00	1.35%	1,136,107.50
Customer C	72,099,303.23	1.33%	0.00
Customer D	71,096,232.59	1.31%	5,439,787.47
Customer E	68,183,982.98	1.26%	5,048,890.25
Total	358,461,388.95	6.62%	

(5) Assets and liabilities arising from continuing involvement in the transferred accounts receivable

NA

(6) Accounts receivable derecognized due to transfer of financial assets

1) Zhejiang Shangfeng Special Blower Industrial Co., Ltd.

Item	Amount derecognized	Gains or losses on derecognition	Way of transfer of financial assets
Sales of ventilation equipment	4,711,704.53	-58,099.17	Factoring accounts receivable without recourse
Sub-total	4,711,704.53	-58,099.17	

2) Zoomlion Environmental

Item	Amount derecognized	Gains or losses on derecognition	Way of transfer of financial assets
Sales of sanitation vehicles	571,064,080.00	-21,967,180.07	Factoring accounts receivable without recourse
Sub-total	571,064,080.00	-21,967,180.07	

6. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	296,379,694.57	520,429,874.86
Total	296,379,694.57	520,429,874.86

Changes in receivables financing in the current period and fair value changes

 Applicable Not Applicable

If the impairment provision for receivables financing is assessed using general model of expected credit loss, please disclose the impairment provision by reference to the disclosure of other receivables:

 Applicable Not Applicable

(1) There is no write-off of receivables financing in the current period

(2) Notes receivable pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Bank acceptance	143,994,957.80
Sub-total	143,994,957.80

(3) Notes receivable endorsed or discounted by the Company at the end of the period and yet undue at the balance sheet date

Item	Amount derecognized at the end of the period
Bank acceptance	176,645,163.93
Sub-total	176,645,163.93

As the acceptor of bank acceptance is commercial bank, which has higher credit, there is minor possibility that the bank acceptance will not be paid. Therefore, the Company derecognized the bank acceptance that has been endorsed or discounted. However, if such bank acceptance is accepted and paid by the bank upon maturity, the Company still bears joint liability to the holder of the bank acceptance in accordance with the Bill Law.

7. Prepayments

(1) Presentation of prepayments by aging

Unit: RMB

Account aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	124,131,454.89	96.52%	134,718,034.94	97.79%
1-2 years	3,969,968.37	3.09%	1,328,399.29	0.96%
2-3 years	67,855.05	0.05%	1,621,900.20	1.18%
Over 3 years	435,104.35	0.34%	100,864.10	0.07%
Total	128,604,382.66	--	137,769,198.53	--

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

Debtors	Book balance	Proportion to the total balance of prepayments (%)
Customer A	21,800,000.00	16.95
Customer B	7,722,960.00	6.01
Customer C	3,932,330.35	3.06
Customer D	3,217,699.03	2.50
Customer E	3,000,000.00	2.33
Sub-total	39,672,989.38	30.85

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	509,164,126.27	257,670,998.28
Total	509,164,126.27	257,670,998.28

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Nature of the account	Closing balance	Opening balance
Security deposits	129,986,238.82	155,500,083.80
Temporary advance payment receivable and petty cash	108,556,330.04	79,760,368.16
Loans receivable	13,046,550.18	48,442,016.60
Equity transfer receivable [note]	115,100,000.00	
Debt transfer receivable	9,000,000.00	
Performance compensation	163,460,620.00	
Others	2,220,686.46	3,846,217.89
Total	541,370,425.50	287,548,686.45

[Note] The equity transfer receivable represents the receivable arising from disposal of Foshan Yingtong in the current period and has been received in full amount on January 26, 2022.

Bad debt provision

Unit: RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month expected credit loss (ECL)	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at January 1, 2021	9,190,094.83	4,437,355.76	16,250,237.58	29,877,688.17
Balance at January 1, 2021 in the current period	—	—	—	—
--Transfer to stage II	-1,885,311.19	1,885,311.19	0.00	0.00
--Transfer to stage III	0.00	-2,323,153.72	2,323,153.72	0.00
--Reversed to stage II	0.00	0.00	0.00	0.00
--Reversed to stage I	0.00	0.00	0.00	0.00
Provision in the current period	3,641,359.99	65,064.37	11,887,101.40	15,593,525.76
Reversal in the period	0.00	0.00	0.00	0.00
Write-off in the period			473,500.75	473,500.75
Other changes			-12,791,413.95	-12,791,413.95
Balance on December 31, 2021	10,946,143.63	4,064,577.60	17,195,578.00	32,206,299.23

Changes in book balance with significant changes in loss allowance in the current period

Applicable Not Applicable

Disclosure by account aging

Unit: RMB

Account aging	Book balance
Within 1 year (inclusive)	462,044,798.94
1-2 years	40,645,776.00
2-3 years	23,641,994.01
Over 3 years	15,037,856.55
3-5 years	9,861,753.55
Over 5 years	5,176,103.00
Total	541,370,425.50

3) Provision, recovery or reversal of bad debt in the current period

Dad debt provision for the period:

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Dad debt provision assessed collectively	29,877,688.17	15,593,525.76		473,500.75	12,791,413.95	32,206,299.23
Total	29,877,688.17	15,593,525.76		473,500.75	12,791,413.95	32,206,299.23

[Note] Other decrease of RMB 263,601.84 represents the transfer-out due to disposal of Guangdong Yingling Testing Technology Service Co., Ltd. and Foshan Yingtong Electrical Materials Co., Ltd.; other decrease of RMB 12,164,432.14 represents the transfer-out due to the transfer of the Company's creditor's rights against Guangdong Liangke Environmental Engineering Co., Ltd.; other decrease of RMB 363,379.97 represents the transfer-out due to the sales of the creditor's rights of Zoomlion Environmental against Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.

4) Other receivables written off in current period

Unit: RMB

Item	Write-off
Dad debt provision assessed collectively	473,500.75

5) Details of the top 5 debtors with the largest balances of other receivables

Unit: RMB

Debtors	Nature of other receivables	Closing balance	Account aging	Proportion to the total balance of other receivables (%)	Closing balance of bad debt provision
Customer A	Performance compensation and temporary advance payment receivable	163,792,911.19	Within 1 year, 2-5 years	30.26%	106,389.76
Customer B	Equity transfer receivable	115,100,000.00	Within 1 year	21.26%	2,302,000.00
Customer C	Security deposits	12,245,069.06	0-2 years, over 5 years	2.26%	1,562,903.45
Customer D	Debt transfer receivable	9,000,000.00	Within 1 year	1.66%	0.00
Customer E	Security deposits	7,000,000.00	1-2 years	1.29%	700,000.00
Total	--	307,137,980.25	--		4,671,293.21

6) Other receivables derecognized due to transfer of financial assets

NA

7) Assets and liabilities arising from continuing involvement in the transferred other receivables

NA

9. Inventory

Is the Company required to comply with the disclosure requirements for real estate industry

No

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or impairment of cost to fulfill a contract	Carrying amount	Book balance	Provision for decline in value of inventories or impairment of cost to fulfill a contract	Carrying amount
Raw materials	147,473,632.02	10,760,156.11	136,713,475.91	171,456,835.82	11,347,353.70	160,109,482.12
Work in process	181,227,151.81	2,023,841.04	179,203,310.77	243,622,797.51	12,052,957.06	231,569,840.45
Goods on hand	809,403,199.63	18,453,429.33	790,949,770.30	920,639,142.87	23,583,555.13	897,055,587.74
Consigned processing materials	2,741,520.48	0.00	2,741,520.48	4,463,263.89	0.00	4,463,263.89
Packaging materials	0.00	0.00	0.00	600,215.41	0.00	600,215.41
Low-value consumables	0.00	0.00	0.00	33,051.67	0.00	33,051.67
Cost to fulfill a contract	14,541,641.55	0.00	14,541,641.55	11,345,966.57	0.00	11,345,966.57
Total	1,155,387,145.49	31,237,426.48	1,124,149,719.01	1,352,161,273.74	46,983,865.89	1,305,177,407.85

(2) Provision for decline in value of inventories or impairment of cost to fulfill a contract

Unit: RMB

Item	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	11,347,353.70	6,939,879.28	0.00	6,971,978.61	555,098.26	10,760,156.11
Work in process	12,052,957.06	1,101,074.11	0.00	11,130,190.13	0.00	2,023,841.04
Goods on hand	23,583,555.13	13,558,144.28	0.00	15,964,295.04	2,723,975.04	18,453,429.33
Total	46,983,865.89	21,599,097.67	0.00	34,066,463.78	3,279,073.30	31,237,426.48

(1) Other decrease of RMB 3,279,073.30 represents the transfer-out due to disposal of Foshan Yingtong Electrical Materials Co., Ltd.

(2) Basis for determining the net realizable value, reasons for reversal or write-off of provision for decline in value of inventories

Item	Basis for determining the net realizable value	Reasons for write-off of provision for decline in value of inventories
------	--	--

Raw materials, work in process	The net realizable value is the estimated selling price of relevant finished goods less the estimated cost of completion, the estimated cost necessary to make the sale and relevant taxes.	The inventories for which the provision for decline in value has been made at the beginning of the period have been consumed or sold
Goods on hand	The net realizable value is the estimated selling price of relevant finished goods less the estimated cost necessary to make the sale and relevant taxes.	The inventories for which the provision for decline in value has been made at the beginning of the period have been consumed or sold

(3) Description of capitalized borrowing cost included in closing balance of inventories

Applicable Not Applicable

(4) Description of amortization of cost to fulfill a contract in the current period

Item	Opening balance	Increase in current period	Carried forward	Closing balance
Urban Garbage Classification EPC Project of Changgao Project	2,726,893.11		2,726,893.11	
Nanliu Bobai Project	2,445,242.48		2,445,242.48	
Foshan Shunde Project	1,767,838.14		1,767,838.14	
Yunli Software Project	1,319,009.81		1,319,009.81	
Urban Classification Construction Project of Baoan Project	1,310,653.98		1,310,653.98	
Urban and Rural Domestic Waste Sanitation Integration Project in Nan'an City	682,811.36		682,811.36	
Shenzhen Futian Kitchen Waste Delivery Project		7,541,198.74		7,541,198.74
Liling MVR Concentrated Liquor Project		2,382,149.87		2,382,149.87
Qingyuan Leachate Full Capacity Emergency Operation Project		1,242,114.60		1,242,114.60
Hanshou Rural Sewage Delivery Project Phase II		907,876.13		907,876.13
Xi'an Chanba Transfer Station Leachate Delivery Project		769,578.05		769,578.05
Fuzhou Jin'an District Leachate Delivery Project		449,012.13		449,012.13
Others	1,093,517.69	36,208,148.21	36,051,953.87	1,249,712.03
Sub-total	11,345,966.57	49,500,077.73	46,304,402.75	14,541,641.55

10. Contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Quality guarantee deposit receivable	154,503,581.34	14,135,778.81	140,367,802.53	179,821,458.38	8,980,802.76	170,840,655.62
Total	154,503,581.34	14,135,778.81	140,367,802.53	179,821,458.38	8,980,802.76	170,840,655.62

If the bad debt provision for contract assets is assessed using general model of expected credit loss, please disclose the bad debt

provision by reference to the disclosure of other receivables:

Applicable Not Applicable

Impairment provision for contract assets for the current period

Unit: RMB

Item	Provision in the current period	Reversal in the period	Write-off/ elimination in the period	Reason
On collective basis	5,154,976.05			
Total	5,154,976.05			--

11. Held-for-sale assets

Applicable Not Applicable

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Quality guarantee deposit receivable		2,542,221.63
Sale of goods in installments	509,828,906.59	547,491,985.64
Guaranteed collection amount for BOT projects		529,174.84
Payments for finance lease	164,002,734.90	97,160,974.39
Equity transfer payments received in installments		337,148,608.96
Financial factoring of accounts receivable	66,086,225.04	167,133,864.07
Long-term loans with payment of interest by installments and principal at the maturity date		5,990,500.00
Total	739,917,866.53	1,157,997,329.53

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Cost to obtain a contract	14,900,623.62	
Input tax to be deducted and tax credits	477,804,757.55	524,859,055.94
Total	492,705,381.17	524,859,055.94

14. Debt investments

Applicable Not Applicable

15. Other debt investments

Applicable Not Applicable

16. Long-term receivables**(1) Long-term receivables**

Unit: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debt provision	Carrying amount	Book balance	Bad debt provision	Carrying amount	
Payments for finance lease	56,739,301.32	877,857.61	55,861,443.71	41,994,262.31	667,631.54	41,326,630.77	4.75
Sale of goods in installments	746,421,615.68	105,634,590.61	640,787,025.07	748,549,528.18	100,750,766.12	647,798,762.06	4.75
Guaranteed collection amount for BOT projects	143,652,118.72	8,275,286.70	135,376,832.02	163,149,034.54	10,298,871.59	152,850,162.95	4.75
Long-term loans with payment of interest by installments and principal at the maturity date				21,800,446.27	520,511.10	21,279,935.17	Not applicable
Financial factoring of accounts receivable	188,408,490.13	3,187,253.40	185,221,236.73	203,587,199.71	3,550,272.01	200,036,927.70	4.75
Total	1,135,221,525.85	117,974,988.32	1,017,246,537.53	1,179,080,471.01	115,788,052.36	1,063,292,418.65	--

Changes in book balance with significant changes in loss allowance in the current period

 Applicable Not Applicable**(2) Long-term receivables derecognized due to transfer of financial assets**

NA

(3) Assets and liabilities arising from continuing involvement in the transferred long-term receivables

NA

17. Long-term equity investments

Unit: RMB

Investee	Opening balance (carrying amount)	Changes for the current period							Closing balance (carrying amount)	Closing balance of impairment provision
		Additi onal investment	Reduction in investment	Profit and loss on investments under the equity method	Adjustme nt of other compre nsive income	Other equity changes	Cash dividends or profits to be distributed as announce d	Impairme nt provision		
I. Joint ventures										
II. Associates										

Lianjiang Greenlander New Energy Co., Ltd.	40,821,473.18			3,757,005.24						44,578,478.42	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	29,563,175.06			902,107.42			260,167.12			30,205,115.36	
Guangdong Shunkong Environmental Investment Co., Ltd.	174,007,088.84			28,696,900.36			7,573,789.83			195,130,199.37	
Guangdong Tianshu New Energy Technology Co., Ltd.		8,000,000.00		5,311,299.25	-					2,688,700.75	
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	15,026,188.96			4,524,731.63						19,550,920.59	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	16,575,434.18			2,858,291.55						19,433,725.73	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	6,570,949.29			1,141,749.41	-					5,429,199.88	
Guangdong Liangke Environmental Engineering Co., Ltd.	35,679,023.18			1,569,183.38	-					34,109,839.80	
Guangxi Zoomlion Guilv Urban Environmental Service Co., Ltd.		2,100,000.00		36,327.10						2,136,327.10	
Shenzhen Yingmei City Stewards Co., Ltd.(30,000.00								30,000.00	
Foshan Yingtong Electrical Materials Co., Ltd. [note 1]				5,288,274.31				245,000.00.00		250,288,274.31	
Guangdong											

Yingling Testing Technology Service Co., Ltd. [note 2]											
Sub-total	318,243,332.69	10,130,000.00		38,041,405.57			7,833,956.95		245,000,000.00	603,580,781.31	
Total	318,243,332.69	10,130,000.00		38,041,405.57			7,833,956.95		245,000,000.00	603,580,781.31	

[Note 1] Other increase of RMB 245,000,000.00 represents that the Company disposed 51% equity of Foshan Yingtong Electrical Materials Co., Ltd. resulting in that Foshan Yingtong Electrical Materials Co., Ltd. became an associate of the Company, and the fair value of the remaining 49% equity remeasured on the date of losing control is RMB 245,000,000.00.

[Note 2] The long-term equity investments in Guangdong Yingling Testing Technology Service Co., Ltd. is RMB 0.00 mainly represents that the Company reduced the carrying amount of the long-term equity investments to RMB 0.00 under equity method, because the company incurred long-run loss.

18. Other equity instrument investments

Unit: RMB

Item	Closing balance	Opening balance
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	800,000.00	800,000.00
Shenzhen Yingfeng Environmental Protection Industry Fund Management Co., Ltd.	270,000.00	270,000.00
Shenzhen Yingfeng Environmental Protection Industry Merger and Acquisition Fund [note]	14,632,971.01	25,000,000.00
Total	15,702,971.01	26,070,000.00

Non-held-for-trading equity instrument investments for the period

Unit: RMB

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Other comprehensive income transferred to retained earnings	Reason for designation as at fair value through other comprehensive income	Reason for transfer from other comprehensive income to retained earnings
Zhejiang Shangyu Rural Commercial Bank Co., Ltd.	414,960.00					

[Note] The Shenzhen Yingfeng Environmental Protection Industry Merger and Acquisition Fund entered into liquidation procedures in the current period. As of December 31, 2021, the liquidation is still in progress. In the current period, the Company received liquidation fund in the form of bank deposits of RMB 6,087,028.99; according to the calculation, the Company is expected to incur loss of RMB 4,280,000.00 and made provision for fair value changes of RMB -4,280,000.00 in the current period.

19. Other non-current financial assets

Applicable Not Applicable

20. Investment properties**(1) Investment properties measured at cost**

√ Applicable □ Not Applicable

Unit: RMB

Item	Housing and Buildings	Land use right	Construction in progress	Total
I. Cost				
1. Opening balance	2,749,234.43			2,749,234.43
2. Increase in the period				
(1) Purchased				
(2) Transfer from inventories/ fixed assets/ construction in progress				
(3) Increase due to business combination				
3. Decrease in the period	220,550.00			220,550.00
(1) Disposal				
(2) Other transfer-out				
(3) Disposal of subsidiaries	220,550.00			220,550.00
4. Closing balance	2,528,684.43			2,528,684.43
II. Accumulated depreciation and amortization				
1. Opening balance	740,227.45			740,227.45
2. Increase in the period	171,303.30			171,303.30
(1) Provision or amortization in the period	171,303.30			171,303.30
3. Decrease in the period	220,550.00			220,550.00
(1) Disposal				
(2) Other transfer-out				
(3) Disposal of subsidiaries	220,550.00			220,550.00
4. Closing balance	690,980.75			690,980.75
III. Impairment provision				
1. Opening balance				
2. Increase in the period				
(1) Charge for the period				
3. Decrease in the period				

(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	1,837,703.68			1,837,703.68
2. Opening carrying amount	2,009,006.98			2,009,006.98

(2) Investment properties measured at fair value

Applicable Not Applicable

(3) Investment property with certificate of titles being unsettled

Unit: RMB

Item	Carrying amount	Reason(s) for the failure to obtain the certificate of title
Shangyu Wanda Real Estate	1,837,703.68	In process

Other statements

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,758,052,005.19	1,640,546,747.67
Total	1,758,052,005.19	1,640,546,747.67

(1) Details of fixed assets

Unit: RMB

Item	Houses and buildings	General equipment	Special equipment	Transport facilities	Other equipment	Total
I. Original book value						
1. Opening balance	1,185,150,084.27	121,293,856.34	761,110,029.41	39,846,605.97	42,802,907.42	2,150,203,483.41
2. Increase in the period	165,686,166.46	34,010,803.55	220,605,077.69	24,561,781.91	1,648,036.75	446,511,866.36
(1) Purchase	3,188,473.20	32,088,672.13	73,983,327.78	24,561,781.91	1,648,036.75	135,470,291.77
(2) Transfer from construction in progress	162,497,693.26	1,922,131.42	135,046,081.59	0.00	0.00	299,465,906.27
(3) Increase due to business combination						
(4) Transfer			11,575,668.32			11,575,668.32

from inventories						
3. Decrease in the period	116,622,056.20	7,531,506.32	200,096,469.31	1,342,840.56	10,051,411.82	335,644,284.21
(1) Disposal or retirement	2,626,064.70	4,979,884.76	15,047,460.00	111,111.11	39,917.00	22,804,437.57
(2) Disposal of subsidiaries	113,995,991.50	2,551,621.56	185,049,009.31	1,231,729.45	10,011,494.82	312,839,846.64
4. Closing balance	1,234,214,194.53	147,773,153.57	781,618,637.79	63,065,547.32	34,399,532.35	2,261,071,065.56
II. Accumulated depreciation						
1. Opening balance	179,905,052.43	35,355,332.78	259,273,098.92	9,710,022.45	25,413,229.16	509,656,735.74
2. Increase in the period	46,220,576.04	14,368,226.22	101,340,722.61	5,992,951.40	1,493,802.29	169,416,278.56
(1) Charge for the period	46,220,576.04	14,368,226.22	101,340,722.61	5,992,951.40	1,493,802.29	169,416,278.56
3. Decrease in the period	63,235,480.81	4,846,798.21	97,776,850.30	678,059.94	9,516,764.67	176,053,953.93
(1) Disposal or retirement	172,451.62	3,970,065.23	5,487,151.44	75,444.45	1,222.20	9,706,334.94
(2) Disposal of subsidiaries	63,063,029.19	876,732.98	92,289,698.86	602,615.49	9,515,542.47	166,347,618.99
4. Closing balance	162,890,147.66	44,876,760.79	262,836,971.23	15,024,913.91	17,390,266.78	503,019,060.37
III. Impairment provision						
1. Opening balance						
2. Increase in the period						
(1) Charge for the period						
3. Decrease in the period						
(1) Disposal or retirement						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount	1,071,324,046.87	102,896,392.78	518,781,666.56	48,040,633.41	17,009,265.57	1,758,052,005.19
2. Opening carrying amount	1,005,245,031.84	85,938,523.56	501,836,930.49	30,136,583.52	17,389,678.26	1,640,546,747.67

(2) Fixed assets that are temporarily idle

NA

(3) Fixed asset leased out through operating lease

NA

(4) Fixed assets with certificate of title being unsettled

Unit: RMB

Item	Carrying amount	Reason(s) for failure to obtain the certificate of title
Lu'eryuan employee dormitory	141,005,849.01	Certificate of title is in processing
Lu'eryuan exhibition center	26,684,469.11	Certificate of title is in processing
Lu'eryuan debugging shed	18,366,071.29	Certificate of title is in processing
Lu'eryuan workshop	35,032,263.47	Certificate of title is in processing
Lu'eryuan staff canteen	22,316,545.29	Certificate of title is in processing
Sub-total	243,405,198.17	--

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	224,068,633.86	70,735,483.95
Total	224,068,633.86	70,735,483.95

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Construction of Lu'eryuan employee dormitory				47,031,231.64		47,031,231.64
West plot construction of Lueryuan North Plant				335,590.56		335,590.56
Construction of integrated smart equipment and sanitation service	189,748,878.58		189,748,878.58			
Equipment to be installed	5,468,920.80		5,468,920.80	8,524,283.57		8,524,283.57
Piecemeal projects	28,850,834.48		28,850,834.48	14,844,378.18		14,844,378.18
Total	224,068,633.86		224,068,633.86	70,735,483.95		70,735,483.95

[Note] The difference between the opening balance and prior year closing balance (December 31, 2020) is detailed in Note V (XLIV) 2 to the financial statements.

