

Infore Environment Technology Group Co., Ltd.

Annual Report 2020



Make a Cleaner World, Build a Better Future

April 2021

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), 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 contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements and material omissions, and collectively and individually accept legal responsibility for such 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 the directors of the Company attended in person the board meeting for the approval of this Report.

Any forward-looking statements such as plans for the future in this Report shall not be considered as promises to investors. And investors are reminded to exercise caution when making investment decisions.

The Board has approved a final dividend plan as follows: based on the total share capital (minus the shares in the Company’s repurchase account) at the date of record for the 2020 final dividend plan, a cash dividend of RMB1.2 (tax inclusive) per 10 shares is planned to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

This Report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Definitions

Term	Definition
Infore Environment, or the “Company”	Infore Environment Technology Group Co., Ltd.
Zoomlion Environmental	Changsha Zoomlion Environmental Industry Co., Ltd.
Greenlander	Shenzhen Greenlander Environmental Protection Co., Ltd.
Infore Technology	Guangdong Infore Technology Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE, or the “Stock Exchange”	Shenzhen Stock Exchange
General Meeting	General Meeting of Infore Environment Technology Group Co., Ltd.
Board of Directors	Board of Directors of Infore Environment Technology Group Co., Ltd.
Supervisory Committee	Supervisory Committee of Infore Environment Technology Group Co., Ltd.
Company Law	Company Law of the People’s Republic of China
Securities Law	Securities Law of the People’s Republic of China
Articles of Association	Articles of Association of Infore Environment Technology Group Co., Ltd.
PPP	Public-private partnership, a funding model for a public infrastructure project
BOT	Build-operate-transfer, a form wherein a private enterprise participates in infrastructure construction and provides public services to the society
EPC	Engineering procurement construction, in which the contractor is responsible for the whole procedure or several stages of a construction project such as design, procurement, construction, and trial operation based on contractual agreements.
Reporting Period	The period from 1 January 2020 to 31 December 2020
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Infore Environment	Stock code	000967
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	盈峰环境科技集团股份有限公司		
Abbr.	盈峰环境科技集团		
Company name in English (if any)	Infore Environment Technology Group Co., Ltd.		
Legal representative	Ma Gang		
Registered address	1818 Renmin West Road, Dongguan Street, Shangyu District, Shaoxing City, Zhejiang Province, China		
Zip code	312300		
Office address	23/F, Infore Center, 7-8 Yixin Road, Xincheng District, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China		
Zip code	528300		
Company website	www.inforeenviro.com		
Email address	inforeenviro@infore.com		

II Contact Information

	Board Secretary	Securities Representative
Name	JinTaotao	Wang Fei
Office address	23/F, Infore Center, 7-8 Yixin Road, Xincheng District, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China	23/F, Infore Center, 7-8 Yixin Road, Xincheng District, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China
Tel.	0757-26335291	0757-26335291
Fax	0757-26330783	0757-26330783
Email address	wangyf@infore.com	wangyf@infore.com

III Media for Information Disclosure and Place where this Report is Lodged

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, and Securities Daily
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Website designated by the CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	The Securities Department, 23/F, Infore Center, 7-8 Yixin Road, Xincheng District, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China

IV Change to Company Registered Information

Organization code	913300006096799222
Change to the principal activities of the Company since its listing (if any)	<p>Since it went public in 2000, the Company has changed its business scope five times. Business scope on 18 November 1993: Research, development, and production of ventilators, and air-cooled, water-cooled, and air conditioning equipment, refrigeration and quick-freezing equipment, mold, and power-generating machines. Operation of export businesses (refer to the approval document of the Ministry of Foreign Trade and Economic Cooperation for details); on 2 July 2002, "metal and plastic steel composites pipe and profile" was included in the Company's business scope; on November 14, 2003, "undertaking environmental engineering" was included in the business scope; On 29 February 2016, due to the strategic transformation, the Company's business scope was changed to: R&D, maintenance, and operation services of environmental monitoring instruments, development, consulting, and services of environmental management technologies, operation services of environmental management facilities, design and construction of environmental engineering, environmental protection engineering, municipal engineering, and water conservancy and other water-related projects, development and services of technologies for water pollution control, water treatment, and ecological restoration, R&D, sales, and relevant technology consultation services of communication products, network products, mechatronic products, automatic control products, buildings, and intelligent community products, as well as software products, design, development, investment, operation management, and technical consulting services of relevant supporting facilities for the disposal and recycle of municipal waste and solid waste, sales of ventilators and air-cooled, water-cooled, and air conditioning equipment, operation of import and export businesses, industrial investment, investment management, asset management, and investment consultation; On 18 May 2016, "operation of import and export businesses, industrial investment, investment management, and asset management" were excluded from the Company's business scope; on 28 June 2019, the Company's business scope was changed to: R&D, manufacturing, sales, technology consultation, maintenance, and operation services of sanitation equipment, special type of working robots, new energy vehicles, environmental monitoring equipment, special equipment for environmental protection, and automobile charging equipment and parts, equipment leasing, design, operation management, technological development and services of relevant supporting facilities for the disposal and recycle of municipal waste and solid waste, design, construction, operation management, technological development and services of environmental engineering, municipal engineering, landscape engineering,</p>

	electric power engineering, water conservancy and other water-related projects, water pollution control projects, air pollution control projects, and soil remediation projects, commercial cleaning, collection, transportation, and treatment services (based on the license) of urban solid waste, development, consultation, and services of environmental protection, IoT, and Internet technologies, R&D and sales of software, sales of ventilators and air-cooled, water-cooled, and air conditioning equipment, engagement in import and export businesses, and investment consultation.
Every change of controlling shareholder since incorporation (if any)	<p>1. In 2000, the Company went public, and its largest shareholder was Zhejiang Fan & Air-cooled Equipment Company.</p> <p>2. On 23 February 2006, Zhejiang Shangfeng Industry Group Co., Ltd., the former controlling shareholder of the Company, and Media Group Co., Ltd., a shareholder, transferred their stocks of 9,575,027 shares and 24,897,984 shares to Guangdong Infore Group Co., Ltd. respectively. Therefore, Guangdong Infore Group Co., Ltd. became the largest shareholder of the Company.</p> <p>3. On 5 August 2008, the Company's controlling shareholder, Guangdong Infore Group Co., Ltd. changed its name to "Guangdong Infore Holding Investment Group Co., Ltd."</p> <p>4. On 30 September 2010, Guangdong Infore Holding Investment Group Co., Ltd. changed its name to "Infore Holding Investment Group Co., Ltd.", which was the controlling shareholder of the Company.</p> <p>5. On 4 January 2019, based on the private placement of new shares for purchasing assets, the Company issued 1,017,997,382 shares to Ningbo Infore Asset Management Co., Ltd. to acquire the 51% equity of Zoomlion Environmental held by it. The Company's largest shareholder has been changed to Ningbo Infore Asset Management Co., Ltd. As at the end of the Reporting Period, the Company's controlling shareholder was Ningbo Infore Asset Management Co., Ltd.</p>

V Other Information

The independent auditor hired by the Company:

Name of the independent auditor	Pan-China Certified Public Accountants LLP
Office address	28/F, Block B, China Resources Building, 1366 Qianjiang Road, Jianggan District, Hangzhou City, Zhejiang Province, China
Accountants writing signatures	Bian Shanshan and Cao Cuijuan

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

Name of sponsor	Office address	Representative	Period of supervision
Huaxing Securities Co., Ltd.	Room 2501, 575 Wusong Road, Hongkou District, Shanghai	Li Zeming and Zheng Zaoshun	2020-2021

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

Name of financial advisor	Office address	Representative	Period of supervision
GF Securities Co., Ltd.	GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou	Yuan Fengzhou and Yin Yue	2018-2020