(2) Changes in significant construction in progress in the current period

Unit: RMB

Item	Budgets	Opening balance	Increase in the period	Transfer to fixed assets	Other decreases	Closing balance	Accumulated input to budget (%)	Percentage of completion (%)	Accumulated capitalization of borrowing cost	Including: Capitalization of interest in the period	Annual capitalization rate (%)	Source of funds
Construction of Lueryuan employee dormitory	150,000,000.00	47,031,231.64	94,958,402.71	141,989,634.35			100.00%	100.00				Others
West plot construction of Lueryuan North Plant	44,484,704.00	335,590.56		335,590.56			100.00%	100.00				Others
Construction of integrated smart equipment and sanitation service	300,000,000.00		189,748,878.58			189,748,878.58	63.25%	63.25				Others
Equipment to be installed		8,524,283.57	140,272,728.33	130,998,646.50	12,329,444.60	5,468,920.80		-				Others
Piecemeal projects		14,844,378.18	40,148,491.16	26,142,034.86		28,850,834.48		-				Others
Total	494,484,704.00	70,735,483.95	465,128,500.78	299,465,906.27	12,329,444.60	224,068,633.86	--	--				--

23. Bearer biological assets**(1) Bearer biological assets measured at cost**

Applicable Not Applicable

(2) Bearer biological assets measured at fair value

Applicable Not Applicable

24. Oil and gas assets

Applicable Not Applicable

25. Right-of-use assets

Unit: RMB

Item	Houses and buildings	Other equipment	Total
I. Original book value			
1. Opening balance	28,155,865.39	2,789,202.39	30,945,067.78
2. Increase in the period	490,555.41	0.00	490,555.41
(1) Held under lease	490,555.41	0.00	490,555.41
3. Decrease in the period	0.00	0.00	0.00
			0.00
4. Closing balance	28,646,420.80	2,789,202.39	31,435,623.19
II. Accumulated depreciation			0.00
1. Opening balance	0.00	0.00	0.00
2. Increase in the period	4,608,299.09	1,321,412.24	5,929,711.33
(1) Charge for the period	4,608,299.09	1,321,412.24	5,929,711.33
			0.00
3. Decrease in the period			0.00
(1) Disposal			0.00
			0.00
4. Closing balance	4,608,299.09	1,321,412.24	5,929,711.33
III. Impairment provision			0.00
1. Opening balance			0.00
2. Increase in the period			0.00
(1) Charge for the period			0.00
			0.00
3. Decrease in the period			0.00
(1) Disposal			0.00
			0.00
4. Closing balance			0.00
IV. Carrying amount			0.00
1. Closing carrying amount	24,038,121.71	1,467,790.15	25,505,911.86
2. Opening carrying amount	28,155,865.39	2,789,202.39	30,945,067.78

[Note] The difference between the opening balance and prior year closing balance (December 31, 2020) is detailed in Note V (44) 1 to the financial statements.

26. Intangible assets**(1) Details of intangible assets**

Unit: RMB

Item	Land use right	Patents	Non-patented technology	Franchise	Software	Total
I. Cost						
1. Opening balance	642,513,532.79	418,489,925.32		4,867,974,432.55	29,965,109.94	5,958,943,000.60

2. Increase in the period		16,067,730.49		872,440,307.47	16,090,584.84	904,598,622.80
(1) Purchase				872,440,307.47	5,008,197.47	877,448,504.94
(2) Internal R&D						
(3) Increase due to business combination						
(4) Transfer from construction in progress					11,082,387.37	11,082,387.37
(5) Independent R&D		16,067,730.49				16,067,730.49
3. Decrease in the period	54,874,305.42			90,945,386.56	3,572,860.03	149,392,552.01
(1) Disposal				1,835,171.80		1,835,171.80
(2) Disposal of subsidiaries	54,874,305.42			89,110,214.76	3,572,860.03	147,557,380.21
4. Closing balance	587,639,227.37	434,557,655.81		5,649,469,353.46	42,482,834.75	6,714,149,071.39
II. Accumulated amortization						
1. Opening balance	74,727,360.32	189,088,308.97		759,944,108.21	14,580,701.65	1,038,340,479.15
2. Increase in the period	12,464,449.21	34,060,104.12		314,111,404.97	3,562,666.10	364,198,624.40
(1) Provision for the period	12,464,449.21	34,060,104.12		314,111,404.97	3,562,666.10	364,198,624.40
3. Decrease in the period	14,632,772.43			35,434,960.36	2,917,246.64	52,984,979.43
(1) Disposal				731,303.45		731,303.45
(2) Disposal of subsidiaries	14,632,772.43			34,703,656.91	2,917,246.64	52,253,675.98
4. Closing balance	72,559,037.10	223,148,413.09		1,038,620,552.82	15,226,121.11	1,349,554,124.12
III. Impairment provision						
1. Opening balance		20,185,580.19		24,687,522.85		44,873,103.04
2. Increase in the period						
(1) Provision for the period						
3. Decrease in the period						
(1) Disposal						
4. Closing balance		20,185,580.19		24,687,522.85		44,873,103.04

IV. Carrying amount						
1. Closing carrying amount	515,080,190.27	191,223,662.53		4,586,161,277.79	27,256,713.64	5,319,721,844.23
2. Opening carrying amount	567,786,172.47	209,216,036.16		4,083,342,801.49	15,384,408.29	4,875,729,418.41

At the end of the current period, the intangible assets arising from internal R&D accounts for 0.72% of the total intangible assets.

[Note] The difference between the opening balance and prior year closing balance (December 31, 2020) is detailed in Note V (XLIV) 2 to the financial statements.

(2) Land use right with certificate of titles being unsettled

At the end of the period, the Company had no land use right with certificate of titles being unsettled

27. Development expenditure

Unit: RMB

Item	Opening balance	Increase in the period			Decrease in the period			Closing balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to profit or loss for the period		
Development expenditure	4,449,066.69	27,300,941.97	0.00		16,067,730.49			15,682,278.17
Total	4,449,066.69	27,300,941.97	0.00		16,067,730.49			15,682,278.17

For 2021, the Company's development expenditures mainly comprise the expenditures on development of sanitation equipment, automatic production line, etc. The capitalization is based on project proposal, charter and periodic summary report.

28. Goodwill

(1) Original carrying amount of goodwill

Unit: RMB

Investee or matters resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Arising from business combination		Disposal		
Zoomlion Environmental	5,714,428,315.99					5,714,428,315.99
Greenlander Environmental	78,074,688.12					78,074,688.12
Foshan Infore Water Environment Investment Co., Ltd.	316,465,481.91					316,465,481.91
Zhejiang Shangfeng Special Blower	100,455,813.40					100,455,813.40

Industrial Co., Ltd.						
Donggang Magnet Wire Company	14,818,794.95			14,818,794.95		0.00
Total	6,224,243,094.37	0.00	0.00	14,818,794.95	0.00	6,209,424,299.42

(2) Impairment provision for goodwill

Unit: RMB

Investee or matters resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision		Disposal		
Zoomlion Environmental [note]	38,615,263.56	194,617,014.59				233,232,278.15
Donggang Magnet Wire Company	14,818,794.95			14,818,794.95		
Total	53,434,058.51	194,617,014.59	0.00	14,818,794.95	0.00	233,232,278.15

Details of asset groups or assets group portfolios to which goodwill belongs

[Note] For impairment of goodwill of Zoomlion Environmental, as the goodwill of RMB 92,031,026.04 was included in the acquisition of Zoomlion Environmental, which corresponded to the original deferred tax liabilities that recognized due to appraisal appreciation as at the date of business combination not involving enterprises under common control, provision for impairment of RMB 7,399,380.24 was made along with changes in deferred tax liabilities in the current period, resulting in recognition of accumulated impairment losses of goodwill of RMB 46,014,643.80; As the recoverable amount of the portfolio of equipment assets groups of Zoomlion Environmental is below its carrying amount, an impairment loss of goodwill of RMB 187,217,634.35 was recognized in the current period, resulting in recognition of accumulated impairment losses of goodwill of RMB 187,217,634.35.

Describe the impairment test process, key parameters (such as the growth rate for forecast period and stable period, margin, discount rate, forecast period etc. used to estimate the present value of future cash flows) and the method of determining the impairment losses of goodwill:

1) Details of asset groups or assets group portfolios to which goodwill belongs

Asset groups or assets group portfolios	Legal entities	Carrying amount of goodwill allocated to the asset groups or asset group portfolios	Carrying amount of asset groups or assets group portfolios	Carrying amount of asset groups or asset group portfolios that include goodwill
Sanitation vehicles and equipment manufacturing and sales asset group	Zoomlion Environmental (sanitation vehicles and equipment manufacturing and sales business), Changsha Zhongbiao Environmental Industry Co., Ltd.	11,051,393,640.78	1,447,599,759.91	12,498,993,400.69
Urban-rural sanitation integrated operation asset group portfolio	Zoomlion Environmental (sanitation integrated operation business), Greenlander Environmental, Huaian Chenjie Environmental Engineering Co., Ltd. and Biyang County Fenghe New Energy Power Co., Ltd.	306,455,386.89	4,027,197,129.39	4,333,652,516.28
Water treatment operation asset group	Foshan Yingfeng Environmental Water Treatment Co., Ltd.	316,465,481.91	183,632,631.24	500,098,113.15
Ventilator manufacturing and	Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	159,547,374.49	164,051,986.36	323,599,360.85

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

Note 2: In December 2018, Zoomlion Environmental, 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 disposal). The assessment on the goodwill of Zoomlion Environmental was based on the fair value of the identifiable net assets as of 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 and the waste incineration power generation operation asset group of former Greenlander Environmental. After the business combination of Zoomlion Environmental, as its urban-rural sanitation integrated operation asset group and the waste incineration power generation operation asset group of Greenlander Environmental 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 original goodwill of Zoomlion Environmental in the amount of RMB 5.714 billion was re-allocated to the sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group portfolio based on the gross profit ratio contributed by the two businesses, in amount of RMB 5.636 billion and RMB 78 million, respectively.

2) Impairment test process, method and conclusion

① Determination method of recoverable amount

The recoverable amount of asset groups and asset group portfolios is estimated based on the business characteristics of different asset groups or asset group portfolios, which is based on the budget approved by the Management. The revenue growth rate of the product production and sales asset group in 2022 is based on the existing orders, historical data and operating budget, while the expense rate is based on the average expense rate of the previous three years, in combination with the reasonable income growth, capital depreciation and labor cost growth in the future; for operation asset groups or asset group portfolios, due to the large difference in income and gross profit margin between the investment period and period of maturity of PPP operating projects, the expected growth rate, stable period growth rate and profit rate of the asset groups and asset group portfolios show an irregular distribution when multiple projects are run in parallel, and the income, costs and expenses are estimated based on the time to mature operation and design capacity of each specific project.

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

② Key parameter information for adopting future cash flow discount method

Asset groups or assets group portfolios	Forecast period	Forecast period growth rate	Stable period growth rate	Profit margin	Pre-tax discount rate
Sanitation vehicles and equipment manufacturing and sales asset group	5 years	[Note 1]	0.00%	14.72%-16.29%	12.00%
Urban-rural sanitation integrated operation asset group portfolio	[Note] 1	[Note 1]	[Note 1]	[Note 1]	10.04%-10.88%
Water treatment operation asset group	[Note] 1	[Note 1]	[Note 1]	[Note 1]	10.59%
Ventilator manufacturing and sales asset group	5 years	[Note 2]	0.00%	7.67%-7.87%	12.79%

[Note1] Refer to the description of determination method of recoverable amount

[Note 2] The revenue growth rate of ventilator manufacturing and sales asset group during the forecast period from 2022 to 2026 is 7.38%, 5.00%, 4.00%, 3.00% and 2.00%, respectively.

④ Conclusion of goodwill impairment test

Asset groups or assets group portfolios	Recoverable amount asset group or asset group portfolios that include goodwill	Carrying amount of asset groups or asset group portfolios that include goodwill	Goodwill impairment loss attributable to the Company
Sanitation vehicles and equipment manufacturing and sales asset group	12,131,900,000.00 [Note 1]	12,498,993,400.69	187,217,634.35
Urban-rural sanitation integrated operation asset group portfolio	4,693,983,525.19 [Note 2]	4,333,652,516.28	
Water treatment operation asset group	541,800,000.00 [Note 3]	500,098,113.15	
Ventilator manufacturing and sales asset group	501,869,189.96	323,599,360.85	

[Note 1] The present value of estimated future cash flows (recoverable amount) of sanitation vehicles and equipment manufacturing and sales asset group was based on the Asset Appraisal Report Regarding the Assessment of Recoverable Amount of Zoomlion Environment's Equipment Asset Group Containing Goodwill Involved in the Testing of Impairment of Goodwill of Infore Environment Technology Group Co., Ltd. (Zhong Rui Ping Bao Zi (2022) No. 000422) issued by Chung Rui Worldunion Assets Appraisal Group Co., Ltd.

[Note 2] The present value of estimated future cash flows (recoverable amount) of urban-rural sanitation integrated operation asset group was based on the Asset Appraisal Report Regarding the Assessment of Recoverable Amount of Zoomlion Environmental's Environmental Operating (Transfer) Asset Group Involved in the Testing of Impairment of Goodwill of Infore Environment Technology Group Co., Ltd. (Zhong Rui Ping Bao Zi (2022) No. 000422) issued by Chung Rui Worldunion Assets Appraisal Group Co., Ltd. and the Asset Appraisal Report Regarding the Assessment of Recoverable Amount of the Asset Group Containing the Goodwill Arising from the Acquisition of]Shenzhen Greenlander Environmental Protection Co., Ltd. Involved in the Proposed Testing of Impairment of Goodwill of Infore Environment Technology Group Co., Ltd. (Jun Rui Ping Bao Zi (2022) No.19) issued by Shenzhen Junrui Asset Appraisal Institute LLP.

[Note 3] The present value of estimated future cash flows (recoverable amount) of water treatment operation asset group was based on the Asset Appraisal Report Regarding the Assessment of Recoverable Amount of the Water Treatment Operation Asset Group Containing the Goodwill Involved in the Proposed Testing of Impairment of Goodwill of Infore Environment Technology Group Co., Ltd. (Jun Rui Ping Bao Zi (2022) No.018) issued by Shenzhen Junrui Asset Appraisal Institute LLP.

Impact of impairment test of goodwill

29. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase in the period	Amortization	Other decreases	Closing balance
Leasehold improvements	11,733,584.23	4,186,358.11	4,262,741.24	403,474.58	11,253,726.52
Others	970,218.42	11,542,500.63	8,032,688.25		4,480,030.80
Total	12,703,802.65	15,728,858.74	12,295,429.49	403,474.58	15,733,757.32

30. Deferred tax assets/ deferred tax liabilities

(1) Deferred tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets

Provision for impairment of assets	636,152,868.76	97,253,128.24	589,067,868.14	90,264,437.69
Unrealized profit from internal transactions	22,789,085.85	7,986,502.74	13,119,836.20	1,886,494.71
Deductible losses	47,114,527.25	4,326,295.17	20,799,666.14	3,119,949.91
Total	706,056,481.86	109,565,926.15	622,987,370.48	95,270,882.31

(2) Deferred tax liabilities before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of fixed assets	27,522,123.27	4,128,318.49	5,789,343.84	1,447,335.96
Changes in fair value of financial asset at FVTPL	0.00	0.00	123,048,000.00	30,762,849.39
Assets appraisal appreciation due to business combination not involving enterprises under common control	361,902,254.82	28,433,715.48	405,268,960.11	46,674,772.03
Total	389,424,378.09	32,562,033.97	534,106,303.95	78,884,957.38

(3) Deferred tax assets or liabilities presented on net basis after offsetting

Unit: RMB

Item	Offset amount of deferred tax assets and liabilities at the end of the period	Closing balance of deferred tax assets and liabilities after offsetting	Offset amount of deferred tax assets and liabilities at the beginning of the period	Opening balance of deferred tax assets and liabilities after offsetting
Deferred tax assets		109,565,926.15		95,270,882.31
Deferred tax liabilities		32,562,033.97		78,884,957.38

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	381,701,381.09	146,931,501.30
Deductible losses	430,013,174.82	484,239,806.41
Unrealized profit from internal transactions	313,377,877.13	339,581,837.11
Total	1,125,092,433.04	970,753,144.82

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2021	0.00	35,765.88	
2022	6,812,010.93	27,961,103.28	

2023	43,809,247.32	57,039,954.82	
2024	93,695,529.33	181,871,666.46	
2025	214,803,545.16	217,331,315.97	
2026	70,892,842.08	0.00	
Total	430,013,174.82	484,239,806.41	--

31. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Cost to obtain a contract	17,932,020.49		17,932,020.49			
Contract assets – quality guarantee deposit receivable	177,652,059.17	19,320,439.53	158,331,619.64	49,013,589.27	9,175,693.26	39,837,896.01
Prepayments for long-term assets	48,695,481.45	0.00	48,695,481.45	45,933,089.17	0.00	45,933,089.17
Receivables for agent construction	8,518,174.25	0.00	8,518,174.25	8,518,174.25	0.00	8,518,174.25
Total	252,797,735.36	19,320,439.53	233,477,295.83	103,464,852.69	9,175,693.26	94,289,159.43

[Note] The closing balance has excluded unrealized financing income of RMB 156,837.00.

32. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgaged borrowings	6,959,699.59	72,104,019.96
Guaranteed borrowings	276,091,575.54	518,446,764.98
Unsecured borrowings	150,165,000.00	800,921,295.96
Guaranteed and mortgaged borrowings	4,005,800.00	260,430,637.32
Guaranteed and pledged borrowings		4,000,000.00
Mortgaged and pledged borrowings	1,802,658.33	2,002,658.33
Total	439,024,733.46	1,657,905,376.55

(2) Overdue outstanding short-term borrowings

The Company had no overdue outstanding short-term borrowings at the end of the period.

33. Held-for-trading financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Held-for-trading financial liabilities		810,300.00
Including:		

Derivative financial liabilities		810,300.00
Including:		
Total		810,300.00

The held-for-trading financial liabilities represents the floating loss of the metal futures contract held by the previous subsidiary Anhui Wellkey Electric Material Co., Ltd. at the end of the period. In February 2021, the Company has disposed 51% equity of Foshan Yingtong Electrical Materials Co., Ltd., which is the parent company of Anhui Wellkey Electric Material Co., Ltd., therefore the held-for-trading financial liability is transferred out accordingly.

34. Derivative financial liabilities

Applicable Not Applicable

35. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance	187,465,744.62	475,474,206.32
Bank acceptance	2,281,333,445.09	3,377,701,187.77
Total	2,468,799,189.71	3,853,175,394.09

The notes payable that have fallen due but unpaid at the end of the period amount to RMB 0.00.

36. Accounts payable

(1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Goods payment	2,688,599,026.21	2,983,456,990.78
Payments for engineering and equipment	158,035,096.31	342,985,351.65
Others	113,427,385.81	78,382,742.60
Total	2,960,061,508.33	3,404,825,085.03

(2) Significant accounts payable with account aging over one year

The Company had no significant accounts payable with account aging over one year at the end of the period.

37. Receipts in advance

Applicable Not Applicable

38. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payments for goods	210,432,628.98	181,051,683.90

Total	210,432,628.98	181,051,683.90
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39. Employee benefits payable

(1) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term employee benefits	318,508,118.79	1,514,692,741.85	1,523,379,633.52	309,821,227.12
II. Post-employment benefits - defined contribution plan	3,353,870.85	67,310,762.22	70,007,875.54	656,757.53
III. Termination benefits		3,922,218.84	3,698,631.12	223,587.72
Total	321,861,989.64	1,585,925,722.91	1,597,086,140.18	310,701,572.37

(2) Presentation of short-term employee benefits

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Salary, bonus, subsidy and allowance	309,609,939.66	1,388,514,999.20	1,399,217,667.32	298,907,271.54
2. Staff welfare	857,047.33	38,387,422.88	38,655,104.26	589,365.95
3. Social insurance	340,453.32	41,642,079.34	41,628,226.25	354,306.41
Including: Medical insurance	340,256.07	38,550,995.84	38,557,583.14	333,668.77
Work-related injury insurance	197.25	3,091,083.50	3,070,643.11	20,637.64
4. Housing fund	1,385,150.72	27,414,061.34	27,294,149.88	1,505,062.18
5. Labor union expenditure and staff education fee	6,315,527.76	18,734,179.09	16,584,485.81	8,465,221.04
Total	318,508,118.79	1,514,692,741.85	1,523,379,633.52	309,821,227.12

(3) Presentation of defined contribution plan

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Basic pension insurance	2,990,245.46	64,601,068.25	66,947,149.77	644,163.94
2. Unemployment insurance	363,625.39	2,709,693.97	3,060,725.77	12,593.59
Total	3,353,870.85	67,310,762.22	70,007,875.54	656,757.53

40. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	55,281,814.33	180,356,026.72
Enterprise income tax	64,521,114.98	163,408,107.06
Individual income tax	5,611,096.21	6,099,807.10
Urban maintenance and construction tax	5,322,911.41	11,172,773.45
Housing property tax	3,075,518.72	1,747,769.26
Land use tax	165,374.75	278,724.12
Stamp duty	1,713,517.40	1,853,506.57
Education surcharge	2,282,093.47	4,603,782.22
Local education surcharge	1,519,623.59	2,980,941.01
Other taxes	1,796.22	13,505.15
Total	139,494,861.08	372,514,942.66

41. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	683,714,082.05	443,477,082.48
Total	683,714,082.05	443,477,082.48

(1) Other payables

1) Other payables presented by nature

Unit: RMB

Item	Closing balance	Opening balance
Factoring financing of accounts receivable with recourse [note]	49,479,996.55	49,160,385.66
Temporary receipts payable	175,580,442.10	208,719,173.08
Employee stock ownership plan	180,075,747.64	
Security deposits	114,857,152.31	72,880,746.04
Others	163,720,743.45	112,716,777.70
Total	683,714,082.05	443,477,082.48

[Note] The balance refers to the factoring financing of account receivable made by Zoomlion Environmental to the non-bank financial institutions under the control of Zoomlion Heavy Industry Co., Ltd. However, as non-bank financial institutions have the right to request Zoomlion Environmental to repurchase the accounts receivable if they are overdue, the accounts receivable shall not be derecognized by Zoomlion Environmental, and the receipts are recognized as other payables.