VI Key Financial Information

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

Yes No

	2020	2019	2020-over-2019 change (%)	2018
Operating revenue (RMB)	14,332,025,075.40	12,695,858,666.40	12.89%	13,044,761,115.49
Net profit attributable to the listed company's shareholders (RMB)	1,386,476,099.73	1,361,453,754.17	1.84%	928,577,765.32
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	1,432,219,046.72	1,252,134,237.70	14.38%	319,411,269.58
Net cash generated from/used in operating activities (RMB)	1,688,714,091.75	1,484,750,054.02	13.74%	-1,150,744,895.07
Basic earnings per share (RMB/share)	0.44	0.43	2.33%	0.41
Diluted earnings per share (RMB/share)	0.44	0.43	2.33%	0.41
Weighted average return on equity (%)	8.62%	9.05%	-0.43%	7.62%
	31 December 2020	31 December 2019	Change of 31 December 2020 over 31 December 2019 (%)	31 December 2018
Total assets (RMB)	30,110,536,990.88	24,854,667,694.94	21.15%	24,461,293,934.13
Equity attributable to the listed company's shareholders (RMB)	16,920,214,085.42	15,514,697,715.97	9.06%	14,471,811,680.32

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

Yes No

Indicate whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes No

VII 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

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,199,341,508.70	3,420,092,351.48	3,835,286,466.43	4,877,304,748.79
Net profit attributable to the listed company's shareholders	147,734,732.90	378,964,794.02	371,118,285.78	488,658,287.03
Net profit attributable to the listed company's shareholders before exceptional gains and losses	189,096,408.24	358,028,986.55	363,826,725.52	521,266,926.41
Net cash generated from/used in operating activities	-144,580,287.91	-140,597,577.65	397,179,806.32	1,576,712,150.99

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 Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-42,036,810.26	-60,892,199.11	7,668,560.36	Gains of RMB488,224.46 on the disposal of long-term equity investments, gains of RMB-1,787,925.37 on the disposal of fixed

				assets, gains of RMB-11,767,441.22 on the retirement of fixed assets, and gains of RMB-28,969,668.13 on the retirement of intangible assets
Tax rebates, reductions and exemptions given with ultra vires approval or in lack of official approval documents	621,422.30		1,728,888.91	--
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	42,047,479.15	104,385,272.35	20,368,085.62	--
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	22,117,071.89	19,799,364.06	4,582,264.18	RMB4,578,541.63 of Lianjiang Greenlander New Energy Co., Ltd., RMB2,012,499.98 of Guangdong Liangke Environmental Protection Engineering Co., Ltd., RMB1,328,771.30 of Shantou ZhonglianRuikang Environmental Health Service Co., Ltd., RMB264,600.00 of Jilin Xinyu Environmental Protection Engineering Co., Ltd., RMB162,543.33 of Guangdong Tianshu New Energy Technology Co., Ltd., and RMB20,252.48 of Shantou Chaoyang ZhonglianRuikang Environmental Health Service Co., Ltd. The

				value-added tax amount excluding those incurred from the above-mentioned borrowing and lending stood at RMB178,515.17 and the amortization of installment receipt of the transfer funds of Universtar Science & Technology (Shenzhen) Co., Lt. has generated a finance income of RMB13,928,378.34.
Gain or loss on assets entrusted to other entities for investment or management	23,771,715.03	4,556,023.27	6,859,065.89	Returns of RMB23,771,715.03 on investments in wealth management products
Restructuring costs in staff arrangement, integration, etc.	--	--	-26,087,060.31	--
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-beginning to combination dates, net	--	--	864,922,410.13	--
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-90,608,285.06	24,337,671.43	160,990,725.00	Changes of RMB-89,949,855.53 in the fair value of held-for-trading financial assets, gains of RMB5,117,398.33 on the ineffective portion of closed hedges, gains of RMB-5,769,445.94 on the fair value changes of the ineffective portion of open hedges, and futures transaction costs of RMB-6,381.92

Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment		140,000.00	390,000.00	--
Non-operating income and expense other than the above	-7,514,468.68	-467,259.49	19,341,734.66	--
Other gains and losses that meet the definition of exceptional gain/loss	839,195.26	24,676,400.00	22,611,600.00	Performance commitment compensation from Tengine Innovation (Beijing) Instruments Inc.
Less: Income tax effects	-8,391,224.21	6,566,767.92	45,211,244.61	--
Non-controlling interests effects (net of tax)	3,371,490.83	648,988.12	428,998,534.09	--
Total	-45,742,946.99	109,319,516.47	609,166,495.74	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

Item	Amount involved (RMB)	Reason
Value-added tax rebates	28,804,978.15	Government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations
Subsidy for sludge disposal	2,816,166.83	Government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies or regulations

Part III Business Summary

I Principal Activities of the Company in the Reporting Period

1. Main business fields

Infore Environment is a leading environmental sanitation investor and operator in China. With "smart environmental sanitation" as its core business strategy, the Company employs a flexible and competitive business model, based on its smart environmental sanitation equipment such as new energy equipment and self-driving equipment, and its proprietary cloud-based smart sanitation platform empowered by IoT, big data and other advanced technologies. The Company provides its customers with full lifecycle IoT integrated application solutions and smart platform operation services, from cleaning and disinfection in urban and rural areas, domestic waste sorting, collection, transportation and disposal of solid waste, sanitation personnel management, collection and transportation of food waste, to muck transportation supervision, leachate treatment and smart city construction.

In 2020, the Company has gained a significant momentum in the environmental sanitation service industry, moving up to No.1 by market share in terms of the five-year annualized contract value and the total new contract value. Also, in 2020, it ranked first in sales of sanitation equipment for the 20th consecutive year in China.

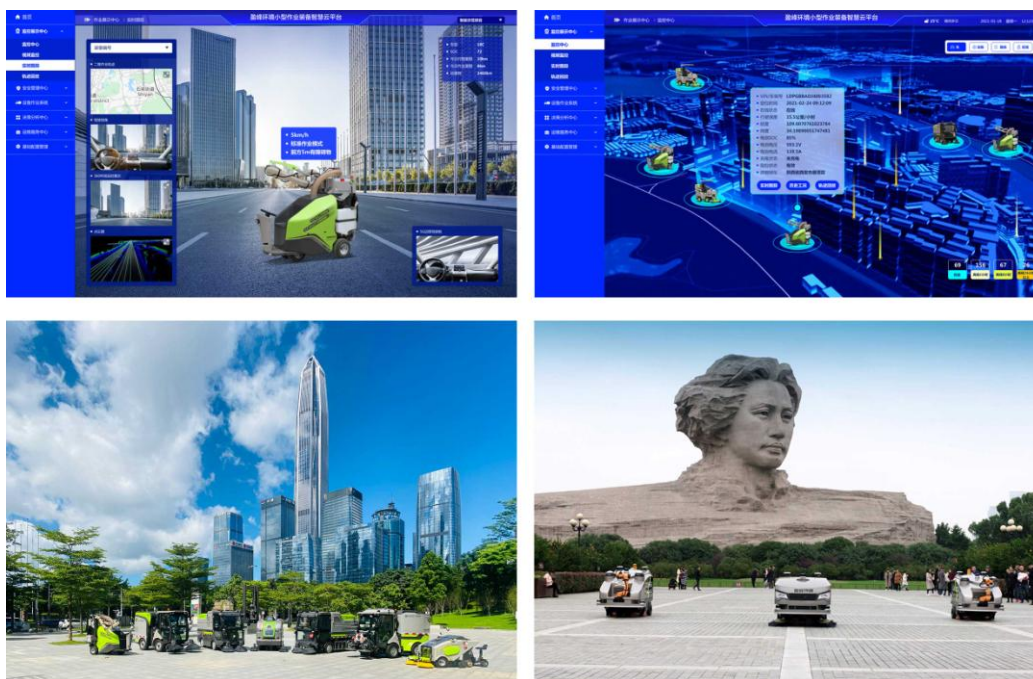
2. Main business and products

In terms of intelligent equipment, by virtue of its scientific research strengths, leading capabilities of producing and manufacturing environmental equipment and a well-established nation-wide sales network, the Company has established a comprehensive product portfolio of environmental sanitation equipment to provide its customers with a wide range of equipment solutions including a variety of environmental sanitation and cleaning equipment, waste collection and transportation equipment, new energy and clean energy environmental sanitation equipment with more than 400 product models. With leading capabilities of researching and developing smart equipment, the Company has a range of products covering 5G environmental sanitation robots, autonomous environmental sanitation vehicles, intelligent small environmental sanitation robots, new energy environmental sanitation equipment, waste collection and transportation equipment, separate station equipment and environmental sanitation and cleaning equipment.

Smart Cloud Platform, independently developed by the Company with an investment of more than RMB100 million, is a leading big data platform serving across the whole industrial chain in the domestic environmental sanitation industry. With advanced underlying technologies such as 5G, AI, big data, cloud computing and edge computing, and immersive thinking R&D strategy integrated into the platform, the Company has developed core technologies including IoT integrated application, data communication, video command and control, safe driving tests, IoT hardware and software compatible technology and big data application. Therefore, the Company is able to offer technological solutions such as market-oriented operation solution, industrial application solution and connected integrated solution to management of environmental sanitation service. With 14 software copyrights related to smart environmental sanitation, the platform has been included in the Top Ten Innovative Cases in China's Smart Environmental Sanitation in 2018, Pilot and Demonstration Industrial Internet Platform of MIIT in Key Industries in 2019 and Plan for Building of Provincial Industrial Internet Platform of Hunan Province in 2020. At present, by dint of the platform, the Company has built and operated over 110 smart environmental sanitation projects in many cities and provinces in China.



With respect to smart service, through intelligent hardware and the IoT technology, the Company is able to continuously gather and analyze data generated from all aspects such as R&D of environmental sanitation equipment, production and manufacturing, operation and management, and after-sales service, across the whole industrial chain of "smart sorting, smart environmental sanitation, smart environment, new energy and autonomous driving", allowing the Company to implement a highly efficient management model for operation and maintenance service and remote monitoring, which features seamless connection between front and back offices on all fronts in terms of personnel, vehicles, items and events involved in environmental sanitation operation service. In this way, the Company has managed to improve city management capabilities and public service capabilities of the government from management to service and from governance to operation.

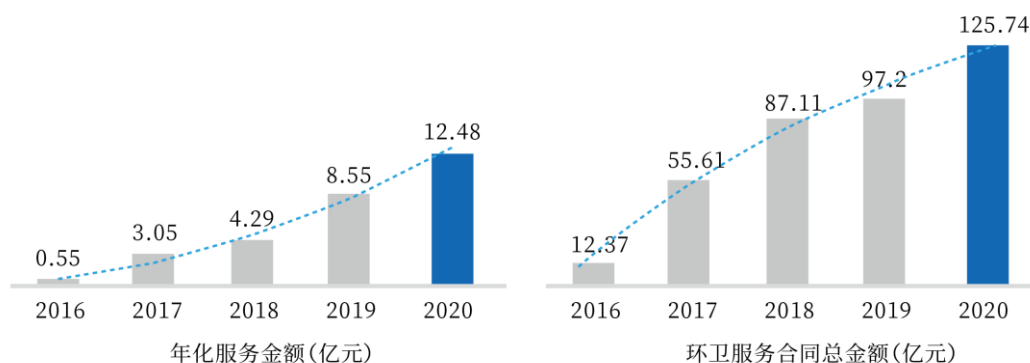


3. The Company's main position in the industry

(1) With respect to environmental sanitation service, the Company ranked first in terms of the annual contract value and the total new contract value in 2020

According to the statistics of Environmental Compass, the Company witnessed a rapid growth in its market share in the competitive landscape of the environmental sanitation service industry, ranking top 1 in 2020 in terms of the new contract value and the new annual contract value in China. In 2020, the Company recorded revenue of RMB1,969 million from environmental sanitation service, and signed a total of 59 new contracts of environmental sanitation service projects in 19 provinces in China, adding RMB1,248 million new annual contract value to the total contract value of RMB12,574 million. As at the end of the Reporting Period, Infore Environment operated 118 environmental sanitation service projects in total, with an annualized contract value of RMB2,831 million and an accumulative contract value of RMB37 billion. Its projects in hand were mainly PPP projects and

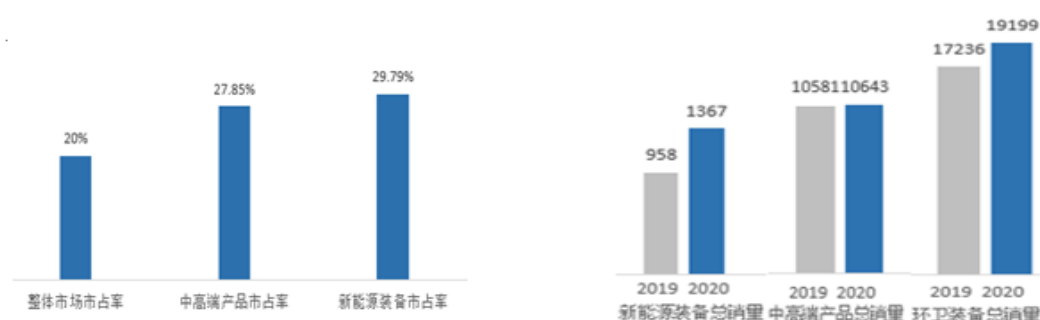
medium- and long-term market-oriented projects, indicating prominent capabilities of sustainable operation. During the period of 2016-2020, the Company's environmental sanitation service business recorded total contract value of RMB1,237 million, RMB5,561 million, RMB8,711 million, RMB9,720 million and RMB12,574 million respectively, and annual service value of RMB55 million, RMB305 million, RMB429 million, RMB855 million and RMB1,248 million respectively, representing a year-on-year growth rate of annual income from environmental sanitation service of 454.54%, 40.66%, 99.30% and 45.96% respectively from 2017 to 2020. With increasing competitiveness in the industry, the Company has developed a unique smart environmental sanitation system.



(2) The Company ranked first in sales of environmental sanitation equipment in 2020

According to the statistics of compulsory traffic accident liability insurance for motor vehicles from the China Banking and Insurance Regulatory Commission ("the CBIRC"), in 2020, the Company ranked first in sales of environmental sanitation equipment for the 20th consecutive year. In 2020, the Company recorded sales of environmental sanitation equipment of RMB8,355 million, a year-on-year increase of 18.78%, and it sold a total of 19,199 pieces of equipment, a year-on-year increase of 11.39%. Among them, it sold 10,643 pieces of medium- and high-end products, a year-on-year increase of 0.59%, representing the largest market share of 29.79%; it also sold 1,367 new energy products, a year-on-year increase of 42.69%, representing the largest market share of 27.85%.

According to the statistics of compulsory traffic accident liability insurance for motor vehicles from the CBIRC, as at 31 December 2020, a total of 113,867 environmental sanitation vehicles were sold in China, a year-on-year increase of 4,089 or 3.72%, wherein 35,721 medium- and high-end operating vehicles were sold, a year-on-year increase of 499 or 1.42%.



4. Technology accumulation and innovation

(1) Accumulation of R&D strengths

The Company's R&D team of environmental sanitation equipment came from a background of national scientific research institutes, and "innovation genes" have been embedded in each member of the team. The Company declared 73 patents, including 47 patents of invention. As at the end of the Reporting Period, it had as many as 810 independent patents, including 355 patents of

invention, 390 utility models and 65 patents for design. The Company ranked first in terms of the number of technical patents and patents of invention in the industry, took the lead in formulating multiple national, industrial and local standards, and had established provincial research centers. It was granted the honorary title of "Top Ten Enterprises of Intellectual Property Rights in Hunan Province", the China Machinery Industry Science and Technology Award, the Science and Technology Progress Award by Hunan Province and the China Award for Science and Technology in Construction. Besides, the Company was granted the first drive test license for autonomous driving in environmental sanitation by the government. It was also included on the list of the key enterprises for China's new-generation AI industry innovation issued by the Ministry of Industry and Information Technology ("the MIIT"), indicating that the Company was among top AI research teams in China and became a "national team" of innovation in the smart robot industry in terms of environmental sanitation.