2) Significant other payables with account aging over one year

The Company had no significant other payables with account aging over one year at the end of the period

42. Held-for-sale liabilities

Applicable Not Applicable

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	373,296,214.00	150,862,201.57
Lease liabilities due within one year	5,314,737.81	7,701,219.17
Total	378,610,951.81	158,563,420.74

[Note] The difference between the opening balance and prior year closing balance (December 31, 2020) is detailed in Note V (XLIV) 1 to the financial statements.

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Hedging instruments		7,415,450.00
Output tax to be written off	27,205,068.15	22,448,466.02
Customer rebates	35,759,709.45	25,242,123.71
Total	62,964,777.60	55,106,039.73

45. Long-term borrowings**(1) Category of long-term borrowings**

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings	293,820,000.00	81,300,000.00
Guaranteed borrowings	171,964,611.10	197,500,000.00
Unsecured borrowings	300,000,000.00	
Guaranteed and mortgaged borrowings	49,230,775.77	94,230,491.81
Guaranteed and pledged borrowings	738,727,380.85	234,212,965.97
Guaranteed, pledged and mortgaged borrowings	144,000,000.00	158,400,000.00
Total	1,697,742,767.72	765,643,457.78

46. Bonds payable**(1) Bonds payable**

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	1,254,962,176.00	1,199,466,109.60
Total	1,254,962,176.00	1,199,466,109.60

(2) Change in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: RMB

Bonds	Par value	Issuing date	Maturity	Issue amount	Opening balance	Issued in the current period	Interest accrued based on par value	Amortization of premium and discount	Repayment	Refund from conversion of debt to equity	Converted to shares	Closing balance
Infore Enviro Convertible Bond	100.00	November 04, 2020	6 years	1,476,189,600.00	1,199,466,109.60		3,656,096.99	54,841,035.47	2,952,418.21	86.18	48,561.67	1,254,962,176.00
Total	--	--	--	1,476,189,600.00	1,199,466,109.60		3,656,096.99	54,841,035.47	2,952,418.21	86.18	48,561.67	1,254,962,176.00

(3) Conditions and time of converting convertible corporate bonds to shares

Under the Approval of the Public Issuance of Convertible Bonds by Infore Environment Technology Group Co., Ltd. issued by China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] 2219) on September 10, 2020, on November 4, 2020, the Company publicly issued convertible bonds of RMB 1,476,189,600, with a total issuance of 14,761,896 sheets, and a duration 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 RMB 8.31 per share; the conversion period of the convertible bonds issued this time starts from the first trading day (May 10, 2021), six months after the issuance ends on November 10, 2020, to the maturity date of the convertible bonds (November 3, 2026).

As of December 31 2021, total 583 Infore Convertible Bonds were converted to ordinary A shares of the Company, with accumulated converted share of 7,025 shares. On the basis of the difference between the aggregate of convertible bonds converted in the period and the carrying amount of other equity instruments and the addition in share capital due to conversion to shares, the Company recognized capital reserve (share premium) of RMB 52,079.08.

47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Outstanding lease payments	20,701,888.38	27,297,099.21
Less: Unrecognized financing cost	-2,178,148.28	-4,053,250.60
Total	18,523,740.10	23,243,848.61

[Note] The difference between the opening balance and prior year closing balance (December 31, 2020) is detailed in Note V (XLIV) 1 to the financial statements.

48. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Special payables	315,735,814.91	255,735,814.91
Total	315,735,814.91	255,735,814.91

(1) Special payables

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause
Special funds for treasury bond projects	3,000,000.00			3,000,000.00	Loan funds from treasury bonds
Special funds for Jiayu Sewage Treatment Project	123,015,774.58	53,000,000.00		176,015,774.58	Government special funds for PPP projects
Special funds for Tongshan Sewage Treatment Project	129,720,040.33	7,000,000.00		136,720,040.33	Government special funds for PPP projects
Total	255,735,814.91	60,000,000.00		315,735,814.91	--

49. Long-term employee benefits payable
 Applicable Not Applicable
50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Cause
Pending litigation		1,000,000.00	Estimated liabilities provision was made based on the first-instance judgment against Hebei Aohan Engineering Consulting Co., Ltd.
Credit guarantees	3,129,793.85	461,553.82	-
Total	3,129,793.85	1,461,553.82	--

51. Deferred income

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause
Governmental subsidies	96,734,819.84	9,732,910.86	4,831,738.05	101,635,992.65	Government subsidies related to assets/ income
Total	96,734,819.84	9,732,910.86	4,831,738.05	101,635,992.65	--

Items involving government subsidies

Unit: RMB

Liabilities	Opening balance	Increase in the period	Amount included in non-operating income	Amount included in other income	Charged against cost and expenses	Other changes	Closing balance	Related to assets/income
Special subsidies for Xiantao Waste Power Generation Project	10,662,582.72			726,531.48			9,936,051.24	Related to assets
Incremental tax incentives for technological transformation	8,534,520.00			948,280.00			7,586,240.00	Related to assets
Urban sewage and garbage treatment facilities and sewage pipe network engineering projects	4,905,838.83			449,688.41			4,456,150.42	Related to assets
Special funds for air pollution prevention and control	900,000.00			100,000.00			800,000.00	Related to assets
The Fifth batch of Special Funds for Raising Manufacturing Capacity in Hunan Province	1,000,000.00						1,000,000.00	Related to assets
Xiantao Sludge Harmless Treatment Plant	17,700,000.00						17,700,000.00	Related to assets
Shouxian Domestic Waste Incineration Power Plant Project	14,037,333.29			1,002,666.71			13,034,666.58	Related to assets
Urban and rural domestic waste transfer, kitchen waste resource utilization and harmless treatment projects	11,058,965.52			211,034.48			10,847,931.04	Related to assets
No. 2 Sewage Treatment Plant and Supporting Pipe Network Projects in Daban Town, Bahrain Right Banner	7,660,000.00						7,660,000.00	Related to assets
The Second Batch of Awards for Rental Housing in the	5,784,474.00			41,317.67			5,743,156.33	Related to assets

High-tech Zone								
The Third Batch of Subsidies for Technological Transformation of Industrial Enterprises	2,500,000.00	2,500,000.00		437,500.00			4,562,500.00	Related to assets
Key projects of enterprise intelligent transformation of 2018 and 2019	783,962.62	913,700.00		169,705.18			1,527,957.44	Related to assets
Subsidies for enterprise technological transformation	857,142.86			142,857.14			714,285.72	Related to assets
Special subsidy for ecological civilization construction under the investment plan within 2020 budget of the central government		2,200,000.00					2,200,000.00	Related to assets
Research and application of water quality environmental monitoring technology		1,400,000.00					1,400,000.00	Related to assets
Provincial Kunpeng plan support fund		1,200,000.00		144,250.40			1,055,749.60	Related to assets
Soft ionization of VOCS in air - development and demonstration application of high resolution on-line detection time of flight mass spectrometry		425,000.00		70,833.33			354,166.67	Related to assets
Construction and application of industrial Internet platform		424,343.21		7,898.45			416,444.76	Related to assets
The third batch of special funds for raising manufacturing power in Hunan Province in 2021		424,343.21		7,898.45			416,444.76	Related to assets
The fourth batch of special funds for raising		131,788.55		2,230.33			129,558.22	Related to assets

manufacturing power in Hunan Province in 2021								
Provincial special fund for modern service industry in high-tech zone		113,735.89		19,046.02			94,689.87	Related to assets
Support fund from central government for Kaili PPP projects	10,000,000.00						10,000,000.00	Related to income
Funds for national key R&D program projects of 2017	350,000.00			350,000.00				Related to income
Sub-total	96,734,819.84	9,732,910.86		4,831,738.05			101,635,992.65	

[Note] Details of government grants included in profit or loss in the current period are set out in Note VII, 84 to the financial statements.

52. Other non-current liabilities

Applicable Not Applicable

53. Share capital

Unit: RMB

	Opening balance	Increase/decrease in the current period (+/-)					Closing balance
		New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Others	Sub-total	
Total number of shares	3,163,062,146.00	12,672,614.00				12,672,614.00	3,175,734,760.00

Other statements:

1) In the current year, the Company implements the Proposal on Matters Related to the Exercise in the Second Exercise Period of the Phase II Stock Option Incentive Plan and a total of 3 incentive subjects subscribed a total of 18,200 shares, resulting in increase of RMB 18,200.00 in share capital and increase of RMB 148,330.00 in capital premium (share premium).

2) In the current year, the Company implements the Proposal on Matters Related to the Exercise in the Second Exercise Period of the Phase III Stock Option Incentive Plan and a total of 218 incentive subjects subscribed a total of 16,384,380 shares. The share increased by 16,384,380 shares. As of December 31, 2021, the Company received share subscription amount of RMB 78,666,759.58 from the incentive subjects, resulting in increase of RMB 12,647,389.00 in share capital and increase of RMB 66,019,370.58 in capital premium (share premium). The Company has not received the subscription payment from the rest incentive subjects, which is still in the account of China Securities Depository and Clearing Company Limited.

3) As of December 31, 2021, convertible corporate bonds with total par value of RMB 58,300 were converted to 7,025 shares of ordinary A shares, resulting in recognition of capital premium (share premium) of RMB 52,079.08.

54. Other equity instruments

(1) Basic information of preference shares, perpetual bonds and other financial instruments outstanding at the end of the period

Applicable Not Applicable

(2) Changes in preference shares, perpetual bonds and other financial instruments outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase in current period		Decrease in current period		At the end of the period	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible corporate bonds	14,761,896	266,939,831.65			583	10,542.41	14,761,313	266,929,289.24
Total	14,761,896	266,939,831.65			583	10,542.41	14,761,313	266,929,289.24

[Note] As of December 31, 2021, convertible corporate bonds with total par value of RMB 58,300 were converted to ordinary A shares, resulting in decrease of RMB 10,542.41 in other equity instruments.

Other statements:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium (share premium)	9,655,918,551.23	62,844,934.84		9,718,763,486.07
Other capital reserve	51,823,325.26	10,348,242.29	8,139,189.87	54,032,377.68
Total	9,707,741,876.49	73,193,177.13	8,139,189.87	9,772,795,863.75

Other descriptions, including changes for the period and explanation of reason for the change:

1) Increase in capital premium (share premium) mainly represents:

① Other capital reserve of RMB 8,139,189.87 arising from original share-based payment upon expiry of vesting period of the stock incentive plan is transferred to capital premium (share premium);

② The capital premium (share premium) increased by RMB 66,167,700.58 in the current period. Details are set out in Note VII, 53 to the financial statements.

③ The increase of RMB 52,079.08 in capital premium (share premium) represents that convertible corporate bonds with total par value of RMB 58,300 were converted to 7,025 shares of ordinary A shares, resulting in recognition of capital premium (share premium) of RMB 52,079.08.

2) The increase in other capital reserve in the period represents that: stock incentive expenses of RMB 10,737,181.92 was recognized under the stock incentive plan, including RMB 10,348,242.29 included in capital reserve - other capital reserve, and RMB 388,939.63 included in minority interests. Details are set out in Note XIII to the financial statements. The decrease of RMB 8,139,189.87 in other capital reserve in the current period is detailed in the description of increase in capital premium (share

premium).

56. Treasury stock

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Treasury stock	8,920,597.83	446,383,180.08		455,303,777.91
Total	8,920,597.83	446,383,180.08		455,303,777.91

Other descriptions, including changes for the period and explanation of reason for the change:

Increase in the period represents that:

1) According to the proposal on repurchase the Company's shares deliberated and approved by the 3rd interim meeting of the ninth session of Board of Directors on April 13, 2020, the Company decided to repurchase the shares by self-financing in the manner of centralized bidding trading. The Company had repurchased cumulative 1,137,524 shares in the manner of centralized bidding trading in the prior period, with total payment of total RMB 8,920,597.83 (exclusive of transaction cost). In the current period, the Company additional repurchased 6,496,614 shares in the manner of centralized bidding trading, with total additional payment of RMB 50,934,453.02. Therefore, the Company has repurchased total 7,634,138 shares with total payment of RMB 59,855,050.85.

2) According to the Proposal on Repurchase the Company's Shares deliberated and approved by the 12th interim meeting of the ninth session of board of directors on April 8, 2021, the Company decided to repurchase the shares by self-financing in the manner of centralized bidding trading. In the current period, the Company repurchased total 51,342,096 shares with total payment of RMB 395,448,727.06. As of December 31, 2021, the Company has completed the implementation of the share repurchase plan.

57. Other comprehensive income

Unit: RMB

Item	Opening balance	Current period actual						Closing balance
		Pre-tax amount incurred for the period	Less: Amount recorded in other comprehensive income in the prior period and transferred to profit/loss in the current period	Less: Amount recorded in other comprehensive income in the prior period and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to the Parent Company, net of tax	Attributable to minority shareholders, net of tax	
I. Other comprehensive income that can't be reclassified to profit or loss		- 4,280,000.00				- 4,280,000.00		- 4,280,000.00
Changes in fair value of other entity instrument investments		- 4,280,000.00				- 4,280,000.00		- 4,280,000.00
Total other comprehensive income		- 4,280,000.00				- 4,280,000.00		- 4,280,000.00

Other description, including the adjustments for the effective portion of cash flow hedging profit or loss transferred to the initial recognition amount of the hedged items:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Work safety fund		7,434,025.58	7,434,025.58	
Total		7,434,025.58	7,434,025.58	

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	232,701,943.56	64,052,940.00		296,754,883.56
Total	232,701,943.56	64,052,940.00		296,754,883.56

Description of surplus reserve, including changes for the period and explanation of reason for the change:

The increase of RMB 64,052,940.00 in surplus reserve represents the statutory surplus reserve of RMB 64,052,940.00 appropriated at 10% of the net profit of the Company for the current year.

60. Retained profits

Unit: RMB

Item	Current period	The prior period
Retained profits at the beginning of the period after adjustment	3,558,688,885.55	2,520,329,621.90
Add: Net profits attributable to owners of the Parent Company	728,467,910.42	1,386,476,099.73
Less: Appropriation to statutory surplus reserve	64,052,940.00	
Ordinary share dividends payable	372,493,172.52	348,116,836.08
Retained profits at the end of the period	3,850,610,683.45	3,558,688,885.55

61. Operating income and operating costs

Unit: RMB

Item	Current period actual		Amount for the prior period	
	Income	Cost	Income	Cost
Main Business	11,755,843,043.12	9,174,730,011.41	14,273,213,235.36	10,720,797,390.49
Others	57,694,401.36	35,588,414.96	58,811,840.04	45,491,568.51
Total	11,813,537,444.48	9,210,318,426.37	14,332,025,075.40	10,766,288,959.00

Whether the lower of the audited net profit before and after non-recurring profit or loss is negative

Yes No

Revenue related information

Unit: RMB

Category of contract	Revenue from contracts with customers	Total
Type of goods	11,813,150,974.68	11,813,150,974.68

Including: Smart sanitation	9,237,262,348.48	9,237,262,348.48
Others	2,575,888,626.20	2,575,888,626.20
Categorized by geographic location of business	11,813,150,974.68	11,813,150,974.68
Including: Domestic	11,770,316,600.94	11,770,316,600.94
Overseas	42,834,373.74	42,834,373.74
Categorized by the time of transfer of goods	11,813,150,974.68	11,813,150,974.68
Including: Revenue recognized at a point in time	7,912,717,984.99	7,912,717,984.99
Revenue recognized over time	3,900,432,989.69	3,900,432,989.69

Information of performance obligations:

Details are set out in "Note V Significant Accounting Policies and Accounting Estimates: 39 Revenue" in Part X Financial Statements of this report.

Information of transaction price allocated to remaining performance obligations:

The revenue corresponding to the performance obligations that have been entered into but not fulfilled or not completed fulfilled at the end of the reporting period is RMB 38.596 billion, including RMB 35.556 billion expected to be recognized in 2022; RMB 3.185 billion expected to be recognized in 2023; and RMB 3.222 billion expected to be recognized in 2024.

Other statements

62. Taxes and surcharges

Unit: RMB

Item	Current period actual	Amount for the prior period
Urban maintenance and construction tax	20,078,805.96	31,932,708.59
Education surcharge	8,704,420.76	13,763,632.17
Housing property tax	6,991,844.08	6,046,933.52
Land use tax	8,241,902.89	8,949,626.89
Vehicle and vessel use tax	1,380,035.94	578,488.72
Stamp duty	3,049,851.77	4,012,840.78
Local education surcharge	5,684,439.06	9,173,301.02
Environmental protection tax	10,786.17	3,298.30
Others	1,728.81	
Total	54,143,815.44	74,460,829.99

63. Selling expenses

Unit: RMB

Item	Current period actual	Amount for the prior period
Employee benefits	320,344,321.96	308,668,531.58
Marketing expenses and agency fee	203,886,678.86	217,705,086.93
Office expenses	52,439,230.50	66,589,757.23
Business entertainment expenses	45,787,322.29	60,699,969.88
Vehicle usage fees	34,084,353.47	42,291,788.33
Traveling expenses	29,426,404.02	35,222,537.93
Bidding & tendering expenses	27,560,842.44	41,237,901.47

After-sale service expenses	6,529,791.01	7,898,372.76
Depreciation and amortization expenses	1,634,177.49	2,203,528.84
Share-based payment	2,009,420.94	1,528,333.10
Others	15,131,028.07	17,243,205.46
Total	738,833,571.05	801,289,013.51

64. Administrative expenses

Unit: RMB

Item	Current period actual	Amount for the prior period
Employee benefits	308,636,988.29	270,586,381.78
Depreciation and amortization expenses	90,950,246.67	82,337,180.72
Agency consulting fees	30,647,767.32	55,508,011.48
Office expenses	57,223,541.20	47,382,856.32
Business entertainment expenses	44,724,844.78	26,542,380.63
Traveling expenses	13,652,785.76	10,444,833.47
Vehicle usage fees	10,477,269.96	7,732,891.83
Repair fees	2,929,951.84	6,350,097.09
Share-based payment	4,002,420.59	5,634,842.48
Others	22,107,591.16	23,947,210.32
Total	585,353,407.57	536,466,686.12

65. R&D expenses

Unit: RMB

Item	Current period actual	Amount for the prior period
Employee benefits	159,381,200.38	118,576,852.62
Direct inputs	58,423,533.28	91,469,017.06
Other expenses	41,705,479.82	43,355,945.62
Share-based payment	3,108,913.81	1,275,516.89
Total	262,619,127.29	254,677,332.19

66. Financial expenses

Unit: RMB

Item	Current period actual	Amount for the prior period
Interest expense	149,868,429.63	136,661,706.73
Interest income	-107,324,690.38	-94,482,738.64
Exchange gains or losses	2,001,825.46	708,908.76
Others	14,059,239.82	23,233,454.74
Total	58,604,804.53	66,121,331.59

67. Other Income

Unit: RMB

Sources of other income	Current period actual	Amount for the prior period
Government subsidies related to assets	4,481,738.05	3,612,643.51
Government subsidies related to income	76,124,682.16	70,086,902.87
Refund of handling fees for withholding individual income tax	748,344.55	576,781.45
Weighted deduction of input tax	2,186,407.75	
Total	83,541,172.51	74,276,327.83

68. Investment Income

Unit: RMB

Item	Current period actual	Amount for the prior period
Income from long-term equity investments under equity method	36,885,135.08	41,578,662.81
Investment income from disposal of long-term equity investments	8,040,787.90	488,224.46
Investment income from holding the held-for-trading financial assets		11,250,000.00
Performance compensation	163,460,620.00	839,195.26
Gains on wealth management products	29,170,261.66	23,771,715.03
Others	2,377,190.95	400,872.53
Total	239,933,995.59	78,328,670.09

69. Gains on net exposure hedging

Applicable Not Applicable

70. Gains on changes in fair value

Unit: RMB

Sources of gains on changes in fair value	Current period actual	Amount for the prior period
Trading financial assets	-73,146,774.32	-89,949,855.53
Gains or losses on ineffective portion of outstanding fair value hedges	72,100.27	-5,769,445.94
Total	-73,074,674.05	-95,719,301.47

71. Impairment loss of credit

Unit: RMB

Item	Current period actual	Amount for the prior period
Loss on bad debts	-95,707,579.99	-119,100,867.26
Loss on credit guarantee	-2,668,240.03	-461,553.82
Total	-98,375,820.02	-119,562,421.08

72. Impairment losses on assets

Unit: RMB

Item	Current period actual	Amount for the prior period
II. Losses on decline in value of inventories or impairment of cost to fulfill a contract	-21,599,097.67	-36,270,934.35
V. Impairment losses on fixed assets		-1,336,643.39
X. Impairment losses on intangible assets		-20,185,580.19
XI. Impairment losses of goodwill	-194,617,014.59	-25,405,362.30
XII. Impairment losses on contract assets	-5,154,976.05	2,738,164.92
XIII. Others	-9,569,407.61	-2,018,144.84
Total	-230,940,495.92	-82,478,500.15

73. Gains on disposal of assets

Unit: RMB

Sources of gains on disposal of assets	Current period actual	Amount for the prior period
Gains on disposal of fixed assets	-2,254,626.67	-1,787,925.37
Gains on disposal of construction in progress	1,092,784.45	
Total	-1,161,842.22	-1,787,925.37

74. Non-operating income

Unit: RMB

Item	Current period actual	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Gains from retirement of non-current assets	883,148.89	77,383.74	883,148.89
Penalty and compensation income	5,865,087.13	4,335,373.16	5,865,087.13
Others	3,279,788.40	5,431,262.79	3,279,788.40
Total	10,028,024.42	9,844,019.69	10,028,024.42

75. Non-operating expenses

Unit: RMB

Item	Current period actual	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Donations	2,446,175.58	10,428,048.44	2,446,175.58
Losses on retirement of non-current assets	1,424,842.60	40,814,493.09	1,424,842.60
Special fund for local water conservancy construction	3,814,764.68	134,126.33	
Others	4,100,671.20	6,853,056.19	4,100,671.20
Total	11,786,454.06	58,229,724.05	7,971,689.38

76. Income tax expenses**(1) Schedule of income tax expenses**

Unit: RMB

Item	Current period actual	Amount for the prior period
Current income tax expense	102,531,906.08	240,674,591.23
Deferred income tax expense	-49,028,417.97	-33,103,177.47
Total	53,503,488.11	207,571,413.76

(2) Reconciliation of accounting profit and income tax expenses

Unit: RMB

Item	Current period actual
Total profit	821,828,198.48
Income tax expense calculated at statutory/applicable tax rate	205,457,049.62
Effects of different tax rates applied by subsidiaries	-120,536,448.40
Effect of prior income tax reconciliation	-16,697,363.73
Effect of non-taxable income	-14,748,654.06
Effect of non-deductible costs, expenses and losses	5,653,209.37
Effect of utilizing deductible losses previously not recognized as deferred tax assets	-37,647,884.38
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets	65,230,044.84
Effect of weighted deduction	-33,206,465.15
Income tax expenses	53,503,488.11

77. Other comprehensive income

Details are set out in Note VII, 57.