(2) Cloud platform innovation

Smart Cloud Platform, independently developed by the Company, is a leading big data platform serving across the whole industrial chain in the domestic environmental sanitation industry. With advanced underlying technologies such as big data, cloud computing, IoT, mobile Internet and AI integrated into the platform, the Company has developed core technologies including IoT integrated application, data communication, video command and control, safe driving tests, IoT hardware and software compatible technology and big data application. With the integration of environmental sanitation equipment and service operation, the platform is able to achieve real-time connection of personnel, vehicles, items and events involved in environmental sanitation service, as well as standardized, digitalized and intelligentized operation and management. In smart governance, the Company established a digital operation and management system for plants, stations and equipment based on the cloud platform, achieving intelligent and safe operation requiring less manual labor and energy consumption, and striving to develop competitive advantages in smart environmental governance. In terms of application of intelligent control platforms, through application integration of four systems, the Company achieved full lifecycle real-time monitoring of equipment products. Besides, based on AI, 5G, edge computing and big data, it continuously boosted product innovation and industrial upgrading. In industrial Internet big data, the Company adopted real-time online IoT big data technology for its intelligent product application to learn about equipment status before its customers did. By doing so, it established a new model for active after-sales service, reduced the fault rate of equipment, and improved customer satisfaction. At present, the platform has provided intelligent services for more than 50,000 products of customers across the country. In the future, the Company will continue to apply digital technologies and create innovative intelligent equipment and smart service. Moreover, through in-depth integration into smart city development, it will continuously boost application of smart corporate cloud platforms to become a leader and enabler in digital transformation of the environmental sanitation industry by dint of intelligence.

(3) Leader in new energy

The Company began to research, develop and manufacture new energy environmental sanitation equipment in 2007, and successfully introduced the first battery-electric sweeping machine in China in July 2008, which was used for cleaning during Beijing Olympic Games in 2008. Based on the experience in professional R&D of environmental sanitation vehicles for more than three decades, and committed effort in R&D of new energy sanitation vehicles for more than ten years, Infore Environment has managed to offer the most comprehensive and diversified product portfolio in the new energy sanitation vehicles industry in China, with 144 vehicle models and more than 40 types, covering cleaning, rinsing, waste collection and transportation and municipal vehicles. Key features of the Company's new energy products include, 1) Safety: its new energy products are equipped with six layers of protection to ensure safety; 2) Leadership in technology: its new energy products have "six-in-one" controllers and industry-leading new technologies; 3) Reliability: the Company has formed an alliance with domestically renowned commercial vehicle companies to build the most reliable new energy environmental sanitation vehicles; 4) Efficiency: thanks to the optimal match of high-torque permanent magnet synchronous motors + AMT gearboxes + universal drive axles + electric drives, energy consumption dropped by 15% year on year; 5) Pertaining to high standards: the Company has strictly controlled quality of its new energy products in the whole process via

its quality control system including over 500 vehicle inspections and 24 road tests; 6) Timely service: the Company's engineers can set out within 30 minutes once receiving customer requests and complete general fault handling within 24 hours across the country.

(4) Forerunner in intelligent robots

By virtue of Zoomlion Environmental's industry-leading position and R&D capabilities in terms of environmental protection equipment over the years, the Company launched a product mix of intelligent small environmental sanitation robots, which have integrated advanced technologies such as 5G, artificial intelligence, machine vision technology, full-scene image recognition and green new energy power. In this way, it made breakthroughs in the traditional operation model in which manual labor was the main method supported by equipment in areas such as streets and alleys. It also increased the mechanical rate of environmental sanitation at a faster pace, and improved ecological, social and economic benefits. For each type of robots, there are two versions available, namely, the standard version and the robot version. Therefore, machines can be seamlessly switched between autonomous driving and manual driving, 5G communication models can be installed, and the Car Caretaker - Palm Environmental Sanitation APP of Infore Zoomlion can be used to achieve remote supervision and smart operation for intelligent management of operation equipment, refined management of the operation process and quantitative management of operation materials. The Company is focused on the development of industrial robots, service robots, specialized robots, automatic systems and related industrial chains, and has got a head start and a competitive advantage in smart environmental sanitation and smart city management industries. The Company's self-developed smart sanitation robot crews have been successfully deployed in projects in Orange Isle Scenic Spot in Changsha City, Hunan Province and Futian District, Shenzhen City.

Other businesses of the Company mainly include environmental monitoring and solid waste disposal, electric materials and ventilation machinery manufacturing.

The Company's environmental monitoring business covers smoke, air quality, haze, water quality, water conservation, soil and dust, and provides one-stop comprehensive environmental services for environmental protection, water conservation and water service and smart cities. Product sales are the main source of revenue, with operation and maintenance services contributing the rest.

The Company's solid waste disposal business mainly engages in the businesses of domestic waste-to-energy, domestic waste landfilling, food waste recycling and industrial parks of solid waste recycling. With waste-to-energy projects as the core, the industrial parks of solid waste recycling are equipped with treatment facilities of domestic waste disposal, hazardous waste disposal, sludge treatment, food waste treatment, sewage treatment, construction wastewater treatment, ecological restoration of landfills, leachate treatment and fly ash disposal. By coordinating these businesses, the Company is able to provide a one-stop solution for solid waste treatment and recycling through Build-Operate-Transfer (BOT) business model.

In terms of electric materials, the Company mainly engages in electromagnetic wire processing, whose products include wires at multiple temperature levels such as copper wires, aluminum wires, round wires, flat wires, enameled wires, paper-wrapped wires and silk-covered wires. These products are widely used in electric motors and appliances such as automobile motors, refrigeration compressors, explosion-proof motors, electronic coils, electric tools, ultra-high voltage transmission and distribution equipment, rail transportation and wind power generation equipment. The Company has adopted a direct selling model by limiting its production of electromagnetic wires to its market ability.

With respect to ventilation machinery manufacturing, the Company's products mainly include fans, mufflers, dampers, refrigeration equipment, magnetic levitation fans, nuclear grade valve blowers and blowers, and its business scope includes nuclear power, subways, tunnels, rail transportation, industrial and civil construction. It has adopted a direct selling model supported by agency sales for its fans.

For further analysis on the industry, please refer to "Discussion and Analysis on the Future Development of the Company" in "Part IV Management Discussion and Analysis".

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	Profits or losses were recognized, using the equity method, on the equity interests held in Guangdong Shunkong Environmental Investment Co., Ltd. (Shunkong Environmental), Tengine Innovation (Beijing) Instruments Inc. (Tengine Innovation), etc. in the current period
Fixed assets	Transfer of newly purchased equipment and the related construction and installation projects, as well as the completed Shunde Environmental Protection Industrial Park, into fixed assets
Intangible assets	Transfer to intangible assets associated with completed BOT
Construction in progress	Increase in the investment in the sanitation service PPP project of Zoomlion Environmental

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

1. Leading advantages in environmental sanitation equipment

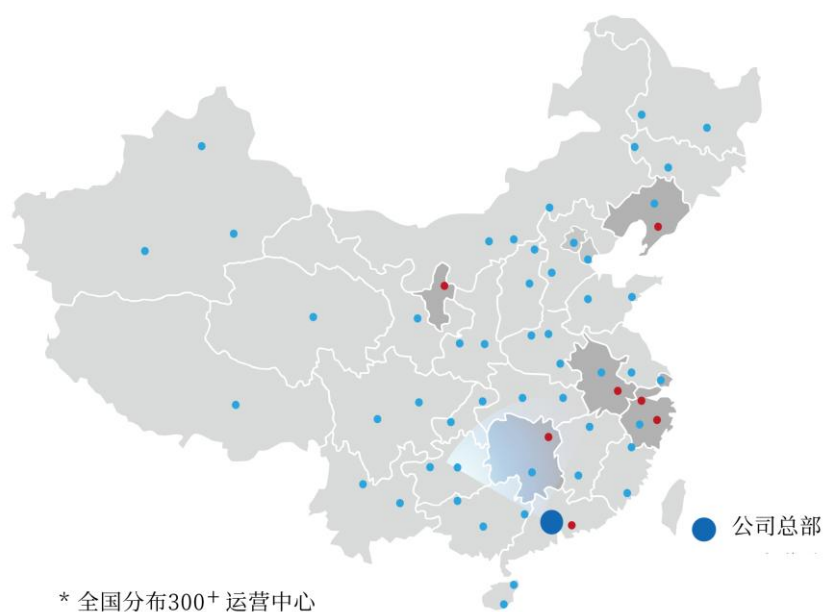
As a leader in China's environmental sanitation equipment, the Company has state-of-the-art core technologies and a comprehensive product line of environmental protection equipment in the industry. In terms of R&D, the Company has mastered industry-leading technologies in new energy environmental sanitation equipment, intelligent robots of environmental sanitation and autonomous environmental sanitation vehicles, and has been granted the first drive test license in environmental sanitation by the government. The world's first smart sanitation robot crew was developed by the Company and has been successfully deployed in Orange Isle Scenic Spot, a national 5A scenic area in Changsha City, Hunan Province, and the 5G autonomous robot crew for environmental sanitation has come into service in the university town in the same city. In terms of products, the Company has established a comprehensive product line of environmental protection equipment including approximately 400 models, thus allowing the Company to meet various demands in main application scenarios across the country. Regarding market position, the Company has ranked the first in sales in the domestic market for 20 consecutive years. According to the data of China Automotive Technology and Research Center, the Company had a market share of 29.79% in terms of medium- and high-end products, and a market share of 27.85% in terms of new energy products, far ahead of other market competitors. Pertaining to brand, as one of the forerunners in environmental sanitation equipment, the Company has made achievements by developing the first wet and dry vacuum sweeper truck, the first full-hydraulic mini road sweeper, the first tunnel cleaning vehicle, the first pure electric road sweeper and the first natural gas-powered cleaning vehicle in China. Therefore, the Company has accumulated abundant experiences in the environmental sanitation industry and made a strong brand impact as the No. 1 brand in the industry.

2. Edges in intelligent management and rapid growth of environmental sanitation service

With respect to smart service of environmental sanitation, the Company has invested in and operated flexible business models. Based on advanced underlying technologies such as 5G, IoT, AI, big data, cloud computing and edge computing, the Company has developed brand-new smart, refined, mechanized and economical environmental sanitation business models, facilitating the whole industrial chain of "smart sorting, smart environmental sanitation, smart environment, new energy and autonomous driving", and providing accurate and efficient full-time operation and maintenance service and remote monitoring and management model which features seamless connection between front and back offices on all fronts in terms of personnel, vehicles, items and events involved in environmental sanitation operation service. Given the above efforts and achievements, the Company has been included in the Top Ten Innovative Cases in China's Smart Environmental Sanitation in 2018, Pilot and Demonstration Industrial Internet Platform of MIIT in Key Industries in 2019 and Plan for Building of Provincial Industrial Internet Platform of Hunan Province in 2020. The Company is equipped with strong leading technological advantages in intelligent operation of environmental sanitation service. According to the statistics of Environmental Compass, during the period of 2016-2020, the Company has recorded a total contract value in environmental sanitation service of RMB1,237 million, RMB5,561 million, RMB8,711 million, RMB9,720 million and RMB12,574 million respectively, and an annual service value of RMB55 million, RMB305 million, RMB429 million, RMB855 million and RMB1,248 million respectively, representing a growth rate of the annual income from environmental sanitation service of 454.54%, 40.66%, 99.30% and 45.96% respectively from 2017 to 2020. In 2020, the Company ranked first in terms of new annual environmental sanitation service contracts in China, up three places year on year. In terms of environmental sanitation service, with increasing competitiveness in the industry, the Company has developed a unique smart environmental sanitation system.

3. Advantages in the sound marketing network

With its mature sales and service network for environmental sanitation equipment as well as excellent industry experience, the Company has established a business marketing network all over the country, including 300 operation centers and nearly 1,000 environmental governance operation service projects in 31 provinces, cities and autonomous regions. Environmental sanitation service projects vary from city to city, and thus require localization and customization. As governments at all levels have paid more attention to environmental sanitation, sanitation service providers require higher professional operation experience and long-term follow-up services in order to maintain current cooperation while obtaining new projects. Therefore, the development of a highly specialized marketing network is needed for sanitation services to explore commercial opportunities in each region, improve service and delivery quality, and eventually obtain business contracts.



4. Edges in capital and funds

With a sound financial status, good reputation and abundant financing channels, the Company can provide strong funding support for its business development and improve its sustainable operation capabilities, through equity financing and debt financing such as bank loans, corporate bonds (or green bonds), medium-term notes and short-term commercial papers. Meanwhile, the Company has accumulated abundant experience in industrial acquisition, integration and capital operation, as well as strong resources to support itself by multiple means. In addition, the capital strengths and good reputation of the controlling shareholder can offer a solid support to the Company's development.

Part IV Management Discussion and Analysis

I Overview

In 2020, in the face of the severe external situation caused by the coronavirus pandemic, Infore Environment stuck to its development strategies and the annual business plan, seized the industry momentum, focused on its core "5115" strategy, and proactively promoted the development of its smart environmental sanitation business relying on its competitive strengths in environmental sanitation equipment. Thus, the Company has remained an industry leader, by forming its unique smart environmental sanitation system with "intelligent equipment, smart service and Smart Cloud Platform" as its strategic focuses. During the Reporting Period, the Company witnessed a rapid growth in environmental sanitation service and continued leadership in environmental sanitation equipment.

In 2020, the Board of Directors of the Company fully grasped the national economic situation and the development trend of the environmental protection industry, and implemented a business-focused strategy to focus the Company's main business on smart environmental sanitation, in which the Company has core competitive advantages, and the proportion of the Company's main business of smart environmental sanitation rose to 72.03%. The Company has gradually adjusted the non-core businesses by business structure optimization, asset divestiture and spin-off and listing, thus revitalizing the existing resources and inefficient assets, improving the asset management capacity and operational quality, and underpinning the Company's high-quality sustainable development.

For 2020, the Company recorded operating revenue of RMB14,332.0251 million, up 12.89% year on year; and a net profit attributable to the shareholders of the Company of RMB1,386.4761 million, up 1.84% year on year.

For 2020, Zoomlion Environmental recorded operating revenue of RMB10,135.6730 million, up 24.01% year on year; a net profit of RMB1,436.5164 million, up 8.71% year on year; and a net profit attributable to the shareholders of the Company before exceptional gains and losses of RMB1,409.4124 million. Its audited net profit attributable to the shareholders of the Company before exceptional gains and losses totaled RMB3,778 million for the period from 2018 to 2020, higher than the promised amount by RMB56 million, which means that the interests of the Listed Company and minority investors are well protected.

1. Continuously rapid growth of environmental sanitation service

Since the beginning of 2020, the coronavirus pandemic has impacted the environmental sanitation service industry. From January to March, the market stagnated. Amid the pandemic, there were both crisis and opportunities. As one of the heroes in harm's way, practitioners of environmental sanitation have led the public to reflect and hold that it is imperative that we strengthen modern equipment and high-tech application to change the weak position of the traditional environmental sanitation service industry. At the early stage, Infore Environment gained presence in smart environmental sanitation in a targeted manner, and seized opportunities for "intelligent equipment, smart service and Smart Cloud Platform", resulting in preliminary benefits during the Reporting Period.