78. Items in the cash flow statement**(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	Current period actual	Amount for the prior period
Receipts of deposits for notes, letters of credit and letters of guarantee	528,970,066.36	546,629,420.18
Receipts of government grants	64,060,624.96	101,409,788.44
Receipts of security deposits	123,421,879.05	87,547,183.94
Recovery of petty cash and temporary advance payment receivable	47,474,118.30	53,990,787.31
Temporary receipts payable	77,741,104.34	97,576,945.00
Recovery of funds in escrow accounts	945,226.16	957,256.52
Receipts of interest income	34,375,977.08	32,491,002.22
Receipts of principal of factoring financing	1,177,976,505.96	192,699,970.39

and finance lease		
Receipts of principal and interest of certificate of time deposit	714,576,527.78	
Repayments from Foshan Yingtong Electrical Materials Co., Ltd.	99,092,452.39	
Others	55,604,278.04	40,191,716.87
Total	2,924,238,760.42	1,153,494,070.87

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Current period actual	Amount for the prior period
Payments for deposits for notes, letters of credit and letters of guarantee	386,586,903.23	531,970,066.36
Operating period expenses	564,282,900.37	742,930,598.43
Security deposits	64,552,986.72	105,356,641.82
Payments for petty cash and temporary advance payment receivable	75,087,728.42	69,592,540.81
Payments for principal of factoring financing and finance lease	1,322,074,716.14	614,614,522.83
Temporary receipts payable	120,319,766.85	12,179,242.35
Certificate of time deposit	50,000,000.00	700,000,000.00
Funds allocated to escrow accounts	4,550,799.82	945,226.15
Others	19,414,654.23	4,876,929.24
Total	2,606,870,455.78	2,782,465,767.99

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Current period actual	Amount for the prior period
Redemption of financial products	4,730,043,650.04	5,009,700,000.00
Receipts of special government funds for PPP projects	60,000,000.00	67,335,291.42
Receipts of futures margin	12,531,843.01	4,198,085.50
Receipts of compensation from Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.		839,195.26
Receipts of loan principal and interest	47,541,031.18	77,860,846.84
Total	4,850,116,524.23	5,159,933,419.02

(4) Other cash payments relating to investing activities

Unit: RMB

Item	Current period actual	Amount for the prior period
Purchase of financial products	4,728,990,700.00	5,009,700,000.00
Payments of margin for futures trading	23,440,407.33	13,498,236.44
Payments of equity trading margin to Property Rights Transaction Center	36,000,000.00	

Payments of loan principal		12,930,076.27
Cash outflows from disposal of subsidiaries	1,450,610.39	
Total	4,789,881,717.72	5,036,128,312.71

(5) Other cash receipts relating to financing activities

Unit: RMB

Item	Current period actual	Amount for the prior period
Receipts of payments for employee stock ownership plan	180,000,000.00	6,100,000.00
Loan amounts of accounts receivable factoring with recourse right	49,479,996.55	
Receipts of loans	3,600,000.00	1,780,000.00
Total	233,079,996.55	7,880,000.00

(6) Other cash payments relating to financing activities

Unit: RMB

Item	Current period actual	Amount for the prior period
Repurchase of treasury shares	446,383,180.08	8,920,597.83
Factoring service fees and handling fees	1,059,316.17	6,325,532.07
Acquisition of minority interests of Zhejiang Shangfeng Special Blower Industrial Co., Ltd.		18,200,000.00
Rental payments	6,345,974.18	
Others	364,129.20	4,595,701.09
Total	454,152,599.63	38,041,830.99

79. Supplementary information to the cash flow statement**(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	768,324,710.37	1,429,820,654.73
Add: Provision for impairment of assets	329,316,315.94	202,040,921.23
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	169,587,581.86	132,977,279.08
Depreciation of right-of-use assets	5,929,711.33	
Amortization of intangible assets	364,198,624.40	329,434,176.13
Amortization of long-term deferred expenses	12,295,429.49	4,479,283.29
Losses from disposal of fixed	1,161,842.22	1,787,925.37

assets, intangible assets and other long-term assets (gains are indicated by "-")		
Losses from retirement of fixed asset (gains are indicated by "-")	541,693.71	40,737,109.35
Losses from changes in fair value (gains are indicated by "-")	73,074,674.05	95,719,301.47
Financial expenses (income is indicated by "-")	133,836,548.78	101,148,109.13
Investment loss (income is indicated by "-")	-240,822,713.67	-83,480,868.78
Decrease in deferred tax assets (increase is indicated by "-")	-14,295,043.84	-17,493,252.94
Increase in deferred tax liabilities (decrease is indicated by "-")	-44,875,587.45	-41,158,220.03
Decrease in inventories (increase is indicated by "-")	-51,110,526.14	-229,881,454.67
Decrease in operating receivables (increase is indicated by "-")	632,657,980.48	-2,146,572,286.81
Increase in operating payables (decrease is indicated by "-")	-1,367,425,471.66	1,817,968,802.17
Others	36,822,950.26	51,186,613.03
Net cash flows from operating activities	809,218,720.13	1,688,714,091.75
2. Material investing and financing activities not involving cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets held under finance lease		
3. Net change in cash and cash equivalents:	--	--
Closing balance of cash	4,118,746,885.72	4,657,826,099.23
Less: Opening balance of cash	4,657,826,099.23	2,611,680,947.69
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-539,079,213.51	2,046,145,151.54

(2) Net cash payments to acquire subsidiaries in the current period

Applicable Not Applicable

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

Unit: RMB

	Amount
Cash and cash equivalent received in the current period from disposal of subsidiaries in the current period	92,500,000.00
Of which:	--
Including: Hunan Ningxiang Renhe Garbage Comprehensive	92,500,000.00

Treatment Co., Ltd.	
Less: Cash and cash equivalents held by the subsidiary at the date of losing control	65,853.93
Of which:	--
Including: Hunan Ningxiang Renhe Garbage Comprehensive Treatment Co., Ltd.	65,853.93
Add: Cash and cash equivalents received in the current period from disposal of subsidiaries in the prior periods	353,163,167.89
Of which:	--
Including: Zhejiang Shangfeng Wind Energy Co., Ltd.	353,163,167.89
Net cash receipts from disposal of subsidiaries	445,597,313.96

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	4,118,746,885.72	4,657,826,099.23
Including: Cash on hand	89,806.02	147,826.76
Bank deposits that are readily available for payment	4,118,371,038.72	4,622,411,287.34
Other cash and bank balances that are readily available for payment	286,040.98	35,266,985.13
III. Closing balance of cash and cash equivalents	4,118,746,885.72	4,657,826,099.23

Other statements:

As of December 31, 2020, balance of cash and bank balances amounted to RMB 5,904,127,970.85, while balance of cash and cash equivalents amounted to RMB 4,657,826,099.23. The difference of RMB 1,246,301,871.62 included deposit for notes amounting to RMB 458,086,264.82, deposit for letters of guarantee amounting to RMB 75,383,801.54, deposit for migrant workers' wages amounting to RMB 922,334.53, large amount certificate of time deposit amounting to RMB 709,048,611.10, fund frozen due to litigation amounting to RMB 2,837,968.00 and engineering escrow accounts that are not available for separate use amounting to RMB 22,891.63, which were not cash and cash equivalents.

As of December 31, 2021, balance of cash and bank balances amounted to RMB 4,583,245,371.02, while balance of cash and cash equivalents amounted to RMB 4,118,746,885.72. The difference of RMB 464,498,485.30 included deposit for notes amounting to RMB 304,539,128.51, deposit for letters of guarantee amounting to RMB 86,544,774.72, deposit for migrant workers' wages amounting to RMB 925,205.09, ETC deposit amounting to RMB 3,000.00, large amount certificate of time deposit amounting to RMB 67,743,888.90, fund frozen due to litigation amounting to RMB 1,109,678.44 and engineering escrow accounts that are not available for separate use amounting to RMB 3,632,809.64, which were not cash and cash equivalents.

80. Notes to items in the statement of changes in owners' equity

Applicable Not Applicable

81. Assets with restricted ownership and use rights

Unit: RMB

Item	Carrying amounts at the end of the period	Reason for restriction
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Cash and cash equivalents	464,498,485.30	Deposits, certificate of deposit, frozen litigation preservation, escrow account
Fixed assets	514,793,694.20	Mortgaged
Intangible assets	215,913,237.17	Mortgaged
Accounts receivable	226,481,841.35	Pledged
Notes receivable - bank acceptance	5,050,609.92	Pledged
Notes receivable - trade acceptance	14,668,452.95	Pledged
Receivable financing	143,994,957.80	Pledged
Long-term account receivable and non-current assets due within one year	49,479,996.55	Factoring financing with recourse
100% equity interests of Funan Greenlander Environmental Protection Co., Ltd.	63,725,949.84	Mortgaged [Note]
100% equity interests of Shouxian Greenlander New Energy Co., Ltd.	83,655,768.30	Mortgaged [Note]
100% equity interests of Xiantao Greenlander Environmental Protection Power Co., Ltd.	218,180,606.50	Mortgaged [Note]
100% equity interests of Poyang Greenlander Environmental Protection Power Co., Ltd.	61,177,347.25	Mortgaged [Note]
100% equity interests of Lianjiang Greenlander New Energy Co., Ltd.	25,074,902.82	Frozen litigation preservation
Total	2,086,695,849.95	--

[Note] The pledged amount is the net assets of the Company's share of equity.

82. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and cash equivalents	--	--	20,787,624.90
Including: USD	561,032.92	6.3757	3,576,977.59
EUR	1,974,427.58	7.2197	14,254,774.80
HKD	3,615,303.95	0.8176	2,955,872.51
Accounts receivable	--	--	5,677,273.66
Including: USD	448,059.16	6.3757	2,856,690.79
EUR	390,678.68	7.2197	2,820,582.87
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			

(2) Description of overseas operating entity, including the disclosure of principal place of operation overseas, recording currency and basis for determining the recording currency if it is a material overseas operating entity, and the disclosure of reasons for change of recording currency, if applicable.

Applicable Not Applicable

83. Hedging

Applicable Not Applicable

84. Governmental subsidies

(1) Basic information of government subsidies

Unit: RMB

Category	Amount	Presentation items	Amount included in profit or loss in the current period
1) Government subsidies related to assets			
Shouxian domestic waste incineration power plant project	850,000.00	Other Income	850,000.00
Special subsidies for Xiantao waste power generation project	726,531.48	Other Income	726,531.48
2018 first batch of awards for tax increment from technological transformation of industrial enterprises in Hunan Province (painting workshop)	948,280.00	Other Income	948,280.00
The second batch of awards for rental housing in the high-tech zone	41,317.67	Other Income	41,317.67
Urban and rural domestic waste transfer project	211,034.48	Other Income	211,034.48
2020 third batch of discounted loan interest for technological transformation of industrial enterprises in Changsha	437,500.00	Other Income	437,500.00
Urban sewage and garbage treatment facilities and sewage pipe network engineering projects	449,688.41	Other Income	449,688.41
Shouxian domestic waste incineration power generation project	152,666.71	Other Income	152,666.71
Subsidy for key projects of enterprise intelligent transformation for 2018 - 2020	169,705.18	Other Income	169,705.18
Provincial Kunpeng Plan sponsorship fund	144,250.40	Other Income	144,250.40
2019 Changsha air, soil, water pollution prevention and control project repository (painting workshop)	100,000.00	Other Income	100,000.00
Subsidies for enterprise technological transformation	142,857.14	Other Income	142,857.14
Construction and application of industrial Internet platform	7,898.45	Other Income	7,898.45
The third batch of special funds for raising manufacturing power in Hunan Province in 2021	7,898.45	Other Income	7,898.45
Soft ionization of VOCS in air - development and demonstration application of high resolution on-line detection time of flight mass spectrometry	70,833.33	Other Income	70,833.33
The fourth batch of special funds for raising manufacturing power in Hunan Province in 2021	2,230.33	Other Income	2,230.33
Provincial special fund for modern service industry in high-tech zone	19,046.02	Other Income	19,046.02
Sub-total	4,481,738.05		4,481,738.05
2) Government subsidies related to income and used to			

compensate the Company's costs and expenses or losses incurred in subsequent periods			
Funds for national key R&D program projects of 2017	350,000.00	Other Income	350,000.00
Sub-total	350,000.00		350,000.00
3) Government subsidies related to income and used to compensate the Company's cost and expenses or losses already incurred			
Value-added tax rebate	22,195,312.61	Other Income	22,195,312.61
Subsidy for KP projects	9,300,000.00	Other Income	9,300,000.00
Special funds for raising manufacturing power in Hunan Province	7,143,868.24	Other Income	7,143,868.24
Enterprise support funds	7,140,000.00	Other Income	7,140,000.00
Provincial subsidy for new energy vehicles	7,000,000.00	Other Income	7,000,000.00
Policy support for high-tech zone	2,209,000.00	Other Income	2,209,000.00
Subsidy for sludge disposal	3,056,730.58	Other Income	3,056,730.58
Special funds for advanced manufacturing cluster	1,800,000.00	Other Income	1,800,000.00
Job subsidy fund for steady work in the enterprise	1,202,351.97	Other Income	1,202,351.97
Special funds for modern service industry	1,086,264.12	Other Income	1,086,264.12
Key R&D project funds	1,000,000.00	Other Income	1,000,000.00
Strong cluster subsidy	1,000,000.00	Other Income	1,000,000.00
Special funds for industrial development	900,000.00	Other Income	900,000.00
Special funds for promoting high-quality development of foreign investment	893,100.00	Other Income	893,100.00
Special funds for construction and application of industrial Internet platform	775,656.79	Other Income	775,656.79
Subsidy for technological transformation projects	749,900.00	Other Income	749,900.00
Special funds for recycling of solid wastes	690,000.00	Other Income	690,000.00
Awards for accelerating scientific and technological innovation	549,000.00	Other Income	549,000.00
Subsidy for intelligent manufacturing	500,000.00	Other Income	500,000.00
Awards for hidden champions corporates	500,000.00	Other Income	500,000.00
Subsidy for talents projects	440,000.00	Other Income	440,000.00
R&D project rewards	424,400.00	Other Income	424,400.00
Project subsidy	350,000.00	Other Income	350,000.00
Key projects funds	348,000.00	Other Income	348,000.00
Rewards from Development and Reform Commission	308,581.00	Other Income	308,581.00
Leading talent program awards	300,000.00	Other Income	300,000.00
Capital market support rewards	300,000.00	Other Income	300,000.00
Special funds for implementation of intellectual property strategy	268,000.00	Other Income	268,000.00
Scale up rewards	250,000.00	Other Income	250,000.00
Special subsidy for mobile web initiative	200,000.00	Other Income	200,000.00
Special funds for environmental protection enterprises	200,000.00	Other Income	200,000.00
Innovation ability rewards	200,000.00	Other Income	200,000.00
R&D project rewards	200,000.00	Other Income	200,000.00
Research support funds	200,000.00	Other Income	200,000.00
Technology trading reward funds	198,200.00	Other Income	198,200.00
Quality and standardization rewards	170,000.00	Other Income	170,000.00
Other miscellaneous subsidies	1,726,316.85	Other Income	1,726,316.85
Sub-total	75,774,682.16		75,774,682.16

Total	80,606,420.21		80,606,420.21
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(2) Return of government subsidies

Applicable Not Applicable

85. Others**VIII. Change in scope of consolidation****1. Business combination not involving enterprises under common control**

Applicable Not Applicable

2. Business combination involving enterprises under common control

Applicable Not Applicable

3. Reverse purchase

Applicable Not Applicable

4. Disposal of subsidiaries

A single disposal of investment in a subsidiary will result in loss of control.

Yes No

Unit: RMB

Name of subsidiary	Consideration of equity disposal	Proportion of equity disposed (%)	Mode of equity disposal	Date of loss of control	Basis determining date of loss of control	Difference between the consideration of disposal and the share of the subsidiary's net assets corresponding to investment disposal in consolidated financial statement	Proportion of remaining equity interests on date of loss of control (%)	Carrying amounts of remaining equity interests on date of loss of control	Fair value of remaining equity interests on date of loss of control	Gain or loss incurred from remaining equity interests re-measured according to fair value	Methodology and key assumptions for determining fair value of remaining equity interest on date of loss of control	Other comprehensive income related to equity investments in previous subsidiaries transferred to investment income or loss
Foshan Yingtong	255,000,000.00	51.00%	Selling	February	Substantive	2,356,921.46	49.00%	272,872,012.67	245,000,000.00	-27,872,000.00	Determined	

Electrical Materials Co., Ltd.				28, 2021	transfer of control					12.67	according to equity value of the portion disposed	
Hunan Ningxiang Renhe Garbage Comprehensive Treating Co., Ltd.	92,500,000.00	100.00%	Selling	November 01, 2021	Substantive transfer of control	25,170,570.60	0.00%	0.00	0.00	0.00	0	
Guangdong Yingling Testing Technology Co., Ltd.	1.00	51.00%	Selling	August 01, 2021	Substantive transfer of control	4,276,507.83	49.00%	4,108,800.68	-	0.00	4,108,800.68	Determined according to equity value of the portion disposed

Other statements:

Disposal of investment in a subsidiary achieved in stages that involve multiple transactions and will result in loss of control in the current period.

Yes No

5. Changes in the consolidation scope due to other reasons

1. Entities brought into the consolidation scope

Company	Mode of acquisition	Date of acquisition	Capital contribution	Ratio of capital contribution (%)
Xiangtan Yinglian Environmental Industry Co., Ltd.	Incorporation	March 2021	24,508,110.00	66.00
Jinzhou Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	March 2021	12,000,000.00	100.00
Handan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	April 2021	2,000,000.00	100.00
Ordos Environmental Sanitation Management Co., Ltd.	Incorporation	July 2021	1,020,000.00	100.00
Luanzhou Yinglian Environmental Service Co., Ltd.	Incorporation	August 2021	2,000,000.00	100.00
Guangzhou Huadu Yinglian Environment Co., Ltd.	Incorporation	September 2021	100,000.00	100.00
Fenghuang Yinglian Environmental Service Co., Ltd.	Incorporation	September 2021	2,000,000.00	100.00
Xinning Yinglian Urban Environmental Service Co., Ltd.	Incorporation	September 2021	8,000,000.00	100.00
Wanning Yinglian Environmental Industry Co., Ltd.	Incorporation	October 2021	1,000,000.00	100.00
Foshan Gaoming Yingde Smart City Management Co., Ltd.	Incorporation	October 2021	5,000,000.00	60.00
Huayuan Environmental Sanitation Management Co., Ltd.	Incorporation	November 2021	260,000.00	100.00
Zhongwei Yinglian Urban Environmental Service Co., Ltd.	Incorporation	December 2021	1,000,000.00	70.00
Guangzhou Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	January 2021	[Note]	100.00
Yiyang Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	January 2021	[Note]	100.00

Shenzhen Infore Enviro Robot Co., Ltd.	Incorporation	February 2021	[Note]	100.00
Sanya Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	February 2021	[Note]	100.00
Wuhan Infore Zhonghui Environmental Protection Technology Co., Ltd.	Incorporation	February 2021	[Note]	100.00
Chongyang Yinglian Environmental Protection Co., Ltd.	Incorporation	February 2021	[Note]	100.00
Pu'an Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	March 2021	[Note]	100.00
Guangzhou Yinglian Environmental Sanitation Service Co., Ltd.	Incorporation	March 2021	[Note]	100.00
Wuhu Infore Zoomlion Environmental Technology Co., Ltd.	Incorporation	March 2021	[Note]	100.00
Suzhou Xiangcheng Yinglian Environmental Industry Co., Ltd.	Incorporation	March 2021	[Note]	100.00
Susong Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	April 2021	[Note]	100.00
Foshan Shunde Yingsheng Urban Environmental Management Co., Ltd.	Incorporation	April 2021	[Note]	100.00
Taizhou Zhongying Urban Environmental Service Co., Ltd.	Incorporation	May 2021	[Note]	100.00
Liaocheng Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	May 2021	[Note]	100.00
Shenzhen Tongying Environmental Industry Co., Ltd.	Incorporation	May 2021	[Note]	100.00
Shenzhen Zhongfu Environmental Technology Co., Ltd.	Incorporation	April 2021	[Note]	100.00
Wuhai Yinglian Environmental Engineering Co., Ltd.	Incorporation	May 2021	[Note]	100.00
Jian'ou Yingsheng Environmental Sanitation Management Co., Ltd.	Incorporation	June 2021	[Note]	100.00
Heping Liansheng Environmental Development Co., Ltd.	Incorporation	June 2021	[Note]	100.00
Zhongshan Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	June 2021	[Note]	100.00
Ruili Yinglian Environmental Industry Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Zongyang Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Guangdong Infore Smart Technology Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Fengxian Zhongying Urban Environmental Sanitation Management Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Shanghai Yingwofeng Environment Technology Development Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Yichang Yinglian Urban Environmental Service Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Huai'an Yinghe Environment Technology Co., Ltd.	Incorporation	July 2021	[Note]	100.00
Zhangjiagang Zhongying Environmental Development Co., Ltd.	Incorporation	August 2021	[Note]	100.00
Guangde Yinghe Environmental Sanitation Development Co., Ltd.	Incorporation	August 2021	[Note]	100.00
Foshan Shunde Yinghong Smart Environmental Sanitation Management Co., Ltd.	Incorporation	October 2021	[Note]	100.00
Zhongshan Yinglian Urban Environmental Management Co., Ltd.	Incorporation	October 2021	[Note]	100.00
Taizhou Zhongying Environmental Management Co., Ltd.	Incorporation	October 2021	[Note]	100.00
Weihui Yinglian Environmental Service Co., Ltd.	Incorporation	October 2021	[Note]	100.00
Baisha Yinghe Environmental Sanitation Service Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Zhoushan Yinghe Environmental Sanitation Service	Incorporation	November 2021	[Note]	100.00