According to the statistics of Environmental Compass, in 2020, the Company ranked No.1 in the new contract value and the new annual contract value in China. In 2020, the Company recorded operating revenue of RMB1,969 million from environmental sanitation service, and signed a total of 59 new contracts of environmental sanitation service projects in 19 provinces in China, adding RMB1,248 million new annual contract values to the total contract value of RMB12,574 million. As at the end of the Reporting Period, Infore Environment operated 118 environmental sanitation service projects in total, and had contracts worth RMB2,831 million in hand and an accumulative contract value of RMB37 billion. Its projects in hand were mainly PPP projects and medium- and long-term market-oriented projects, indicating prominent capabilities of sustainable operation. During the period of 2016-2020, the Company saw an increase in the total contract value in terms of environmental sanitation service of RMB1,237

million, RMB5,561 million, RMB8,711 million, RMB9,720 million and RMB12,574 million, and recorded annual service value of RMB55 million, RMB305 million, RMB429 million, RMB855 million and RMB1,248 million respectively. During the period of 2017-2020, the Company witnessed a growth rate of the annual income from environmental sanitation service of 454.54%, 40.66%, 99.30% and 45.96% respectively. With rapid improvement of competitiveness in the industry, the Company has developed a unique smart environmental sanitation system. During the Reporting Period, by virtue of Bao'an Project, the Company not only set a record in the industry in terms of volume, but also ranked first place in multiple achievements such as application of new energy environmental sanitation equipment, application of information-based management technologies and AI. It changed city management standards, and fostered internationally-benchmarked public service capabilities of Shenzhen.

2. Continuously leading environmental sanitation equipment

Due to the impact of COVID-19, there was a downturn in bidding of environmental sanitation equipment. After the pandemic eased, the industry started to recover in May. Amid the pandemic, the Company strengthened Internet applications, launched "cloud models" including online product release, publicity and promotion, and displayed new products by visiting customers across the country. Through promotion with the "cloud + offline" models, it boosted growth of market demand, and brought new technologies and products to its customers so that they could learn about new products without traveling afar. Moreover, the Company injected vitality into the market, motivated enterprises, activated capacity, and thus made great achievements and earned a good recognition among customers.

According to the statistics of compulsory traffic accident liability insurance for motor vehicles of the CBIRC, in 2020, the Company ranked first in sales of environmental sanitation equipment for the 20th consecutive year. In 2020, the Company recorded sales of environmental sanitation equipment of RMB8,355 million, a year-on-year increase of 18.78%, and it sold a total of 19,199 pieces of equipment, a year-on-year increase of 11.39%. Among them, it sold 10,643 pieces of medium- and high-end products, a year-on-year increase of 0.59%, with the largest market share of 29.79%; it also sold 1,367 new energy products, a year-on-year increase of 42.69%, with the largest market share of 27.85%.

3. Continuously leading the new energy environmental sanitation equipment

In 2020, the Company sold 1,367 new energy environmental sanitation vehicles, a year-on-year increase of 42.69%, accounting for a market share of 27.85% and ranking first. It also sold 860 all-electric environmental sanitation vehicles, representing an increase of 32.10% in the sales volume, accounting for a market share of 23.06% and ranking first. During the Reporting Period, the Company developed and launched the first hydrogen fuel-powered multifunctional dust suppression vehicle.

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

During the Reporting Period, with the key task of "achieving high-quality development", centering on production and operation links, the Company explored multiple methods for improving its asset operation capabilities to reduce existing assets and control incremental assets. It conducted financing leasing, abandoned high-risk orders, strengthened the mechanism for classification, grading and responsibility regarding contract risks, enhanced reflow of corporate sales income, and accelerated operation turnover efficiency to improve net cash generated from operating activities. As at the end of the Reporting Period in 2020, the Company recorded net cash generated from operating activities of RMB1.669 billion, representing a year-on-year increase of 13.74% from RMB1.485 billion in the previous year. Increase in net cash generated from operating activities of the Company led to improvement of operation quality ultimately. The Company improved quality and efficiency and supported its high-quality sustainable development.

5. Issuance of convertible bonds and consolidation of industrial development basis

During the Reporting Period, the Company issued convertible corporate bonds of RMB1,476 million to raise funds for building a comprehensive allocation center for smart environmental sanitation. Upon completion, through integration of high-quality

traditional environmental sanitation equipment, new energy and new technology environmental sanitation equipment, Smart Cloud Platform with leading technologies and professional training for practitioners of environmental sanitation, the project will provide the Company's environmental sanitation service with more high-quality cloud platform with informatization, IoT and big data as the core. It will help continuously improve the data capabilities of the Company's environmental sanitation service, optimize the management capabilities of environmental sanitation service, and establish a professional brand of operation and management of environmental sanitation service. This project emphasizes Infore Environment's resource integration capabilities in environmental sanitation to build a more professional and modern brand for environmental sanitation service.

6. Positive fulfillment of the social responsibility and shouldering the corporate responsibility

After the outbreak of COVID-19, Infore Environment attached great importance to it and set up an emergency working group at the first time to respond to various emergencies.

On 23 January, the central government imposed a lockdown in Wuhan. On 24 January, Infore Environment launched an emergency action to support Wuhan, and actively contacted with relevant departments of Wuhan. Knowing that there were many people entering and leaving hospitals in Wuhan, which hampered the disinfection and might endanger relevant staff, Infore Environment decided to donate 15 cleaning and disinfection vehicles and 15 tons of disinfectant to the Wuhan Urban Management Committee on the same day. On 25 January, Infore Environment urgently deployed equipment and materials and arranged for professional technical engineers and management personnel back to the workshop to ensure the completion of the vehicle modification. On 27 January, through the concerted efforts of all staff, all 15 cleaning and disinfection vehicles were prepared and sent to Wuhan, accompanied by 15 tons of disinfectant.

During the fight against the pandemic, Infore Environment actively donated money and materials, with a total value of nearly RMB10 million. It was honored by the All-China Federation of Industry and Commerce as an "Outstanding Representative of Private Enterprises in the Fight against the COVID-19 Pandemic". In addition to supporting Wuhan, the Company also provided emergency support to Zhengzhou Qiboshan Hospital for 2 sets of water quality monitoring stations for pollution sources, and donated medical wastewater monitoring equipment to Huanggang Infectious Disease Hospital, actively undertaking corporate social responsibility. At the same time, in accordance with the government's requirements, Infore Environment made every effort to resume work and production, actively coordinating all resources to organize production, and timely delivery of a number of fog cannon trucks, cleaning and disinfection vehicles, cleaning trucks, rubbish trucks and other large sanitation equipment across the country. While the society had reached a crucial juncture between fighting against the pandemic in prevention and control, and achieving high-quality development, Infore Environment has always been working with all sectors of the society to overcome difficulties.

II Core Business Analysis

1. Overview

See "I Overview" above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2020		2019		Change (%)
	Operating revenue	As a % of total	Operating revenue	As a % of total	

		operating revenue (%)		operating revenue (%)	
Total	14,332,025,075.40	100%	12,695,858,666.40	100%	12.89%
By operating division					
Smart environmental sanitation	10,323,422,172.13	72.03%	8,034,877,719.43	63.29%	28.48%
Others	4,008,602,903.27	27.97%	4,660,980,946.97	36.71%	-14.00%
By product category					
Traditional environmental sanitation equipment	7,452,381,951.97	52.00%	6,146,996,844.09	48.42%	21.24%
New-energy environmental sanitation equipment	902,172,174.16	6.29%	886,400,216.94	6.98%	1.78%
Environmental sanitation services	1,968,868,046.00	13.74%	1,001,480,658.40	7.89%	96.60%
Others	4,008,602,903.27	27.97%	4,660,980,946.97	36.71%	-14.00%
By operating segment					
Domestic	14,276,021,772.44	99.61%	12,640,299,972.80	99.56%	12.94%
Overseas	56,003,302.96	0.39%	55,558,693.60	0.44%	0.80%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Smart environmental sanitation	10,323,422,172.13	7,494,987,200.17	27.40%	28.48%	35.97%	-4.00%
Others	4,008,602,903.27	3,271,301,758.83	18.39%	-14.00%	-15.63%	1.58%
By product category						
Traditional environmental sanitation	7,452,381,951.97	5,422,933,163.68	27.23%	21.24%	27.98%	-3.84%