Co., Ltd.				
Wuhan Tongying Environmental Sanitation Management Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Nanchang Yingsheng Environmental Protection Service Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Wuhu Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Huaibei Yinghe Urban Environmental Service Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Hanshou Jinglan Environmental Protection Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Chongqing Tongliang Fenglan Environmental Protection Technology Co., Ltd.	Incorporation	November 2021	[Note]	100.00
Shenzhen Yingli Environmental Sanitation Service Co., Ltd.	Incorporation	December 2021	[Note]	100.00
Guangrao Yinghe Urban Service Co., Ltd.	Incorporation	December 2021	[Note]	100.00
Anning Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	December 2021	[Note]	100.00

Note: As of December 31, 2021, these companies' registered capitals have not been contributed

2. Entities excluded from the consolidation scope

Company	Mode of equity disposal	Date of equity disposal	Net assets on disposal date	Net profit from the beginning of the period to the disposal date
Liling Zhongfeng Environmental Industry Co., Ltd.	De-registration	June 29, 2021		-983.54

VII. Interest in other entities

1. Interest in significant subsidiaries

(1) Significant subsidiaries

Name of subsidiary	Main operating place	Place of incorporation	Business nature	Shareholding proportion		Acquisition method
				Direct	Indirect	
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Electrical material manufacturing and others	60.20%		Business combination not under common control
Greenlander Environmental	Shenzhen, Guangdong	Shenzhen, Guangdong	Environmental monitoring and solid waste treatment	70.00%		Business combination not under common control
Funan Greenlander Environmental Protection Co., Ltd.	Funan, Anhui	Funan, Anhui	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Xiantao Greenlander Environmental Power Generation Co., Ltd.	Xiantao, Hubei	Xiantao, Hubei	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Shouxian Greenlander New Energy Co., Ltd.	Shouxian, Anhui	Shouxian, Anhui	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control

Xiantao Yinghe Environmental Protection Co., Ltd.	Xiantao, Hubei	Xiantao, Hubei	Environmental monitoring and solid waste treatment	74.88%	5.70%	Incorporation
Infore Technology Company	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment	100.00%		Incorporation
Foshan Infore Water Environment Investment Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Foshan Shunde District Huaying Environmental Water Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Foshan Shunde Huabo Environmental Water Co., Ltd.	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment		100.00%	Business combination not under common control
Zoomlion Environmental	Changsha, Hunan	Changsha, Hunan	Smart sanitation	100.00%		Business combination not under common control
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Smart sanitation	90.00%	10.00%	Incorporation
Fujian Nan'an Yingfeng Urban Environmental Service Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Smart sanitation		80.00%	Incorporation
Zhangjiajie Zoomlion Environmental Industry Co., Ltd.	Zhangjiajie, Hunan	Zhangjiajie, Hunan	Smart sanitation		90.00%	Incorporation
Cili County Zoomlion Huabao Environmental Industry Co., Ltd.	Cili, Hunan	Cili, Hunan	Smart sanitation		85.00%	Incorporation
Hanshou Zoomlion Environmental Industry Co., Ltd.	Hanshou, Hunan	Hanshou, Hunan	Smart sanitation		90.00%	Incorporation
Longhui County Zoomlion Environmental Industry Co., Ltd.	Longhui, Hunan	Longhui, Hunan	Smart sanitation		100.00%	Incorporation

Shimen Zoomlion Environmental Industry Co., Ltd.	Shimen, Hunan	Shimen, Hunan	Smart sanitation		90.00%	Incorporation
Ningbo Infore Finance Lease Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Finance lease		100.00%	Incorporation

(2) Significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss in the current period	Dividend declared to non-controlling shareholders in the current period	Closing balance of non-controlling interest
Greenlander Environmental	30.00%	3,264,492.53		15,107,030.38

(3) Main financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Greenlander Environmental	442,998,198.63	1,445,560,211.50	1,888,558,410.13	1,195,924,774.00	642,276,868.23	1,838,201,642.23	399,254,690.58	1,342,618,337.55	1,741,873,028.13	1,273,824,945.87	429,455,754.84	1,703,280,700.71

Unit: RMB

Name of subsidiary	Current period actual				Amount for the prior period			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Greenlander Environmental	352,289,730.86	10,881,641.78	10,881,641.78	186,644,835.53	181,203,208.46	1,458,573.11	1,458,573.11	67,222,387.30

(4) Significant restrictions on usage of the enterprise group's assets and settlement of the enterprise group's liabilities Applicable Not Applicable**(5) Financial or other supports provided to the structured bodies included into the consolidation scope** Applicable Not Applicable**2. Transactions resulting in changes in subsidiaries' equity but without losing control** Applicable Not Applicable

3. Interest in joint arrangements or associates

(1) Significant joint ventures or associates

Names of joint ventures or associates	Main operating place	Place of incorporation	Business nature	Shareholding proportion		Accounting treatment of investment in joint ventures or associates
				Direct	Indirect	
Foshan Yingtong Electrical Materials Co., Ltd.	Foshan	Foshan	Manufacturing	49.00%		Equity method

(2) Main financial information of significant associates

Unit: RMB

	Closing balance/Current period actual	Opening balance/Amount for the prior period
Current assets	1,217,742,853.56	
Non-current assets	207,896,682.32	
Total assets	1,425,639,535.88	
Current liabilities	785,232,779.36	
Non-current liabilities	543,576.58	
Total liabilities	785,776,355.94	
Minority interests	72,189,124.88	
Equity attributable to shareholders of the parent company	567,674,055.06	
Share in net assets based on holding proportion	278,160,286.98	
Adjustment items		
-- Goodwill		
-- Unrealized profit from internal transactions		
-- Others	-27,872,012.67	
Carrying amount of equity investments in associates	250,288,274.31	
Having fair value of equity investment in associates with publicly quoted price		
Revenue	2,995,793,551.09	
Net profit	13,526,119.01	
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividend received from associates in the Reporting Period		

(4) Aggregated financial information of insignificant joint venture and associates

Unit: RMB

	Closing balance/Current period actual	Opening balance/Amount for the prior period
Associates:	--	--
Total carrying amount of investments	353,292,507.00	318,243,332.69
Proportionate shares in the following items	--	--
-- Net Profit	31,596,860.77	41,578,662.81
-- Total Comprehensive Income	31,596,860.77	41,578,662.81

4. Significant joint operations

Applicable Not Applicable

5. Interest in the structured bodies not included into the consolidation scope

Applicable Not Applicable

X. 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 impact of the risks of financial instruments on the Company's financial performance, so as to maximize the interest 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 in a timely and reliable manner, and to control the risk to a certain extent.

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, details as follows:

(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 perform 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 evidence-based 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 increased 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 into bankruptcy or other financial restructure;
- 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 at default. The Company develops a model of the probability of default, loss given default, and exposure at default 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 VII 4, 5, 8, 10, 16 and 31 of the notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures.

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit ratings, hence, its credit risk is relatively low.

(2) Receivables

The Company regularly/continuously performs credit assessment on customers using credit settlement method. The Company selects recognized and credible customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks of bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31, 2021, 6.26% (December 31, 2020: 8.26%) of the total accounts receivable was due from the top five 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 short of funds in meeting obligations associated with cash or other financial asset settlement. Liquidity risk is possibly attributable to failure in selling financial assets at fair value in a timely manner, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in generating estimated cash flows.

In order to control such risk, the Company comprehensively utilized various financing tools such as notes settlement, bank borrowings, etc., combines long-term and short-term financing methods and to optimizes financing structures to maintain 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 classification based on remaining lifetime till maturity

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,510,063,715.18	2,890,446,695.70	903,057,645.84	823,095,870.05	1,164,293,179.81
Notes payable	2,468,799,189.71	2,468,799,189.71	2,468,799,189.71		
Accounts payable	2,960,061,508.33	2,960,061,508.33	2,960,061,508.33		
Other payables	683,714,082.05	683,714,082.05	683,714,082.05		
Lease liabilities	23,838,477.91	26,991,613.43	5,689,725.04	9,207,622.33	12,094,266.06
Long-term payables	315,735,814.91	315,735,814.91			315,735,814.91
Bonds payable	1,254,962,176.00	1,573,618,113.60	7,380,948.00	11,809,516.80	1,554,427,648.80
Sub-total	10,217,174,964.09	10,919,367,017.73	7,028,703,098.97	844,113,009.18	3,046,550,909.58

(continued)

Item	Balance at the end of last year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,574,411,035.90	2,816,579,057.20	1,882,635,329.74	373,683,509.83	560,260,217.63
Held-for-trading financial liabilities	810,300.00	810,300.00	810,300.00		
Notes payable	3,853,175,394.09	3,853,175,394.09	3,853,175,394.09		
Accounts payable	3,404,825,085.03	3,404,825,085.03	3,404,825,085.03		
Other payables	443,477,082.48	443,477,082.48	443,477,082.48		
Long-term payables	255,735,814.91	255,735,814.91			255,735,814.91
Bonds payable	1,199,466,109.60	1,576,570,492.80	2,952,379.20	7,380,948.00	1,566,237,165.60
Sub-total	11,731,900,822.01	12,351,173,226.51	9,587,875,570.54	381,064,457.83	2,382,233,198.14

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate interest bearing financial instruments, while the cash flow interest risks arise from floating-rate interest bearing 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, 2021, balance of borrowings with interest accrued at floating interest rate totaled RMB 1,287,312,619.35 (December 31, 2020: RMB 778,840,801.41). 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 fluctuation in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company mainly operates in mainland China, and main activities are denominated in RMB. Hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to section VII 82 of notes to financial statements for details in financial assets and liabilities dominated in foreign currency at the end of the period.

XI. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: RMB

Item	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
(iii) Other entity instrument investments			15,702,971.01	15,702,971.01
2. Receivables financing			296,379,694.57	296,379,694.57
Total liabilities at recurring fair value measurement			312,082,665.58	312,082,665.58
II. Non-recurring fair value measurement	--	--	--	--

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

1. For receivables financing, the Company uses specific valuation technique(s) to determine its fair value based on the face amount of receivables financing.

2. For other entity instrument investments, cost represents the best estimate of fair value, so the Company uses the cost to determine its fair value.

XII. Related party relationships and transactions

1. The parent company

Name of the parent company	Place of incorporation	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
Infore Group Co., Ltd.	Foshan, Guangdong	Industrial investment	445000	43.55%	43.55%

The Company's parent company

(1) In July 2021, Infore Holding Group Co., Ltd. Changed its name to Infore Group Co., Ltd. (hereinafter referred to as Infore Group), which directly holds 11.37% of the Company's equity, and indirectly holds 32.18% of the Company's equity 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 the Company's equity, and indirectly holds 43.55% of the Company's equity through Infore Group.

The Company's ultimate controlling party is He Jianfeng.

2. The Company's subsidiaries

Please refer to section IX of notes for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to section IX 3 of notes for details on the Company's significant joint ventures or associates.

Details of other joint ventures or associate carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Names of joint ventures or associates	Relationships with the Company
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Associates of the Company
Guangdong Shunkong Environmental Investment Co., Ltd.	Associates of the Company
Guangdong Tianshu New Energy Technology Co., Ltd.	Associates of the Company
Shenzhen Yingmei City Stewards Co., Ltd.	Associates of the Company
Lianjiang Greenlander New Energy Co., Ltd.	Associate of the Company's subsidiary Greenlander Environmental
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental
Chongqing Sanfeng Urban Environmental Service Co., Ltd. [Note 1]	Associate of the Company's subsidiary Zoomlion Environmental
Yichun Development Investment Lianfeng Environmental Industry Co., Ltd. [Note 2]	Associate of the Company's subsidiary Zoomlion Environmental
Guangdong Liangke Environmental Engineering Co., Ltd.	Associate of the Company's subsidiary Guangdong Infore Environmental Investment Co., Ltd.
Guangdong Yingling Testing Technology Co., Ltd.	Associate of the Company's subsidiary Infore Technology

[Note 1] The Company's Subsidiary Zoomlion Environmental disposed the 100% equity of Chongqing Sanfeng Urban Environmental Service Co., Ltd. In July 2020. It is still disclosed as related party one year after its disposal. Transactions with it from January to July 2021 were disclosed.

[Note 2] The Company's Subsidiary Zoomlion Environmental disposed the 100% equity of Yichun Development Investment Lianfeng Environmental Industry Co., Ltd. In October 2020. It is still disclosed as related party one year after its disposal. Disclosure period of the related party transactions run from January to October 2021 were disclosed.

4. Other related parties of the Company

Names of other related parties	Relationships with the Company
Ningbo Infore Asset Management Co., Ltd.	Shareholders holding more than 5% of the Company's shares are also under the control of the de facto controller
Zoomlion Heavy Industry Science and Technology Co., Ltd.	Shareholder holding more than 5% of the Company's shares
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	Shareholder holding more than 5% of the Company's shares
Guangdong Infore Material Technology Co., Ltd.	Controlled by the de facto controller
Foshan Shunde District Yinghai Investment Co., Ltd.	Controlled by the de facto controller
LADURNER SRL [Note 1]	Controlled by the de facto controller
Guangdong Yingfeng Maternal and Child Business Co., Ltd.	Controlled by the de facto controller
Beijing Hualu Lanhuo Sports Industry Development Co., Ltd.	Controlled by the de facto controller

Midea Group Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Electric Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Commercial Air Conditioning Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea HVAC Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Shunde District Midea Washing Appliance Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Wuhu Midea Life Electric Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Welling (Wuhu) Motor Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Wuhu Welling Motor Sales Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Anhui Meizhi Precision Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Weite Packing Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Welling Washing Motor Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Meizhi Precision Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Welling Motor Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Ande Zhilian Technology Co., Ltd.	Controlled by immediate families of the de facto controller
Huaian Welling Motor Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Shunde District Midea Hotel Management Co., Ltd.	Controlled by immediate families of the de facto controller
Wuhu Midea Kitchen Appliance Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Zhejiang Meizhi Compressor Co., Ltd.	Controlled by immediate families of the de facto controller
Chongqing Midea Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Jiangsu Midea Clean Electric Co., Ltd.	Controlled by immediate families of the de facto controller
Foshan Midea Carrier Refrigeration Equipment Co., Ltd.	Controlled by immediate families of the de facto controller
Hefei Midea Refrigerator Co., Ltd.	Controlled by immediate families of the de facto controller
Wuxi Little Swan Co., Ltd.	Controlled by immediate families of the de facto controller
Hefei Midea Washing Machine Co., Ltd.	Controlled by immediate families of the de facto controller
Wuhu Ande Zhilian Technology Co., Ltd.	Controlled by immediate families of the de facto controller
Wuxi Feiling Electronics Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Controlled by immediate families of the de facto controller
Guangdong Midea Property Management Co., Ltd.	Controlled by immediate families of the de facto controller
Ningbo Midea Property Management Co., Ltd.	Controlled by immediate families of the de facto controller
Yuxing Technology Development (Shenzhen) Co., Ltd. [Note 2]	Former subsidiary of the Company
Guangdong Weiqi Electrical Materials Co., Ltd. [Note 3]	Controlling company of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Donggang Magnetic Wire Co., Ltd. [Note 3]	Controlling company of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Anhui Weiqi Electrical Materials Co., Ltd. [Note 3]	Controlling company of the Company's associate Foshan Yingtong Electrical Materials Co., Ltd.
Changsha Zhonglian Hengtong Machinery Co., Ltd.	Associate of the Company's shareholder Zoomlion Heavy

	Industry Co., Ltd.
Qianxi Jinjiang Sanitation Service Co., Ltd.	Investee of the Company's subsidiary Zoomlion Environmental
Jin Taotao	Board secretary

[Note 1] Before June 2019, it was controlled by the same de facto controller, and it was still disclosed as a related party one year after its disposal. Disclosure period of related party transactions run from January to June 2020.

[Note 2] The Company disposed 100% of the subsidiary Yuxing Technology Development (Shenzhen) Co., Ltd.'s shares in September 2019, and it was still disclosed as a related party one year after its disposal. Disclosure period of related party transactions run from January to August 2020 were disclosed.

[Note 3] The Company disposed 51% of the former subsidiaries Foshan Yingtong Electrical Materials Co., Ltd. (Anhui Weiqi Electrical Materials Co., Ltd., Guangdong Weiqi Electrical Materials Co., Ltd., Donggang Magnetic Wire Co., Ltd.) in February 2021. Such companies converted from subsidiaries into associates after February 2021 and the transactions carried out between such companies and the Company from March to December 2021 were disclosed as related party transactions.

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Table of purchase of goods and receiving of services

Unit: RMB

Related parties	Contents of related-party transaction	Current period actual	Approved transaction limit	Over the approved limit or not	Amount for the prior period
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Material	4,255,866.47			5,948,329.20
Guangdong Shunkong Environmental Investment Co., Ltd.	Service	10,008,420.70			10,324,040.41
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Material	17,487,345.13			18,420,246.29
Guangdong Tianshu New Energy Technology Co., Ltd.	Material	4,008,257.44			2,040,930.62
Guangdong Liangke Environmental Engineering Co., Ltd.	Service	825,471.70			
Zoomlion	Material	165,728,113.90			212,902,937.86
Foshan Weite Packing Co., Ltd.	Material				50,126.30
Guangdong Welling Motor Manufacturing Co., Ltd.	Material				1,514.00
Ande Zhilian Technology Co.,	Service	74,500.00			344,789.17

Ltd.					
Foshan Shunde District Midea Hotel Management Co., Ltd.	Service	875,868.89			258,969.00
Yuxing Technology Development (Shenzhen) Co., Ltd.	Goods and service				414,119,447.57
Ningbo Midea Property Management Co., Ltd.	Service	101,650.94			
Sub-total		203,365,495.17			664,411,330.42

Table of sale of goods and rendering of services

Unit: RMB

Related parties	Contents of related-party transaction	Current period actual	Amount for the prior period
Guangdong Shunkong Environmental Investment Co., Ltd.	Goods and service		8,436,283.18
Lianjiang Greenlander New Energy Co., Ltd.	Goods and service	2,071,112.39	1,669,383.77
Guangdong Tianshu New Energy Technology Co., Ltd.	Goods	36,664,775.29	4,308,486.19
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	70,430.81	31,087.18
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	3,516,958.41	17,093,774.87
Chongqing Sanfeng Urban Environmental Service Co., Ltd.	Goods	3,499,292.04	3,717,248.06
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Goods	49,417.06	132,075.47
Guangdong Liangke Environmental Engineering Co., Ltd.	Goods	-9,569,059.05	9,651,047.83
Zoomlion	Goods	4,446,362.79	1,001,779.94
Guangdong Infore Material Technology Co., Ltd.	Goods	222,817.99	894,188.70
LADURNER SRL	Goods		4,419,762.20
Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	Goods and service	18,308,649.75	68,920,672.88
Welling (Wuhu) Motor Manufacturing Co., Ltd.	Goods		248,644.59
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Goods and service	4,253,728.91	23,433,965.27
Anhui Meizhi Precision Manufacturing Co., Ltd.	Goods	74,788,944.90	190,736,216.24
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Goods	8,273,640.64	37,768,536.63

Foshan Welling Washing Motor Manufacturing Co., Ltd.	Goods	4,739,447.22	63,898,185.18
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Goods	8,689,087.00	63,378,147.84
Guangdong Meizhi Precision Manufacturing Co., Ltd.	Goods	67,835,355.54	242,552,390.47
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Goods and service	64,391,718.91	254,151,014.66
Guangdong Welling Motor Manufacturing Co., Ltd.	Goods	143,985.09	1,079,224.79
Huaian Welling Motor Manufacturing Co., Ltd.	Goods		118.88
Jiangsu Midea Clean Electric Co., Ltd.	Goods		16,626,060.13
Wuxi Little Swan Co., Ltd.	Service		279,151.44
Yuxing Technology Development (Shenzhen) Co., Ltd.	Goods		98,913,778.68
Wuxi Feiling Electronics Co., Ltd.	Goods	434,430.62	1,517,067.01
Qianxi Jinjiang Sanitation Service Co., Ltd.	Goods	19,276.10	940.20
Yichun Development Investment Lianfeng Environmental Industry Co., Ltd.	Goods	48,038,229.26	
Anhui Welkey Electric Material Co., Ltd.	Factoring business	877,546.38	
Guangdong Welkey Electric Material Co., Ltd.	Factoring business	1,824,062.44	
Donggang Magnet Wire Company	Factoring business	1,947,698.76	
Sub-total		345,537,909.25	1,114,859,232.28

(2) Related party entrusted management/contracting and entrusting management/contracted

Applicable Not Applicable

(3) Related-party leases

The Company as the lessee:

Unit: RMB

Names of lessors	Type of asset leased	Lease expenses for the current period	Lease expenses for the prior period
Foshan Shunde District Yinghai Investment Co., Ltd.	Office building and parking lot	1,211,475.03	1,258,927.15

(4) Related party guarantees

The Company and its subsidiaries as guarantors

Unit: RMB

Guaranteed parties	Guarantee amount	Commencement date	Maturity date	Whether the guarantee is mature
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	20,000,000.00	March 04, 2021	March 03, 2022	No
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	20,000,000.00	March 11, 2021	March 10, 2022	No
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	30,000,000.00	March 17, 2021	March 16, 2022	No
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	30,000,000.00	April 20, 2021	April 19, 2022	No
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	20,000,000.00	May 25, 2021	May 24, 2022	No
Guangdong Wellkey Electric Material Co., Ltd. [Note 1]	20,000,000.00	July 13, 2021	July 12, 2022	No
Guangdong Wellkey Electric Material Co., Ltd.	20,000,000.00	June 25, 2021	April 18, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	15,000,000.00	April 15, 2021	April 14, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	May 12, 2021	May 10, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd.	10,000,000.00	May 19, 2021	May 18, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	June 16, 2021	June 15, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	June 23, 2021	June 22, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	July 13, 2021	July 12, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	July 15, 2021	July 14, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	July 16, 2021	July 15, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	September 08, 2021	September 07, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	13,000,000.00	September 17, 2021	September 16, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	November 12, 2021	November 11, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd.	10,000,000.00	November 17, 2021	November 16, 2022	No

[Note 2]				
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	November 26, 2021	November 25, 2022	No
Liaoning Donggang Magnetic Wire Co., Ltd. [Note 2]	10,000,000.00	December 13, 2021	December 12, 2022	No
Anhui Welkey Electric Material Co., Ltd.	30,000,000.00	May 25, 2021	May 25, 2022	No
Anhui Welkey Electric Material Co., Ltd.	20,000,000.00	June 29, 2021	June 29, 2022	No
Anhui Welkey Electric Material Co., Ltd.	30,000,000.00	June 23, 2021	June 23, 2022	No
Lianjiang Greenlander New Energy Co., Ltd. [Note 3]	46,493,357.93	October 25, 2020	October 24, 2035	No

Note 1: These guaranteed loans were also provided with mortgaged guarantee by Guang Dong Welkey Electric Material Co., Ltd. with its buildings and structures with cost of RMB 44,430,347.43 and net value of RMB 17,646,852.81, and its land use right with cost of RMB 21,913,812.79 and net value of RMB 13,528,287.81.

Note 2: These guaranteed loans were also provided with mortgaged guarantee by Donggang Magnet Wire Company with its buildings and structures with cost of RMB 30,603,925.53 and net value of RMB 10,221,675.85, and its land use right with cost of RMB 9,747,692.63 and net value of RMB 6,943,354.96.

Note 3: These guaranteed loans were also provided with mortgaged guarantee by Lianjiang Greenlander New Energy Co., Ltd. with its accounts receivable with net value of RMB 25,678,745.56, and also a guarantee provided by Guangdong Hengju Energy Conservation and Environmental Protection Investment Co., Ltd.

(5) Loans between related parties

Unit: RMB

Related parties	Amount	Value Date	Maturity Date	Note
Borrowing				
Lending				
Lianjiang Greenlander New Energy Co., Ltd.	618,680.83	January 06, 2019	January 05, 2023	According to the Loan Agreement signed between by its subsidiary Greenlander Environment Oriental and Lianjiang Greenlander New Energy Co., Ltd., at the beginning of the period, Greenlander Environmental has already lent RMB 7,618,680.83 to Lianjiang Greenlander New Energy Co., Ltd., which shall pay capital occupation fee of RMB 5,478,222.46 at the beginning of the period. For the current period, Greenlander Environmental should collect capital occupation fee of RMB 568,327.72 from Lianjiang Greenlander New Energy Co., Ltd. In the current period, Greenlander Environmental received repayment of principal of RMB 618,680.83. As of December 31, 2021, outstanding principal due from Lianjiang Greenlander New Energy Co., Ltd. is RMB 7,000,000.00 and capital occupation fee is RMB

				6,046,550.18.
Lianjiang Greenlander New Energy Co., Ltd.	4,000,000.00	September 28, 2020	September 30, 2023	Ibid.
Lianjiang Greenlander New Energy Co., Ltd.	3,000,000.00	December 14, 2020	September 30, 2023	Ibid.
Guangdong Liangke Environmental Engineering Co., Ltd.	21,000,000.00	April 30, 2019	December 31, 2021	According to the Loan Agreement signed between the Company and Guangdong Liangke Environmental Engineering Co., Ltd., at the beginning of the period, the Company has already lent RMB 30,000,000.00 to Guangdong Liangke Environmental Engineering Co., Ltd., which shall pay capital occupation fee of RMB 165,333.33 at the beginning of the period. In the current period, the Company transferred its creditor's rights against Guangdong Liangke Environmental Engineering Co., Ltd. (gross carrying amount of RMB 30,165,333.33, bad debt provision of RMB 12,164,432.14 and carrying amount of RMB 18,000,901.19) to Foshan Shunde Yingtong Environmental Protection Engineering Service Co., Ltd. at the price of RMB 27,000,000.00. As of December 31, 2021, the Company has received RMB 18,000,000.00 of the transfer consideration. The Company has received the remaining RMB 9,000,000.00 in February 2022. Therefore, the principal and interest of above loan have been settled.
Guangdong Liangke Environmental Engineering Co., Ltd.	9,000,000.00	April 30, 2019	December 31, 2021	Ibid.
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	22,000,370.00	December 30, 2019	December 31, 2021	According to the Loan Agreement signed between Ningbo Infore Finance Lease Co., Ltd. and Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., at the beginning of the period, Ningbo Infore Finance Lease Co., Ltd. has already lent RMB 22,000,370.00 to Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. In the current period, Ningbo Infore Finance Lease Co., Ltd. shall collect capital occupation fee of RMB 726,429.04, while actually received payment of principal of RMB 3,016,429.04. In June 2021, Ningbo Infore Finance Lease Co., Ltd. transferred its creditor's rights against Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. (gross carrying amount of RMB 19,710,370.00, bad debt provision of RMB 590,370.00 and carrying amount of RMB 19,120,000.00) to Henan Saisi Machinery Equipment Co., Ltd. at the price of RMB 19,120,000.00. As of December 31, 2021, Ningbo Infore Finance Lease Co., Ltd. has received the transfer consideration. Therefore,

				the principal and interest of above loan have been settled.
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	1,200,000.00	September 04, 2018	December 31, 2021	According to the Loan Agreement signed between Zoomlion Environmental and Shantou Zoomlion Environmental Sanitation Service Co., Ltd., Zoomlion Environmental Industry Co., Ltd. already lent RMB 1,200,000.00 to Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., which shall pay capital occupation fee of RMB 59,779.78 at the beginning of the period, the capital occupation fee due for the current period is RMB 19,599.99. In the current period, Zoomlion Environmental transferred its creditor's rights against Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. (gross carrying amount of RMB 1,279,379.97, bad debt provision of RMB 363,379.97 and carrying amount of RMB 916,000.00) to Henan Saisi Machinery Equipment Co., Ltd. at the price of RMB 916,000.00. As of December 31, 2021, Zoomlion Environmental Company has received the transfer consideration. Therefore, the principal and interest of above loan have been settled.
Sub-total	60,819,050.83			

(6) Asset transfer and debt restructuring with related parties

Applicable Not Applicable

(7) Key management's remuneration

Unit: RMB

Item	Current period actual	Amount for the prior period
Key management's remuneration	9,318,141.11	11,767,886.08

(8) Other related transactions

1. Related financial services

As of December 31, 2020, the amount of bank deposits balance held by Zoomlion Environmental in the Zoomlion Finance Co., Ltd. is RMB 0.00 (recorded under cash and bank balances). The non-bank financial institutions of Zoomlion provided commercial factoring financial services to Zoomlion Environmental, which recognized factoring service and handling fee of RMB 1,109,956.74 in the current period; non-bank financial institutions of Zoomlion Heavy Industry Co., Ltd. carried out sales and leaseback business with customers, and realized sales income of RMB 20,387,256.64 (excluding tax).

2. Special agreement on continued implementation of sales contract signed in the name of Zoomlion Heavy Industry Science and Technology Co., Ltd.

Since June 1, 2017, the sanitation business of Zoomlion was merged into Zoomlion Environmental. In order to continue the

implementation of the sales contract originally signed in the name of Zoomlion, Zoomlion Environmental issued invoice to Zoomlion, which will then issue the same amount invoice to end customers. The tax-excluded amount of income on such transactions in 2021 is RMB 2,907,933.36. Zoomlion Environmental related such transactions directly to end customers.

3. Temporary lending to/ borrowing from related parties

From January to December 2021, Infore Group provided temporary loans to the Company and its subsidiaries, totaling to RMB 1,180,000,000. As the tenor of the loans usually do exceed one work day, no interest is settled for such loans.

6. Balance due to or from related parties

(1) Balance due from related parties

Unit: RMB

Item	Related parties	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Guangdong Shunkong Environmental Investment Co., Ltd.	4,202,907.51	420,290.75	14,326,635.42	956,013.54
	Guangdong Tianshu New Energy Technology Co., Ltd.	46,417,357.14	1,431,117.86	9,839,076.38	294,006.22
	Lianjiang Greenlander New Energy Co., Ltd.	378,000.00	18,900.00	86,391.50	23,172.40
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	7,095.00	354.75	1,804.00	90.20
	Chongqing Sanfeng Urban Environmental Service Co., Ltd.			3,309,480.00	165,474.00
	Guangdong Liangke Environmental Engineering Co., Ltd.			9,830,000.00	491,500.00
	Zoomlion	365,661.93	36,566.19	365,661.93	18,283.10
	Guangdong Infore Material Technology Co., Ltd.			181,291.59	
	Guangdong Midea Electric Co., Ltd.	54,018.62	54,018.62	54,018.62	54,018.62
	Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.			17,001,270.68	
	Guangdong Midea Refrigeration Equipment Co., Ltd.	42,819.11	42,819.11	42,819.11	42,819.11
	Guangdong Midea Commercial Air Conditioning	33,413.42	33,413.42	33,413.42	33,413.42

	Equipment Co., Ltd.				
	Guangdong Midea HVAC Equipment Co., Ltd.	42,241.88	42,241.88	42,241.88	42,241.88
	Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.			12,253,229.14	
	Anhui Meizhi Precision Manufacturing Co., Ltd.			48,419,022.58	
	Anhui Meizhi Refrigeration Equipment Co., Ltd.			11,682,642.93	
	Foshan Welling Washing Motor Manufacturing Co., Ltd.			15,452,106.60	
	Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.			31,207,585.83	
	Guangdong Meizhi Precision Manufacturing Co., Ltd.			44,672,031.52	
	Guangdong Meizhi Refrigeration Equipment Co., Ltd.			50,376,967.95	
	Guangdong Welling Motor Manufacturing Co., Ltd.			166,891.19	
	Jiangsu Midea Clean Electric Co., Ltd.			6,206,937.40	
	Changsha Zhonglian Hengtong Machinery Co., Ltd.	850,000.00	85,000.00	850,000.00	42,500.00
	Wuxi Feiling Electronics Co., Ltd.			504,880.89	
	Guangdong Wellkey Electric Material Co., Ltd.	73,000,000.00	1,136,107.50		
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	4,502,500.00	225,125.00		
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	55,841.28	2,792.06		
	Anhui Wellkey Electric Material Co., Ltd.	34,300,000.00	530,355.75		
	Donggang Magnet	31,000,000.00	485,227.50		

	Wire Company				
Sub-total		195,251,855.89	4,544,330.39	276,906,400.56	2,163,532.49
Notes receivable	Zoomlion	300,000.00			
	Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	749,469.98			
	Wuhu Welling Motor Sales Co., Ltd.	111,985.59			
Sub-total		1,161,455.57			
Receivable financing	Zoomlion			1,586,000.00	
	Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.			100,000.00	
	Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.			5,485,875.67	
	Guangdong Midea HVAC Equipment Co., Ltd.			470,538.86	
	Foshan Shunde District Midea Washing Appliance Manufacturing Co., Ltd.			1,476,232.74	
	Wuhu Midea Life Electric Manufacturing Co., Ltd.			885,759.28	
	Wuhu Welling Motor Sales Co., Ltd.			284,225.20	
	Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.			1,818,137.80	
	Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.			13,342,437.82	
	Guangdong Meizhi Refrigeration Equipment Co., Ltd.			3,744,419.06	
	Wuhu Midea Kitchen Appliance Manufacturing Co., Ltd.			189,549.75	
	Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.			350,000.00	
	Zhejiang Meizhi Compressor Co., Ltd.			1,012,405.60	

	Chongqing Midea Refrigeration Equipment Co., Ltd.			2,980,000.00	
	Jiangsu Midea Clean Electric Co., Ltd.			435,471.31	
	Foshan Midea Carrier Refrigeration Equipment Co., Ltd.			146,934.55	
	Hefei Midea Refrigerator Co., Ltd.			17,315,354.30	
	Hefei Midea Washing Machine Co., Ltd.			4,555,382.40	
Sub-total				56,178,724.34	
Prepayments	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	18,333.33			
	Zoomlion			3,954,000.00	
	Guangdong Tianshu New Energy Technology Co., Ltd.	32,200.00			
	Shenzhen Yingmei City Stewards Co., Ltd.	3,710.00			
Sub-total		54,243.33		3,954,000.00	
Other receivables	Guangdong Shunkong Environmental Investment Co., Ltd.	1,730,000.00	865,000.00	1,730,000.00	519,000.00
	Lianjiang Greenlander New Energy Co., Ltd.	12,245,069.06	1,562,903.45	13,048,263.59	1,633,347.22
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.			1,259,779.98	332,233.34
	Guangdong Liangke Environmental Engineering Co., Ltd.			30,165,333.33	6,395,734.82
	Zoomlion	1,160,821.56	58,041.08	60,964.27	3,048.21
	Foshan Shunde District Yinghai Investment Co., Ltd.	205,228.40	61,568.52	205,228.40	4,104.57
	Jin Taotao (note)	1,000,000.00	20,000.00		
Sub-total		16,341,119.02	2,567,513.05	46,469,569.57	8,887,468.16
Long-term account receivable and non-current assets due within one year	Guangdong Tianshu New Energy Technology Co., Ltd.	8,666,666.67	137,425.00	11,736,792.59	176,051.89
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	3,376,732.97	378,762.50	25,456,370.00	865,973.60

	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	16,598,713.91	1,656,232.00	22,377,360.00	1,491,761.00
Sub-total		28,642,113.55	2,172,419.50	59,570,522.59	2,533,786.49

(Note) The individual petty cash of Jin Taotao has been returned and written off on March 29, 2022.

(2) Balance due to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Accounts payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	750,887.68	1,701,531.98
	Guangdong Shunkong Environmental Investment Co., Ltd.	310,000.00	937,079.65
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,239,549.66	867,574.51
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	367,363.53	162,901.47
	Guangdong Liangke Environmental Engineering Co., Ltd.	825,471.70	2,776,000.50
	Zoomlion	88,865,189.93	117,954,922.58
	Midea Group Co., Ltd.	587,507.93	587,507.93
	Foshan Weite Packing Co., Ltd.		44,581.00
	Foshan Welling Washing Motor Manufacturing Co., Ltd.		9,160.00
	Foshan Shunde District Midea Hotel Management Co., Ltd.	105,413.51	
	Changsha Zhonglian Hengtong Machinery Co., Ltd.		602,880.40
	Wuhu Ande Zhilian Technology Co., Ltd.		26,257.78
Sub-total		94,051,383.94	125,670,397.80
Notes payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	668,890.00	3,977,532.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,644,400.00	2,096,770.00
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	5,184,750.00	1,712,500.00
	Zoomlion	75,448,044.94	131,784,307.87
Sub-total		83,946,084.94	139,571,109.87
Contract liabilities	Lianjiang Greenlander New Energy Co., Ltd.		956,067.99
	Guangdong Liangke Environmental Engineering Co., Ltd.	987,079.70	15,610.67
	Zoomlion	6,081,760.12	3,857,629.05
Sub-total		7,068,839.82	4,829,307.71
Other payables	Zoomlion	104,612.82	49,328,337.00

	Greenlander Investment Holdings Co., Ltd.	21,875,000.00	21,875,000.00
	Guangdong Midea Property Management Co., Ltd.	5,000.00	5,000.00
	Changsha Zhonglian Hengtong Machinery Co., Ltd.		7,500.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,700.00	
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	100,000.00	
Sub-total		22,087,312.82	71,215,837.00

7. Related party commitments

Applicable Not Applicable

XIII. Share-based payment

1. Overall information

Applicable Not Applicable

Unit: RMB

Total equity instruments granted in current period	0.00
Total equity instruments vested in current period	12,665,589.00
Total equity instruments retired in current period	3,888,800.00
The range of exercise prices of stock options outstanding at the end of the period and the remaining contractual lifetime	Phase II stock options: the exercise price is RMB 9.03 per share; after 12 months from the date of grant, if the exercise conditions are met, the incentive subjects can exercise by three installments respectively at 30%, 30%, 40% within the next 36 months; as of the report date, the first period of phase II has due and expired, the second period of phase II exercised 18,200 shares, and the third period of phase II is in the exercise period. Phase III stock options: the exercise price is RMB 6.22 per share; after 12 months from the date of grant, if the exercise conditions are met, the incentive targets can exercise by three installments respectively at 30%, 30%, 40% within the next 36 months; as of the report date, the first period of phase III has expired due to failure in meeting the performance indicators, the second period of phase II is in the exercise period, and the third period of phase III is still in the waiting period.
The range of exercise prices of other equity instruments at the end of the period and the remaining contractual life	0

Other statements

(1) The decision-making procedures and approval status of the Company's phase III stock option incentive plan

According to the Proposal on the Phase III Stock Option Incentive Plan (Draft) and Its Summary approved by the Company's third extraordinary shareholder's general meeting on November 12, 2019, and the Proposal on Adjusting the List of Incentive Subjects and the Number of Granted Stock Options for Phase III Stock Options deliberated and approved by 32nd meeting of the eighth session of the Board of Directors on November 26, 2019, the Company intends to implement stock option incentive plans for some of the Company's middle and senior managers and core backbones (technology, marketing, production, etc.). The total number of stock options granted to incentive subjects is 65.09 million, accounting for approximately 2.06% of the Company's total share

capital of 3,163.0621 million shares when the incentive plan is signed. If each stock option meets the exercise conditions after 12 months from the grant date, the incentive subjects may exercise the option by three installments at 30%, 30%, and 40% at the exercise price of RMB 6.45 per share within the next 36 months.

On April 23, 2020, according to the Proposal on Adjusting the Incentive Subjects and the Number of Options Exercised in Phase II and Phase III Stock Option Incentive Plans deliberated and approved by the 4th meeting of the ninth session of the Board of Directors and the 3rd meeting of the ninth session of the Board of Supervisors, 5 employees who resigned due to personal reasons were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the Phase III Stock Option Incentive Plan (Draft), their first, second, and third installments of stock options, a total of 1.28 million, were canceled. After the adjustments, the incentive subjects of phase III stock option incentive plan have been adjusted from the original 249 to 244, and the number of locked stock options granted has been adjusted from 65.09 million to 63.81 million.

Meanwhile, the Proposal on the Company's Phase III Stock Option Incentive Plan's Failure to Meet the Exercising Conditions for the First Exercise Period and Cancellation of Part of the Stock Options was deliberated and approved, given that the Company's performance did not reach the vesting conditions of the first period of the Phase III Stock Option Incentive Plan. The 19.143 million stock options granted but not yet exercised in the first period cannot be exercised. According to the relevant provisions of the "Phase III Stock Option Incentive Plan (Draft)", the Company's Board of Directors agreed to cancel the 19.143 million stock options granted but not yet exercised in the first period.

The Company has disclosed the Announcement on the Implementation of the Annual Equity Distribution of 2019 on July 4, 2020, based on the Company's current total share capital after excluding the repurchased shares (0 share), i.e. 3,163,062,146 shares, cash dividend of RMB 1.10 (tax included) for every 10 shares is to be distributed to all shareholders. The equity registration date for this equity distribution is July 9, 2020, and the ex-rights and ex-dividend date is July 10, 2020. Given that the Company's 2019 equity distribution has been implemented on July 10, 2020, according to provisions on the adjustment of the exercise price of the Phase II and Phase III stock option incentive plan drafts, if the Company has capital reserve transferred to share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of Phase III stock option incentive plan will be adjusted from RMB 6.45 per share to RMB 6.34 per share.

According to the Proposal on Revising the Performance Appraisal Indicators of Phase III Stock Option Incentive Plan deliberated and approved by the 6th meeting of the ninth session of the Board of Directors on August 20, 2020, it is agreed to revise the performance appraisal indicators of phase III stock option incentive plan.

On April 22, 2021, according to the Proposal on Adjusting the Incentive Subjects and the Number of Options Exercised and Cancellation of Portion of the Options in Phase II and Phase III Stock Option Incentive Plans deliberated and approved by the 13th meeting of the ninth session of the Board of Directors and the 12th meeting of the ninth session of the Board of Supervisors, 13 employees who resigned and no longer take posts in the Company and its subsidiaries due to personal reasons were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the Phase III Stock Option Incentive Plan (Revised Draft), their first, second, and third installments of stock options, a total of 3,101,000 shares, were canceled. The incentive subjects of phase III stock option incentive plan have been adjusted from the original 244 to 231, and the number of locked stock options granted has been adjusted from 44,667,000 shares to 41,566,000 shares.

Meanwhile, the Proposal on Matters Related to the Second Exercise Period of Phase III Incentive Plan was deliberated and approved, in view of the fact that conditions of the second exercise period of Phase III stock option incentive plan have been fulfilled, the Company's Phase III stock option incentive plan has determined and passed the assessment for a total of 231 incentive subjects, and 17,814,000 options were exercised during the second exercise period.

On May 14, 2021, according to the Proposal on 2020 Profit Distribution deliberated and approved by the 2020 Annual General Meeting of the Company, based on the 3,104,109,771 shares, i.e. the Company's current total share capital (3,163,086,005 shares) minus the repurchased shares (58,976,234 shares), cash dividend of RMB 1.20 (tax included) for every 10 shares is to be distributed to all shareholders, with no bonus issue from either profit or capital reserves. The equity registration date for this equity distribution

is July 7, 2021, and the ex-rights and ex-dividend date is July 8, 2021.

On August 19, 2021, the Proposal on Adjusting the Exercise Price of Phase II & III Stock Options was deliberated and approved by 14th meeting of the ninth session of the Board of Directors of the Company. In view of the fact that the Company's 2020 annual equity distribution has been completed on July 8, 2021, according to provisions on the adjustment of the exercise price of the phase II and Phase III stock option incentive plan drafts, if the Company has capital reserve transferred to share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments within the effective period of the options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of phase III stock option incentive plan will be adjusted from RMB 6.34 per share to RMB 6.22 per share.

(2) The decision-making procedures and approval status of the Company's phase II stock option incentive plan

According to the Proposal on Granting Stock Options to Phase II Stock Option Incentive Subjects deliberated and approved by the 14th extraordinary meeting of the eighth session of the Board of Directors of the Company on March 12, 2018, the Company intends to implement stock option incentive plan for some middle and senior managers, core backbones of the Company and key management and core backbones of its holding subsidiaries in the environmental protection industry, and the total number of stock options granted to the incentive subjects was 27.15 million, accounting for 2.35% of the Company's total share capital of 1,166,9889 million shares at the time the incentive plan was signed. If each stock option meets the exercise conditions after 12 months from the grant date, the incentive subjects may exercise the option by three installments at 30%, 30%, and 40% at the exercise price of RMB 9.36 per share within the next 36 months.