equipment						
New-energy environmental sanitation equipment	902,172,174.16	553,314,420.62	38.67%	1.78%	3.92%	-1.26%
Environmental sanitation services	1,968,868,046.00	1,518,739,615.87	22.86%	96.60%	104.59%	-3.02%
Others	4,008,602,903.27	3,271,301,758.83	18.39%	-14.00%	-15.63%	1.58%
By operating segment						
Domestic	14,276,021,772.44	10,715,099,244.25	24.94%	12.94%	14.73%	-1.17%
Overseas	56,003,302.96	51,189,714.75	8.60%	0.80%	2.84%	-1.81%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2020	2019	Change (%)
Environmental sanitation equipment	Sales volume	Unit	24,233	20,217	19.86%
	Output	Unit	24,515	20,015	22.48%
	Inventory	Unit	2,122	1,840	15.33%
Electric materials	Sales volume	Ton	54,767	60,932	-10.12%
	Output	Ton	54,602	60,774	-10.16%
	Inventory	Ton	1,870	2,035	-8.11%
Ventilation machinery	Sales volume	Unit	150,694	123,694	21.83%
	Output	Unit	149,019	125,068	19.15%
	Inventory	Unit	3,417	5,092	-32.89%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

The inventory of ventilation machinery as at the end of the current year decreased 32.89% compared to the end of last year, primarily driven by a decrease in the number of products with a low unit value.

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2020		2019		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Smart environmental sanitation	Raw materials	6,641,092,791.72	88.77%	5,307,778,765.76	96.28%	25.12%
Smart environmental sanitation	Labor costs	343,174,808.02	4.59%	79,211,526.55	1.44%	333.24%
Smart environmental sanitation	Depreciation	104,388,340.95	1.40%	20,132,469.93	0.37%	418.51%
Smart environmental sanitation	Energy resources including water, electricity, and steam	66,597,774.16	0.89%	9,119,691.94	0.17%	630.26%
Smart environmental sanitation	Other manufacturing costs	325,178,262.77	4.35%	95,795,127.03	1.74%	239.45%
Others	Raw materials	2,870,104,855.95	88.56%	3,549,155,655.58	92.03%	-19.13%
Others	Labor costs	97,432,062.90	3.01%	94,467,394.48	2.45%	3.14%
Others	Depreciation	127,190,822.18	3.93%	57,679,325.43	1.50%	120.51%
Others	Energy resources including water, electricity, and steam	47,866,336.76	1.48%	79,859,131.84	2.07%	-40.06%
Others	Other manufacturing costs	97,771,335.08	3.02%	75,211,551.74	1.95%	30.00%

Note:

Labor costs, depreciation, consumption of energy resources including water, electricity, and steam, as well as other manufacturing costs rose significantly year on year, primarily because revenue from sanitation service increased in the current period, resulting in a corresponding increase in supporting facilities, labor costs, and labor outsourcing costs.

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

√ Yes □ No

1. Entities Newly Included in the Consolidated Financial Statements

Name of entity	How the interest in the entity was obtained	Time of interest obtaining	The Company's capital contribution	The Company's interest (%)
Changde Zelian Environmental Service Co., Ltd.	Incorporation	2020.03	46,695,300.00	90.00
Xiantao Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	2020.04	1,000,000.00	100.00
Shenzhen Yinglian Environmental Industry Co., Ltd.	Incorporation	2020.10	2,000,000.00	100.00
Shenzhen Bao'an Yinglian Urban Service Co., Ltd.	Incorporation	2020.05	109,142,740.00	70.00
Binchuan Zhongying Environmental Service Co., Ltd.	Incorporation	2020.06	927,333.00	92.73
Tangyin Yinglian Environmental Service Co., Ltd.	Incorporation	2020.07	5,760,000.00	100.00
Yangbi Zhongying Environmental Service Co., Ltd.	Incorporation	2020.07	704,682.00	70.47
Shaoyang Zhongfeng Environmental Industry Co., Ltd.	Incorporation	2020.06	10,000,000.00	100.00
Foshan Shunde Yinghe Urban Environmental Service Co., Ltd.	Incorporation	2020.07	1,000,000.00	100.00
Rongcheng Yinglian Urban Environmental Service Co., Ltd.	Incorporation	2020.07	21,000,000.00	100.00
Xi'an Yinglian Urban Environmental Service Co., Ltd.	Incorporation	2020.07	2,000,000.00	100.00
Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd.	Incorporation	2020.07	10,246,725.00	75.00
Xianghe Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	2020.05	10,000,000.00	100.00
Lanling Zoomlion Environmental Service Co., Ltd.	Incorporation	2020.12	2,000,000.00	100.00
Yuncheng Zhongying Urban Environmental Service Co., Ltd.	Incorporation	2020.12	1,000,000.00	100.00
Foshan Yingshun Urban Environmental Service Co., Ltd.	Incorporation	2020.11	7,000,000.00	70.00
Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	2020.10	10,000,000.00	100.00
Foshan Yingtong Electric Material Co., Ltd.	Incorporation	2020.10	350,000,000.00	100.00
Donglan Yinglian Urban Environmental Service Co., Ltd.	Incorporation	2020.01	[Note]	100.00
Baise Yinglian Urban Environmental	Incorporation	2020.01	[Note]	100.00

Service Co., Ltd.				
Infore Zoomlion (Tianjin) Environmental Technology Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Tongbai Tongying Environmental Sanitation Development Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	Incorporation	2020.09	[Note]	100.00
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	2020.04	[Note]	100.00
Foshan Shunde Zhongying Urban Environmental Management Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Qixian Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Lai'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	2020.07	[Note]	100.00
Zhaoyuan Jincheng Environmental Sanitation Management Service Co., Ltd.	Incorporation	2020.07	[Note]	100.00
Ji'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	2020.09	[Note]	100.00
Heze Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	2020.10	[Note]	100.00
Luannan Yinglian Environmental Management Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Shennongjia Forestry District Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Chongqing Zhongying Environmental Sanitation Service Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Renshou Yinglian Urban and Rural Sanitation Service Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Liucheng Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	2020.10	[Note]	100.00
Shengzhou Zoomlion Environmental Engineering Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Foshan Liansheng Environmental Sanitation Service Co., Ltd.	Incorporation	2020.09	[Note]	100.00
Heping Hesheng Environmental Sanitation Service Co., Ltd.	Incorporation	2020.08	[Note]	100.00

Foshan Shunde Lianying Environmental Development Co., Ltd.	Incorporation	2020.10	[Note]	100.00
Suqian Lianying Urban Service Co., Ltd.	Incorporation	2020.11	[Note]	100.00
Shouxian Liansheng Environmental Sanitation Management Co., Ltd.	Incorporation	2020.12	[Note]	100.00
Zaozhuang Zhongying Urban Environmental Service Co., Ltd.	Incorporation	2020.02	[Note]	100.00

[Note]: As of 31 December 2020, the Company has not yet paid in the capital contributions to these entities.