According to the Proposal on Adjusting the Equity Incentive Plan Exercise Price, Incentive Subjects and Number of Option deliberated and approved by the 30th meeting of the eighth session of the Board of Directors on August 27, 2019, due to the implementation of the 2018 equity distribution plan, as well as the resignation, position adjustment of some incentive subjects, and other relevant reasons, it is agreed to adjust the equity incentive subjects, the number of options, and the exercise price. After adjustment, the incentive subjects were adjusted from 118 to 81, and the number of locked stock options granted was adjusted from 27.15 million to 18.25 million shares, and the exercise price was adjusted from RMB 9.36 per share to RMB 9.26 per share. According to the Proposal on Matters Related to the First Exercise Period of Phase II Incentive Plan deliberated and approved by the 30th meeting of the eighth session of the Board of Directors on August 27, 2019, given that the conditions for the first exercise period of the Company's phase II stock option incentive plan have been fulfilled, the Phase II equity incentive plan has determined and passed the assessment for a total of 81 incentive subjects, and a total of 5,475,000 shares were exercised in the first exercise period.

As of the end of the first exercise period (i.e. March 11, 2020), there are still 5,475,000 stock options that have not been exercised. According to the provisions of the Phase II stock option incentive plan, "the incentive subjects must exercise their options within the validity period of the stock options. After the expiration date, the stock options that have been granted but not yet exercised shall not be exercised and shall be canceled by the Company.", the Company canceled 5,475,000 outstanding stock options granted and due in the first exercise period of the Phase II stock option incentive plan for the 81 incentive subjects mentioned above. After the completion of the cancellation, the Company's Phase II stock option incentive plan will continue to be implemented in accordance with the requirements. The number of the Phase II stock options was adjusted from 18.25 million to 12.775 million.

The Company has disclosed the Announcement on the Implementation of the Annual Equity Distribution of 2019 on July 4, 2020, based on the Company's current total share capital after excluding the repurchased shares (0 share), i.e. 3,163,062,146 shares, cash dividend of RMB 1.10 (tax included) for every 10 shares is to be distributed to all shareholders. The equity registration date for this equity distribution is July 9, 2020, and the ex-rights and ex-dividend date is July 10, 2020. Given that the Company's 2019 equity distribution has been implemented on July 10, 2020, according to provisions on the adjustment of the exercise price of the Phase II and Phase III stock option incentive plan drafts, if the Company has capital reserve transferred to share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of Phase II stock option incentive plan will be adjusted from RMB 9.26 per share to RMB 9.15 per share.

The Proposal on Cancellation of the Portion of Options Due but Unexercised in Phase II Stock Option Incentive Plan was deliberated and approved by the 13th meeting of the ninth session of the Board of Directors on April 22, 2021. As 46 incentive subjects have partially exercised options totaling to 18,200 shares upon as of the maturity date of the second exercise period of phase II stock option incentive plan, with remaining 3,476,800 shares unexercised upon the maturity, according to the provisions of the Phase II stock option incentive plan, the Board of Directors of the Company approved the cancellation of the 3,476,800 shares of outstanding options granted and due in the second exercise period.

On April 22, 2021, according to the Proposal on Adjusting the Incentive Subjects and the Number of Options Exercised and Cancellation of Portion of the Options in Phase II and Phase III Stock Option Incentive Plans deliberated and approved by the 13th meeting of the ninth session of the Board of Directors, 6 employees who resigned due to personal reasons and was appointed as the supervisor due to position changes were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the Phase II Stock Option Incentive Plan (Draft), their third installment of stock options, a total of 560,000 shares, were canceled. The incentive subjects of Phase III stock option incentive plan have been adjusted from the original 46 to 40, and the number of locked stock options granted has been adjusted from 4.66 million shares to 4.1 million shares.

The Proposal on Matters Related to the Third Exercise Period of Phase II Incentive Plan was deliberated and approved by the 13th meeting of the ninth session of Board of Directors of the Company, given that the Company's performance has reached the vesting conditions of the third exercise period of the Phase II Stock Option Incentive Plan, the Phase II equity incentive plan has determined and passed the assessment for a total of 40 incentive subjects, and a total of 4.1 million shares were exercised in the third exercise period. The Phase II Stock Option Incentive Plan has no granted locked share options.

The Company has disclosed the Announcement on the Implementation of the Annual Equity Distribution of 2020. Based on the 3,104,109,771 shares, i.e. the Company's current total share capital (3,163,086,005 shares) minus the repurchased shares (58,976,234 shares), cash dividend of RMB 1.20 (tax included) for every 10 shares is to be distributed to all shareholders. The equity registration date for this equity distribution is July 7, 2021, and the ex-rights and ex-dividend date is July 8, 2021.

On August 19, 2021, the Proposal on Adjusting the Exercise Price of Phase II & III Stock Options was deliberated and approved by 14th meeting of the ninth session of the Board of Directors of the Company. In view of the fact that the Company's 2020 annual equity distribution has been completed on July 8, 2021, according to provisions on the adjustment of the exercise price of the Phase II stock option incentive plan draft, if the Company has capital reserve transferred to share capital, distribution of share bonus, or share split, share reduction, dividend distribution, and share allotments within the effective period of the options, the exercise price of stock options will be adjusted accordingly. After the implementation of this equity distribution, the exercise price of phase II stock option incentive plan will be adjusted from RMB 9.15 per share to RMB 9.03 per share.

2. Equity-settled share-based payment

√ Applicable □ Not Applicable

Unit: RMB

Determination method for grant-date fair value of equity instruments	Stock options: Fair value of the stock options at the grant date was determined according to the Black-Scholes option pricing model
Determination method for the number of equity instruments expected to vest	It is expected that all incentive subjects still with the Company by then will fully exercise their rights
Reasons for significant difference between the estimates in the current period and the prior period	NA
Capital reserve accumulated due to equity-settled share-based payment	59,832,024.65
Total expenses incurred due to equity-settled share-based payment	10,737,181.92

3. Cash-settled share-based payment

Applicable Not Applicable

4. Modification, termination of share-based payment

Applicable Not Applicable

XIV. Undertakings and Contingencies**1. Significant undertakings**

As of December 31, 2021, the Company has no significant undertakings to be disclosed.

2. Contingencies**(1) Significant contingencies as of balance sheet date****1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect**

On November 19, 2018, Greenlander Investment Holdings Co., Ltd., the former shareholder of the Company's 70%-controlled subsidiary Greenlander Environmental, filed a civil complaint with the People's Court of Shenzhen Qianhai Cooperation Zone, requesting the Company and its sub-subsidiary Shenzhen Green Ark Investment Co., Ltd. to pay RMB 21,875,000 and interest thereof for the 25% equity acquisition of Lianjiang Greenlander New Energy Co., Ltd. in 2016, and therefore applied for freezing the 25% equity of Lianjiang Greenlander New Energy Co., Ltd. According to the Civil Judgment [2018] Yue 0391 Min Chu No. 4117 issued by the People's Court of Qianhai Cooperation Zone, Shenzhen, Guangdong Province on June 18, 2019: the subsidiary Shenzhen Green Ark Investment Co., Ltd. shall pay RMB 21,875,000 and interest thereof for the 25% equity acquisition of Lianjiang Greenlander New Energy Co., Ltd. in 2016 to Greenlander Investment Holdings Co., Ltd. On July 12, 2019, Shenzhen Green Ark Investment Co., Ltd. filed a civil appeal petition to Shenzhen Intermediate People's Court, requesting to revoke the Civil Judgment [2018] Yue 0391 Min Chu No. 4117 in accordance with the law, and to dismiss all the claims made by the appealing applicant.

On May 20, 2021, Shenzhen Intermediate People's Court issued the Final Judgment [2019] Yue 03 Min Zhong No.24451. The Court believed that the Company has related party relationship with Shenzhen Green Ark Investment Co., Ltd. but both of them are independent legal persons, therefore the court didn't support the defense of Shenzhen Green Ark Investment Co., Ltd. against Greenlander Investment Holdings Co., Ltd. on the basis of Cooperation Framework Agreement; Meanwhile, the Greenlander Environmental and Shenzhen Green Ark Investment Co., Ltd. are also independent legal persons, the Court didn't support the claim of Shenzhen Green Ark Investment Co., Ltd. to dismiss all the claims on the grounds that Greenlander Environmental has creditor's right to Greenlander Investment Holdings Co., Ltd. The verdict of the first trial was upheld by the Civil Judgment [2019] Yue 03 Min Zhong No.24451. On January 8, 2021, Shenzhen Yongshenge Electric Apparatus Co., Ltd. claimed that it has been assigned the creditor's right determined by the Civil Judgment (2019) Yue 03 Min Zhong No.24451, and applied to People's Court of Shenzhen Qianhai Cooperation Zone for legal enforcement. Later, Shenzhen Green Ark Investment Co., Ltd. raised an objection to execution, which has been accepted and filed as (2021) Yue 0391 Zhi Yi No.240 by the Court.

As of December 31, 2021, the Company has made provision of other payables to Greenlander Investment Holdings Co., Ltd. amounting to RMB 21,875,000.00.

2. Contingent liabilities arising from provision of guarantee for the debt of other companies and the financial effect

(1) Details of guarantees for related parties are set out in Note XII to the financial statements.

(2) Guarantees provided by the Company and its subsidiaries for non-related parties

1) Certain customers of the Company use the liquidity funds provided by banks to finance their purchase. According to the agreement, the Company provides guarantee for such transactions and the de facto controller of the borrower also provides joint and several liable guarantee for the full amount. As of December 31, 2021, the Company's maximum exposure to these guarantees is RMB 90,436,112.62.

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 leasing company. As of December 31, 2021, the Company's maximum exposure to these guarantees is RMB 445,086,544.10.

(2) Description is also required if the Company has no significant contingencies to disclose

The Company has no significant contingencies to disclose.

3. Others

XV. Events after the balance sheet date

1. Significant non-adjusting events

The Company has no significant non-adjusting events after the balance sheet date

2. Profit distribution

Unit: RMB

Proposed distribution of profit or dividends	317,949,975.40
Declared distribution of profit or dividend that has been deliberated and approved	317,949,975.40

3. Layout of sales channels

4. Description of other events after the balance sheet date

XVI. Other significant events

1. Discontinued operations

Unit: RMB

Item	Income	Expenses	Total profit	Income tax expenses	Net profit	Net profit from discontinued operations attributable to the owners of the

						parent company
Foshan Yingtong Electrical Materials Co., Ltd.	544,456,149.94	24,289,477.62	4,103,243.21	-4,848,372.03	8,951,615.24	7,027,697.51

Other statements

2. Segment information

(1) Identification basis and accounting policies for reporting segments

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. The Company identifies reporting segments based on products and evaluates the operating performance of electromechanical equipment manufacturing, ventilation equipment manufacturing and environmental integrated industry respectively. The assets and liabilities shared by the segments are allocated among the segments in proportion to their sizes.

(2) Financial information of reporting segments

Unit: RMB

Item	Ventilation equipment and electromechanical equipment manufacturing	Environmental integrated industry	Financial services	Inter-segment offsetting	Total
Revenue	1,548,016,765.49	10,509,379,618.68	38,247,557.74	282,106,497.43	11,813,537,444.48
Operating cost	1,223,413,744.03	8,268,455,748.28	28,763,386.77	310,314,452.71	9,210,318,426.37
Total assets	23,445,395,915.95	20,284,537,181.80	1,205,586,758.43	16,603,510,228.05	28,332,009,628.13
Total liabilities	3,780,155,297.84	12,008,744,718.33	837,784,542.82	5,548,587,934.40	11,078,096,624.59

7. Other significant transactions and matters that have impact on investors' decision-making

(I) Leasing

1. Company as lessee

(1) Details of right-of-use assets are set out in Note VII. 25 to the financial statements;

(2) The Company's accounting policies for short-term leases and leases of low-value assets are set out in Note V. 42 to the financial statements. Expenses on short-term leases and lease of low-value assets included in profit or loss for the current period are as follows:

Item	Amount for the current period
Short-term lease expenses	14,170,570.16
Expenses on leases of low-value assets (excluding short-term leases)	
Total	14,170,570.16

(3) Profit or loss and cash flows relating to leases

Item	Amount for the current period
Interest expense on lease liabilities	1,106,627.08
Variable lease payments that are included in profit or loss but not included in the measurement of lease liabilities	
Income from sublease of right-of-use assets	
Total cash outflows relating to leases	20,516,544.34

Profit or loss arising from sale and leaseback transactions	
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(4) Maturity analysis of lease liabilities and liquidity risk management are set out in Note X to the financial statements.

2. Company as lessor

(1) Operating lease

1) Lease income

Item	Amount for the current period	Amount for the same period of prior year
Lease income	386,469.80	1,946,102.84
Including: Income relating to variable lease payments not included in the measurement of lease receipts		

2) Assets held under operating lease

Item	Closing balance	Balance at the end of last year
Investment properties	1,837,703.68	2,009,006.98
Sub-total	1,837,703.68	2,009,006.98

Details of investment properties leased out under operating lease are set out in Note VII. 20 to the financial statements.

3) Undiscounted future lease receipts in respect of non-cancellable leases under the lease contract signed with the lessee

Remaining maturity	Closing balance
Within 1 year	157,112.00
1-2 years	157,112.00
2-3 years	157,112.00
3-4 years	157,112.00
4-5 years	157,112.00
Over 5 years	314,224.00
Total	1,099,784.00

(2) Financial lease

1) Profit or loss relating to finance lease

Item	Amount for the current period
Financing gains on net lease investments	11,787,986.68
Including: Income relating to variable lease payments not included in the net lease investments	

2) Undiscounted future lease receipts in respect of non-cancellable leases under the lease contract signed with the lessee

Remaining maturity	Closing balance
Within 1 year	170,788,078.94
1-2 years	52,525,528.58
2-3 years	5,998,312.06
3-4 years	
4-5 years	
Over 5 years	
Total	229,311,919.58

3) Reconciliation between undiscounted lease receipts and net lease investments

Item	Closing balance
Undiscounted lease receipts	229,311,919.58
Less: Unrealized financing gains relating to lease receipts	6,008,062.18
Add: Present value of unguaranteed residual value	
Net lease investments	223,303,857.40

(II) PPP project contracts

The details of the Company's top five PPP project contracts are as follows:

No.	Item	General introduction of the contract	Terms and conditions of the contract that may have impact on the amount, timing and risk of future cash flows	The Company's rights and obligations	Contract modification	Classification of contract
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1	Domestic waste incineration power plant project in Funan County	This is a waste incineration power plant project invested by the Company and Urban Administrative and Law Enforcement Bureau of Funan County in the manner of BOT. The plant is planned to be located in Funan, Anhui, and is mainly used for incineration treatment of domestic waste in Funan. The planned total investment is RMB 1.24 billion and designed domestic waste treatment capacities are 500 tons (Phase I) and 1,000 tons (Final). The franchise operating period is 30 years (starting from the date of commercial operation). The project has started commercial operation in 2020.	Guaranteed annual waste supply : no less than 180,000 tons/year for Phase I and temporarily no specification for Phase II; the waste treatment service is priced at RMB 52 per ton, which will be adjusted every three years; if the annual waste supply from Urban Administrative and Law Enforcement Bureau is more than 360,000 tons, the mutual parties may build another plant, for which the Company has the priority in investment and construction under the equivalent conditions; the remaining electricity of the Company is connected to the grid in accordance with relevant procedures and priced in accordance with the Electricity Purchase Contract.	The Urban Administrative and Law Enforcement Bureau of Funan grant the project company with exclusive franchise rights in respect of the investment and financing, design, construction, operation and maintenance of domestic waste power generation project within its jurisdiction; the project company is responsible for the investment and financing, design, construction, operation and maintenance of the project facilities at its own expenses, responsibilities and risks within the franchise period and transfers the project facilities, which should be safe and sound, to Urban Administrative and Law Enforcement Bureau or its designated institution at no consideration upon expiry of the franchise period.	No	BOT; Mixed mode
2	Urban and rural domestic waste resourceful treatment PPP project in Liling	This is a waste treatment project invested by the Company and Urban Administrative and Law Enforcement Bureau of Liling in the manner of DBOT and ROT. It is mainly used to incinerate the domestic waste in Liling, with planned total investment of RMB 717 million. It comprises 3 sub-projects, including the urban and rural domestic waste collection and transportation system construction project (DBOT), urban and rural domestic waste disposal and incineration power generation project (DBOT) and domestic waste harmless treatment Plant (ROT). The designed capacity in waste collection and transportation is 600 tons/day, and the designed capacity of the pretreatment and incineration power project is 600 tons/day for the near term and 900 tons/day for the long term. The project cooperation period is 25 years, starting from November 2018.	From the date of operation, the guaranteed annual waste supply is 146,000 tons. If the delivered waste is less than the guaranteed volume, the waste treatment cost will be charged based on the guaranteed volume. The unit price for waste collection and transportation is RMB 198 per ton (price for daily handling capacity below 600 tons/day); the unit price for waste pretreatment and incineration power generation service is RMB 84 per ton (price for daily handling capacity below 600 tons/day); the unit price for landfill service is RMB 56.71 per ton (calculated at handling capacity of 300 tons/day) or RMB 37.53 per ton (calculated at handling capacity of 600 tons/day); the excess over designed waste handling capacity will be compensated as per the agreement. The remaining electricity of the Company is connected to the grid in accordance with relevant procedures and priced in accordance with the Electricity Purchase Contract.	During the cooperation period, the project company has the exclusive rights for the investment, construction, operation, maintenance and management of the project in Liling. The project company provides the Urban Administrative and Law Enforcement Bureau with waste treatment service, and charges waste treatment fee to Urban Administrative and Law Enforcement Bureau; meanwhile, the project company sells the excess electricity generated through waste incineration to the power company and charges electricity fee; it also sells recyclable metal and refuse derived fuel and charges fees. The project company is responsible for the investment and financing, design, construction, operation and maintenance of the project facilities at its own expenses, responsibilities and risks within the cooperation period and transfers the project facilities, which should be safe and sound, to Urban Administrative and Law Enforcement Bureau or its designated institution at no	No	DBOT & ROT; Intangible assets mode

				consideration upon expiry of the cooperation period.		
3	Sanitation Integration Project for Xin'an, Fuyong and Fuhai Streets	This is a sanitation integration project invested by the Company and Urban Administration and Law Enforcement Bureau of Baoan, Shenzhen in the manner of BOT. It comprises the comprehensive cleaning of roads, waste sorting collection and management for public areas and "village" in the city (including facility layout, maintenance and management), other waste collection and transportation, operation, management and maintenance of refuse transfer station, operation, management and maintenance of public toilets, construction, operation and maintenance of sanitation parking lot, afforested maintenance, construction and maintenance of smart sanitation platform and sanitation emergency support within the administrative region of Xin'an, Fuyong and Fuhai Sub-district of Baoan District. The initial investment of this project is RMB 520 million. The operation period of the project is 15 years (including construction and facility layout period of 1 year) from June 1, 2020 to May 31, 2035.	The service fee receivable of the project is the total service fee for each natural month less deductions arising from routine inspections. Operation service fee of natural month = road comprehensive cleaning fee of natural month + waste collection and transportation fee of natural month + public toilet management fee of natural month + afforested maintenance fee of natural month + sanitation parking lot service fee of natural month + smart sanitation platform operation and maintenance fee of natural month. Since the commencement of operation period, the price is adjusted for every 3 years.	The project company undertakes the investment and financing, purchase of vehicles and equipment, design and construction, operation, maintenance and transfer of the parking lot during the operation period and is required to transfer the project assets, project facilities, project sites (except for parking lot constructed on the site acquired by the project company on its own. However, if the land is provided by government, the site should be transferred to the implementation institution) to the implementation institution upon expiry of the operation period. During the operation period, the project company charges fees to the Street Office according to the agreements.	No	DBOT & ROT; Intangible assets mode
4	Circular economy industrial park PPP project of Xiantao Municipality	This is a circular economy industrial park PPP project located in Xiantao Municipality, Hubei Province and invested by the Company and Urban Administration and Law Enforcement Bureau of Xiantao in the manner of BOT. This industrial park project covers 8 sub-projects including resourceful utilization kitchen waste, harmless disposal of sludge, resourceful utilization of construction waste, leachate treatment station (Phase II), leachate treatment station (Phase I), domestic waste transfer system (the cooperation periods of the above 6 sub-projects are 30 years from the commencement date of each sub-project, including construction period of 1 year and operation period of 10 years), and domestic waste sanitary landfill site (cooperation period is 10 years and 3 months from the commencement date of the project, including construction period of 3 months and operation period of 10 years), with total investment of RMB 462 million. The domestic waste transfer system was put into use in succession during 2019 - 2020, while the remaining subprojects are still in construction.	The way of return on the sub-projects including resourceful utilization of kitchen waste, harmless disposal of sludge, resourceful utilization of construction waste, leachate treatment station (Phase II), leachate treatment station (Phase I), domestic waste transfer system and domestic waste sanitary landfill site is government subsidy for feasibility gap, which is determined by applying the unit price of waste disposal to the highest among basic supply, actual disposal capacity and designed capacity. Therein, the unit price is adjusted every three years; the fees for leachate treatment station (Phase II) and domestic waste sanitary landfill site (fly ash landfill) are solely paid by the user. For products of the Company generated by treatment and comprehensive utilization of waste, including but not limited to electricity, construction materials, etc., the ownership and income of the products are attributable to the Company.	According to the national laws and regulation, Urban Administration and Law Enforcement Bureau of Xiantao grants Xiantao Yinghe Environmental Protection Co., Ltd. with exclusive rights within the project service area and cooperation period in respect of: (1) the investment, construction, operation and maintenance of the 5 subprojects including resourceful utilization of kitchen waste, harmless disposal of sludge, resourceful utilization of construction waste, leachate treatment station (Phase II), Xiantao Environmental Science and Technology Museum); (2) the investment, reconstruction, operation and maintenance of the 3 subprojects including leachate treatment station (Phase I), domestic waste transfer system, and domestic waste sanitary landfill site. Xiantao Yinghe Environmental Protection Co., Ltd. is responsible for the investment, construction, operation and maintenance of	No	DBOT & ROT; Intangible assets mode

				project facilities during the cooperation period at its own costs, responsibility and risks, and transfers the project facilities, which should be safe and sound, to Urban Administration and Law Enforcement Bureau of Xiantao at no consideration and ensures the facilities work properly upon the expiry of the cooperation period. Xiantao Yinghe Environmental Protection Co., Ltd. provides the services including resourceful utilization of kitchen waste, harmless disposal of sludge, resourceful utilization of construction waste, environmental science and technology museum service, domestic waste transfer, emergency landfill of domestic waste, landfill of fly ash etc. and has the rights to charge service fees.		
5	Domestic Waste Incineration Power Plant in Xiantao Municipality	This is a waste incineration power plant project invested by the Company and the People's Government of Xiantao in the manner of BOT. The plant is located in Xiantao Municipality, Hubei Province, and is mainly used for incineration of domestic waste in Xiantao. The planned total investment is RMB 455 million and designed capacities in disposal of domestic waste are 500 tons (Phase I) and 1,000 tons (Final). The franchise operating period is 30 years (starting from the date of commercial operation). The Phase I project has started commercial operation in 2018, while the Final Phase project has started commercial operation in 2019.	Since the date of commercial operation, the guaranteed annual supply is 180,000 tons for Phase I project and 290,000 tons for Final Phase project. If the supply is less than guaranteed volume, the waste disposal fee is calculated based on the guaranteed volume; the waste treatment price is RMB 35 per ton, which is adjusted every three years. The project company assumes the obligation to continue to construct the Phase II project to satisfy the waste supply exceeding 500 tons/day by Party A. The remaining electricity (excluding the portion for self-use) generated by the project company is connected to the grid in accordance with relevant procedures. The basic quantity and price of electricity connected to the grid are determined in accordance with relevant state regulations.	The People's Government of Xiantao grants the project company with exclusive franchise rights for investment and financing, design, construction, operation and maintenance of domestic waste power project in its jurisdiction. The project company is responsible for the investment and financing, design, construction, operation and maintenance of the project facilities at its own expenses, responsibilities and risks within the franchise period and transfers the project facilities, which should be safe and sound, to the People's Government of Xiantao at no consideration upon expiry of the franchise period.	No	DBOT & ROT; Intangible assets mode

(III) Other significant transactions and matters that have impact on investors' decision-making

1. As of December 31, 2020, the Company's controlling shareholder, de facto controller and persons acting in concert held a total of 1,441,121,828 shares of the Company, accounting for 45.56% of the Company's total share capital, of which 843,740,153 shares were pledged, accounting for 58.55% of its holdings of the Company, and 26.54% of the Company's total share capital.

Details are as follows:

Shareholder	Holder of the pledge	Number of share pledged	Initial transaction date	Repurchase date	Remarks
Infore Group	China Construction Bank Corporation Limited, Foshan Branch	100,000,000	November 28, 2019	December 31, 2023	Financing

	CITIC Securities Co., Ltd.	100,000,000	July 10, 2020	Terminate until owner of pledged collateral completes the termination procedures	Providing guarantee for exchangeable corporate bonds for share swaps or repayment of principal and interest
Sub-total		200,000,000			
He Jianfeng	China Construction Bank Corporation Limited, Shunde Branch	21,218,395	July 24, 2020	December 31, 2023	Replenishment of working capital
	China Construction Bank Corporation Limited, Shunde Branch	11,723,329	July 24, 2020	December 31, 2023	Replenishment of working capital
Sub-total		32,941,724			
Ningbo Infore Asset Management Co., Ltd.	China Minsheng Banking Corporation Limited, Foshan Branch	610,798,429	June 25, 2021	March 29, 2024	Financing for M&A
Total		843,740,153			

2. Recognition of performance compensation

According to the Proposal on Signing the Equity Transfer Agreement and Cooperation Framework Agreement deliberated and approved by the 13th interim meeting of the seventh session of Board of Directors on October 14, 2015, the Company signed the Equity Transfer Agreement and Framework Agreement on Cooperation with Shenzhen Greenlander Environmental Protection Co., Ltd. ("Greenlander Environmental") (the "Cooperation Framework Agreement") with the counterparty. According to the agreement, the Company acquires the total 51% equity of Greenlander Environmental held by Shenzhen Feima Investment Co., Ltd. (Feima Investment) and Shenzhen Qianhai Chima Environment Protection Co., Ltd. (Chima Investment) at the price of RMB 100,548,976.00, including RMB 96,605,878.90 for the 49% equity held by Feima Investment and RMB 3,943,097.10 for the 2% equity held by Chima Investment respectively.

According to the Cooperation Framework Agreement, the Greenlander Investment Holdings Co., Ltd. (the "HK Investment Company"), Zheng Weixian made commitments in respect of the performance of Greenlander Environmental for the next four years, specifically as follows: (1) from January 1, 2016 to December 31, 2019, the total net profit realized by Lianjiang Greenlander New Energy Co., Ltd. ("Lianjiang Company"), Xiantao Greenlander Environmental Protection Power Co., Ltd. ("Xiantao Company"), Funan Greenlander Environmental Energy Co., Ltd. ("Funan Company"), Shouxian Greenlander New Energy Co., Ltd. ("Shouxian Company") (hereinafter referred to as the "Four Project Companies") shall not be less than RMB 120 million, otherwise, the HK Investment Company and Zheng Weixian would compensate Infore Enviro at 60% of the difference of committed aggregate net profit net of accumulated profit realized. The compensation shall be made in cash, if the cash compensation is insufficient, the deficit shall be compensated using the equity of Greenlander Environmental held by the HK Investment Company; (2) within 24 months subsequent to the completion of commercial and industrial registration of capital increase, the HK Investment Company should transfer its Luyi Project, Puyang Project to Greenlander Environmental and ensure the commencement of the construction according to the schedule. If the above projects can't be transferred, partially transferred within the specified period or can't be transferred, or withdrawn or canceled by the government, the HK Investment Company and Zheng Weixian shall pay an one-off compensation to Infore Enviro at no less than RMB 5 million for each project. (3) Poyang Project, Yangxin Project must commence and obtain approvals prior to December 31, 2018. In case of failure to commence or withdrawal by the government, the HK Investment Company and Zheng Weixian shall compensate the Company at no less than RMB 10 million for each project. (4) Jiujiang Company must start the construction and obtain the approvals prior to December 31, 2020. In case of failure to commence or withdrawal by the government, the HK Investment Company and Zheng Weixian shall compensate Infore Enviro at no less than RMB 5 million for each project. (5) From January 1, 2016 to December 31, 2019, the Greenlander Environmental signs a new BOT Agreement on Waste Incineration Power Generation (subject to the signing of franchise agreement), with daily disposal capacity of no less than 6,500 tons (the daily disposal capacity of each single project shall be no less than 500 tons, and at least one project have a capacity of

more than 2,000 tons). In case of failure to satisfy the aforesaid conditions, the HK Investment Company and Zheng Weixian shall compensate Greenlander Environmental at RMB 5 million for every 500 tons below the specified daily disposal capacity.

In addition, in 2015, the Company and the HK Investment Company entered into the equity pledge contract, specifying that the HK Investment Company pledges its 49% equity in Greenlander Environmental as collateral for the debt portfolio with value of RMB 340 million specified in the Cooperation Framework Agreement. In the same year, the equity pledge procedures were completed.

As of October 31, 2015, the Company had made full payment for the equity transfer. Greenlander Environmental was included in the scope of the Company's consolidated financial statements since the end of October 2015. In April 2016, the Company continued to inject capital of RMB 86,666,700 to acquire 19.00% equity of Greenlander Environmental. Finally, the Company holds 70% equity of Greenlander Environmental. On April 23, 2020, Pan-China Certified Public Accountants LLP issued the Assurance Report on Status of Completion of the Performance Commitments of Shenzhen Greenlander Environmental Protection Co., Ltd. (Tian Jian Shen [2020] No.3439). According to the assurance report, the audited net profits (net profit is subject to the lower after deducting non-recurring profit or loss) of four project companies for the period from 2016 to 2019 are RMB 2,156,500, RMB -24,424,500, RMB -19,192,800 and RMB -625,700 respectively; and the accumulated net profit is RMB -42,086,600 which is RMB 162,086,600 less than the performance commitment, indicating a failure to achieve the commitment in respect of the net profit for 2016 - 2019.

To facilitate the implementation of performance compensation, the Company filed a lawsuit with Foshan Intermediate People's Court in Guangdong Province, requesting the HK Investment Company and Zheng Weixian to compensate the Company in accordance with the Cooperation Framework Agreement.

On January 13, 2021, the Foshan Intermediate People's Court in Guangdong Province issued a judgment of first instance, requiring the HK Investment Company and Zheng Weixian to pay the compensation of RMB 113,460,620, i.e. $[120,000,000 - (-42,086,600)] * 70%$, for failure to achieve the performance commitment; and compensation of RMB 50 million for failure to achieve the commitment of daily disposal capacity; meanwhile, it also supports that the Company has priority to compensation in relation to the 30% equity of Greenlander Environmental held by the HK Investment Company to the extent of RMB 200 million.

On January 29, 2021, the HK Investment Company and Zheng Weixian appealed to the Higher People's Court of Guangdong Province.

On November 2, 2021, the Higher People's Court of Guangdong Province held a public hearing of the case of second instance.

According to the Case Report on Infore Enviro and Shenzhen Greenlander Environmental Protection Co., Ltd. Filing A Lawsuit against the HK Investment Company, Zheng Weixian, Ren Zhe etc. Regarding the Contract Disputes issued on March 30, 2022 by Guangdong ETR Law Firm, which is the law firm handling this case, after the public hearing of the second instance, the law firm believes that: (1) the court of first instance held that whether the core operation team led by Zheng Weixian has been comprehensively managing the target company all the time is not a precondition for the performance of the HK Investment Company and Zheng Weixian. This determination is in line with the contract agreement and accurate; In respect of the governance of Greenlander Environmental, the Company has no violation of contract; It is lack of business logic that the HK Investment Company and Zheng Weixian ascribe the failure to achieve expected performance to the ownership of operation rights. The first-instance court's cognizance of the fact is accurate and the application of laws is correct. (2) The Higher People's Court of Guangdong Province held a public hearing for the case of second instance. During the trial, although the HK Investment Company and Zheng Weixian presented some evidences, the law firm believes that such evidences are not sufficient to change the verdict of the first instance. Therefore, considering the first-instance court's cognizance of the fact is accurate and the application of laws is correct, the second-instance court upheld the verdict of the first instance. As of the date of this case report, the effective judgment for the case (2021) Yue Min Zhong No.1075 has not been received yet. The final outcome of the case is subject to the content of the effective judgment.

Meanwhile, the Company appointed Guangdong Dafang Law Firm, which is a law firm not related with this case, to analyze the aforesaid case and issue a legal analysis report. The analysis report points that taking into account the terms and conditions of the

agreements and facts involved in this case, and the HK Investment Company and Zheng Weixian didn't present new effective evidences that may reverse the first-instance judgment during the trial of the second instance, the lawyer of Guangdong Dafang Law Firm believes that the first-instance court's cognizance of the fact is accurate and the application of laws is correct, the second-instance court shall uphold the verdict of the first instance.

In conclusion, the Company believes that the above compensations of RMB 113,460,620 and RMB 50,00,000, totaling to RMB 163,460,620 represent the resources that arise from the Company's past transactions or events and are owned or controlled by the Company and expected to bring economic benefits to the Company. The Company has won the lawsuit according to the first-instance judgment. Up to date, the Higher People's Court of Guangdong Province held a public hearing for the case of second instance. During the trial, although the HK Investment Company and Zheng Weixian presented some evidences, but such evidences are not sufficient to overrule the verdict of the first instance.

In respect of the recoverability of the aforementioned compensations, the Company has pledged the equity of Greenlander Environmental held by the HK Investment Company and Zheng Weixian in 2015. Meanwhile, the first-instance judgment also supports that the Company has priority to compensation in relation to the 30% equity of Greenlander Environmental held by the HK Investment Company to the extent of RMB 200 million. Therefore, the compensations of RMB 113,460,620 and RMB 50,00,000, totaling to RMB 163,460,620 are fully recognized as investment income in 2021 financial statements.

3. On April 29, 2022, according to the Proposal on Splitting the Subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for GEM Listing and Proposal on Plan of Infore Environment Technology Group Co., Ltd. on the Proposal on the Subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for GEM Listing (Revised) deliberated and approved by the 18th meeting of the ninth session of Board of Directors of the Company, the Company proposes to split the subsidiary Zhejiang Shangfeng Special Blower Industrial Co., Ltd. for GEM listing. The said proposal shall be submitted to the Company's annual general meeting of shareholders for further consideration.

XVII. Notes to key items in the Parent Company's financial statements

1. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable		50,000,000.00
Other receivables	3,884,005,093.84	3,045,331,754.24

(1) Dividend receivable

1) Category of dividends receivable

Unit: RMB

Item (Investee)	Closing balance	Opening balance
Donggang Magnet Wire Company		50,000,000.00
Total		50,000,000.00

3) Bad debt provision

Applicable Not Applicable

(3) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of the account	Closing balance	Opening balance
Security deposits	293,673.40	452,729.40
Loans		30,165,333.33
Temporary advance payment receivable	3,723,204,530.33	3,021,731,383.55
Performance commitments compensation	163,460,620.00	
Total	3,886,958,823.73	3,052,349,446.28

2) Bad debt provision

Unit: RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month expected credit loss (ECL)	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at January 1, 2021	75,638.29	1,448,649.82	5,493,403.93	7,017,692.04
Balance at January 1, 2021 in the current period	—	—	—	—
--Transfer to stage II	-75,638.29	75,638.29		
--Transfer to stage III		-1,448,649.82	1,448,649.82	
Provision in the current period	2,352,013.49	414,287.09	5,334,169.41	8,100,469.99
Other changes			-12,164,432.14	-12,164,432.14
Balance on December 31, 2021	2,352,013.49	489,925.38	111,791.02	2,953,729.89

Changes in book balance with significant changes in loss allowance in the current period

 Applicable Not Applicable

Disclosure by account aging

Unit: RMB

Account aging	Book balance
Within 1 year (inclusive)	3,881,765,896.51
1-2 years	4,899,253.82
2-3 years	205,228.40
Over 3 years	88,445.00
3-5 years	68,445.00
Over 5 years	20,000.00
Total	3,886,958,823.73

3) Provision, recovery or reversal of bad debt in the current period

NA

4) Other receivables written off in current period

NA

5) Details of the top 5 debtors with the largest balances of other receivables

Unit: RMB

Debtors	Nature of other receivables	Closing balance	Account aging	Proportion to the total balance of other receivables (%)	Closing balance of bad debt provision
Customer A	Temporary advance payment receivable	821,959,307.56	1-180 days	21.15%	0.00
Customer B	Temporary advance payment receivable	515,992,265.80	1-180 days	13.26%	0.00
Customer C	Temporary advance payment receivable	456,782,205.25	1-180 days	11.74%	0.00
Customer D	Temporary advance payment receivable	286,545,351.52	1-180 days	7.37%	0.00
Customer E	Temporary advance payment receivable	250,082,730.73	1-180 days	6.43%	0.00
Total	--	2,331,361,860.86	--	59.98%	

6) Other receivables derecognized due to transfer of financial assets

NA

7) Assets and liabilities arising from continuing involvement in the transferred other receivables

NA

2. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investments in subsidiaries	16,727,278,440.02		16,727,278,440.02	16,490,166,786.49		16,490,166,786.49
Investments in associates and joint ventures	228,769,450.70		228,769,450.70	204,174,912.87		204,174,912.87
Total	16,956,047,890.72		16,956,047,890.72	16,694,341,699.36		16,694,341,699.36

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (carrying)	Changes for the current period				Closing balance (carrying)	Closing balance of impairment
		Additional	Reduction in	Impairment	Others		

	amount)	investment	investment	provision		amount)	provision
Infore Water Environment Investment Co., Ltd.	113,055,998.06					113,055,998.06	
Foshan Infore Water Environment Investment Co., Ltd.		250,020,000.00				250,020,000.00	
Guangdong Infore Technology Co., Ltd.	127,874,197.57	5,051,045.84				132,925,243.41	
Infore Zoomlion Urban Environmental Service Co., Ltd.	15,300,000.00					15,300,000.00	
Guangdong Infore Environmental Investment Co., Ltd.	100,000,000.00					100,000,000.00	
Foshan Yingtong Electrical Materials Co., Ltd.		178,500,000.00	178,500,000.00				
Changsha Zhongbiao Environmental Industry Co., Ltd.	5,270,000.00					5,270,000.00	
Ningbo Infore Finance Lease Co., Ltd.	356,322,974.66					356,322,974.66	
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.	906,452.53	-7,242.37				899,210.16	
Zoomlion Environmental	15,254,446.514.89	4,242,181.90				15,258,688,696.79	
Zhejiang Shangfeng Special Blower Industrial Co., Ltd.	199,923,314.86	187,709.07				200,111,023.93	
Greenlander Environmental	190,312,493.92	617,959.09				190,930,453.01	
Baharian Right Banner Xingzhou Environmental Water Co., Ltd.	23,000,000.00		23,000,000.00				
Xiantao Yinghe Environmental Protection Co., Ltd.	103,754,840.00					103,754,840.00	

Total	16,490,166,786.49	438,611,653.53	201,500,000.00			16,727,278,440.02	
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(2) Investments in associates and joint ventures

Unit: RMB

Investor	Opening balance (carrying amount)	Changes for the current period							Closing balance (carrying amount)	Closing balance of impairment provision	
		Additional investment	Reduction in investment	Profit and loss on investments under the equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits to be distributed as announced	Impairment provision			Others
I. Joint ventures											
II. Associates											
Shenzhen Yingmei City Stewards Co., Ltd.	0.00	30,000.00								30,000.00	
Guangdong Tianshu New Energy Technology Co., Ltd.		8,000,000.00		5,200,513.03						2,799,486.97	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	29,563,175.06			902,107.42			260,167.12			30,205,115.36	
Guangdong Shunkong Environmental Investment Co., Ltd.	174,611,737.81			28,696,900.39			7,573,789.83			195,734,848.37	
Sub-total	204,174,912.87	8,030,000.00		24,398,494.78			7,833,956.95			228,769,450.70	
Total	204,174,912.87	8,030,000.00		24,398,494.78			7,833,956.95			228,769,450.70	

3. Operating income and operating costs

Unit: RMB

Item	Current period actual		Amount for the prior period	
	Income	Cost	Income	Cost

Main Business	487,932.74	487,932.74	7,213,284.07	4,157,985.26
Total	487,932.74	487,932.74	7,213,284.07	4,157,985.26

4. Investment income

Unit: RMB

Item	Current period actual	Amount for the prior period
Income from long-term equity investment income accounted by cost method	427,103,189.89	
Income from long-term equity investments under equity method	24,398,494.78	30,182,747.26
Investment income from disposal of long-term equity investments	73,073,695.75	-104,720,709.28
Investment income from holding the held-for-trading financial assets		11,250,000.00
Gains on wealth management products	2,931,309.05	10,487,138.70
Performance compensation	163,460,620.00	839,195.26
Others	6,568,573.41	442,452.21
Total	697,535,882.88	-51,519,175.85

XVIII. Supplementary information

1. Schedule of non-recurring profit or loss

√ Applicable □ Not Applicable

Unit: RMB

Item	Amount	Note
Gains or losses on disposal of non-current assets	6,337,251.97	Gains of RMB 8,040,787.90 for the disposal of long-term equity; loss of RMB 2,254,626.67 for the disposal of fixed assets; gains of RMB 1,092,784.45 for the disposal of assets under construction; loss of RMB 541,693.71 for the retirement of fixed assets
Tax rebates, reductions and exemptions granted ultra vires or without official documents of approval	3,768,945.18	
Government subsidies recognized as gain or loss during the reporting period (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations)	55,341,877.03	
Capital collected from non-financial enterprises that was recognized as gain or loss during the reporting period	3,173,551.55	Guangdong Liangke Environmental Protection Engineering Co., Ltd., RMB 1,211,591.98; Shantou Zhonglian Ruikang Environmental Health Service Co., Ltd., RMB 726,429.04; minority shareholders of Shangfeng Industrial Company, RMB 645,168.12; Lianjiang Greenlander New Energy Co., Ltd., RMB 474,994.40; Jilin Xinyu Environmental Technology Group Co., Ltd., RMB 92,260.00; Shantou Zhonglian Ruikang Environmental Health

		Service Co., Ltd, RMB 19,599.99; Suzhou Xingzhou Environmental Water Treatment Technology Co., Ltd., RMB 3,508.02
Gain or loss on assets entrusted to other parties for investment or management	29,170,261.66	Returns of RMB 29,170,261.66 on investments in wealth management products
Gain or loss arising from changes in fair value of financial assets and financial liabilities held for trading as well as the disposal of financial assets and financial liabilities held for trading and financial assets available for sale (exclusive of effective hedges that arise in relation to the Company's ordinary course of business)	-79,222,823.84	Changes in fair value of financial assets held for trading: RMB -73,146,774.32; gain/loss for disposal of financial assets held for trading: RMB -2,883,937.64; gain/loss for ineffective hedges that have been closed: RMB -3,263,048.33; changes in fair value of ineffective hedges that remain open: RMB 72,100.27; gain/loss arising from futures transaction fees: RMB -1,163.82
Other non-operating income and expense	2,598,028.75	
Other gains and losses that fall into the definition of non-recurring gain/loss	172,459,718.81	Gain/loss from the disposal of Guangdong Liangke Environmental Protection Engineering Co., Ltd.'s creditors' rights: RMB 8,999,098.81; original shareholders of Greenlander Environmental's compensation for failing to meet committed business performance: RMB 163,460,620.00
Less: Income tax	-8,007,245.43	
Non-controlling interests effects	5,892,314.48	
Total	195,741,742.06	--

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

Applicable Not Applicable

Gain/loss from the disposal of Guangdong Liangke Environmental Protection Engineering Co., Ltd.'s creditors' rights: RMB 8,999,098.81; original shareholders of Greenlander Environmental's compensation for failing to meet committed business performance: RMB 163,460,620.00

The explanation for why the Company reclassified an item defined as an exceptional gain/loss item in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items as a recurrent item

Applicable Not Applicable

Item	Amount Involved (RMB)	Reason
Value-added tax rebate	22,195,312.61	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations
Subsidy for sludge disposal	3,056,730.58	Regular government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations

2. Return On Net Asset and Earnings Per Share

Profit of the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to shareholders of ordinary shares	4.33%	0.23	0.23

Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	3.16%	0.17	0.17
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3. Accounting data differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

(1) Net Profit and Equity under CAS and IFRS

Applicable Not Applicable

(2) Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not Applicable

(3) Explanation of reason for accounting data differences under CAS and IFRS and Foreign Accounting Standards. For reconciliation of the difference of the figures audited by overseas auditor, please specify the name of the auditor.

4. Others