2. Entities Newly Excluded from the Consolidated Financial Statements

Name of entity	How the interest in the entity was disposed of	Time of interest disposal	Net assets at the date of disposal	Net profit from the beginning of the current period to the disposal date
Leiyang Zhongfeng Environmental Industry Co., Ltd.	De-registration	December 2020	0	2,071,976.28
Shenzhen Infore Environment Network Technology Co., Ltd.	De-registration	August 2020	0	118,157.09

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,207,911,520.82
Total sales to top five customers as a % of total sales of the Reporting Period (%)	8.43%
Total sales to related parties among top five customers as a % of total sales of the Reporting Period (%)	7.01%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As a % of total sales revenue (%)
1	Customer A	318,593,711.38	2.23%
2	Customer B	254,151,014.66	1.77%
3	Customer C	242,552,390.47	1.69%
4	Customer D	201,878,188.07	1.41%
5	Customer E	190,736,216.24	1.33%

Total	--	1,207,911,520.82	8.43%
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Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	2,819,265,985.89
Total purchases from top five suppliers as a % of total purchases of the Reporting Period (%)	31.13%
Total purchases from related parties among top five suppliers as a % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As a % of total purchases (%)
1	Supplier A	1,526,789,831.86	16.86%
2	Supplier B	427,478,302.52	4.72%
3	Supplier C	295,563,961.16	3.26%
4	Supplier D	287,050,379.99	3.17%
5	Supplier E	282,383,510.37	3.12%
Total	--	2,819,265,985.90	31.13%

Other information about major suppliers:

Applicable Not applicable

3. Expenses

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Selling expense	801,289,013.51	917,261,553.74	-12.64%	--
Administrative expense	536,466,686.12	391,834,512.74	36.91%	Increase in employee remunerations, intermediary consulting expenditures and other administrative expenses as a result of growth in the Company's business
Finance costs	66,121,331.59	53,955,504.01	22.55%	Increase in interest expense, as well as a decrease in cash discount income and financing income in the current period
R&D expense	254,677,332.19	245,637,610.35	3.68%	Increase in R&D investments

4. R&D Investments

Applicable Not applicable

The Company continued to promote technological innovation, process reform and product development. The total R&D investments amounted to RMB264 million in the Reporting Period, accounting for 1.56% of the audited net assets as at the end of the Reporting Period, and 1.84% of the operating revenue.

Particulars about R&D investments:

	2020	2019	Change (%)
Number of R&D personnel	1,356	1,286	5.44%
R&D personnel as a % of total employees	15.54%	17.99%	-2.45%
R&D investments (RMB)	264,110,819.71	245,637,610.35	7.52%
R&D investments as a % of operating revenue	1.84%	1.93%	-0.09%
Capitalized R&D investments (RMB)	9,433,487.52	27,560,044.93	-65.77%
Capitalized R&D investments as a % of total R&D investments	3.57%	11.22%	-7.65%

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	15,584,916,372.80	13,800,108,466.88	12.93%
Subtotal of cash used in operating activities	13,896,202,281.05	12,315,358,412.86	12.84%
Net cash generated from/used in operating activities	1,688,714,091.75	1,484,750,054.02	13.74%
Subtotal of cash generated from investing activities	5,451,867,664.79	5,111,910,988.96	6.65%
Subtotal of cash used in investing activities	6,335,579,681.05	6,075,274,324.63	4.28%
Net cash generated from/used in investing activities	-883,712,016.26	-963,363,335.67	8.27%

Subtotal of cash generated from financing activities	5,922,067,481.72	3,188,986,842.48	85.70%
Subtotal of cash used in financing activities	4,680,215,496.91	2,814,654,695.61	66.28%
Net cash generated from/used in financing activities	1,241,851,984.81	374,332,146.87	231.75%
Net increase in cash and cash equivalents	2,046,145,151.54	891,714,315.91	129.46%

Explanation of why any of the data above varies significantly on a year-on-year basis:

Applicable Not applicable

1) Cash generated from financing activities increased 85.70% year on year, primarily driven by the issuance of convertible corporate bonds in the Reporting Period.

2) Cash used in financing activities increased 66.28% year on year, primarily driven by a greater amount of bank borrowings repaid upon maturity.

Explanation of why the net cash generated from/used in operating activities varies significantly from the net profit of the Reporting Period:

Applicable Not applicable

III Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As a % of gross profit	Primary source/reason	Recurrent or not
Return on investment	78,328,670.09	4.78%	Return on investment recognized using the equity method, and returns on wealth management products	RMB41,578,662.81 is the returns on long-term equity investments calculated using the equity method, which is recurrent. And the other portion is not recurrent.
Gain/loss on changes in fair value	-95,719,301.47	-5.85%	--	Not
Asset impairment loss	-82,478,500.15	-5.04%	--	Not
Non-operating income	9,844,019.69	0.60%	--	Not
Non-operating expense	58,229,724.05	3.56%	--	Not

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Indicate whether the Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Applicable.

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Monetary assets	5,904,127,970.85	19.61%	3,160,767,624.40	12.72%	6.89%	--
Accounts receivable	5,564,834,864.04	18.48%	4,912,568,006.30	19.77%	-1.29%	--
Inventories	1,305,177,407.85	4.33%	1,145,000,730.01	4.61%	-0.28%	--
Investment property	2,009,006.98	0.01%	568,026.39	0.00%	0.01%	--
Long-term equity investments	318,243,332.69	1.06%	303,292,231.01	1.22%	-0.16%	--
Fixed assets	1,640,546,747.67	5.45%	994,681,585.66	4.00%	1.45%	--
Construction in progress	1,782,529,087.95	5.92%	1,550,462,442.48	6.24%	-0.32%	--
Short-term borrowings	1,657,905,376.55	5.51%	1,606,673,817.48	6.46%	-0.95%	--
Long-term borrowings	765,643,457.78	2.54%	643,843,170.78	2.59%	-0.05%	--
Bonds payable	1,199,466,109.60	3.98%			3.98%	--

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Opening amount	Gain/loss on fair-value changes in the current period	Cumulative fair-value changes recognized in equity	Impairment allowance for the current period	Purchased in the current period	Sold in the current period	Other changes	Closing amount
Financial assets								

1. Held-for-trading financial assets (exclusive of derivative financial assets)	217,138,046.28	-89,949,855.53			4,794.36			127,192,985.11
2. Derivative financial assets	51,100.00	-3,205,100.27			4,793,300.00	0.00	814,549.73	824,750.00
3. Other debt investments								0.00
4. Investments in other equity instruments	26,070,000.00							26,070,000.00
Subtotal of financial assets	243,259,146.28	-93,154,955.80	0.00	0.00	4,798,094.36	0.00	814,549.73	154,087,735.11
Total of the above	243,259,146.28	-93,154,955.80	0.00	0.00	4,798,094.36	0.00	814,549.73	154,087,735.11
Financial liabilities	866,300.00	-2,564,345.67			0.00	2,622,150.00	1,804.33	810,300.00

Particulars about other changes:

Other changes in derivative financial assets and financial liabilities were changes in the fair value of a hedged item—copper in stock.

Indicate whether any significant change occurred to the measurement attributes of the major assets in the Reporting Period.

Yes No

3. Assets to which the Company's Rights Were Restricted as at the Period-End

Unit: RMB

Item	Closing carrying amount	Reason for restriction
Monetary assets	1,246,301,871.62	Security deposits, frozen and preserved amount in legal procedures, and amount in escrow account
Accounts receivable	103,965,922.09	In pledge
Receivables financing	306,145,249.74	In pledge
Long-term receivables and current portion of	49,160,385.66	Factoring with the right of recourse

non-current liabilities		
Fixed assets	551,470,379.29	As collateral
Investment property	51,185.99	As collateral
Intangible assets	236,472,755.88	As collateral
100% equity interests of Funan Greenlander Environmental Protection Co., Ltd.	58,236,923.40	In pledge
100% equity interests of Shouxian Greenlander New Energy Co., Ltd.	80,691,695.44	In pledge
100% equity interests of Xiantao Greenlander Environmental Protection Power Co., Ltd.	204,935,012.39	In pledge
25% equity interests in Lianjiang Greenlander New Energy Co., Ltd.	23,149,733.54	Frozen and preserved in legal procedures
Total	2,860,581,115.04	--

V Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Significant Equity Investments Acquired in the Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the current period	Cumulative fair-value changes recognized in equity	Purchased in the current period	Sold in the current period	Gain/loss in the current period	Closing carrying amount	Accounting title	Funding source

Domestically/ overseas listed stock	600340	CFLD	3,019,500.00	Fair value	215,250,000.00	-89,182,500.00				-89,182,500.00	126,067,500.00	Held-for-trading financial assets	Original contribution
Domestically/ overseas listed stock	002161	Invengo	1,662,299.72	Fair value	1,888,046.28	-770,753.07				-770,753.07	1,117,293.21	Held-for-trading financial assets	Purchased from the secondary market
Domestically/ overseas listed stock	605155	Xidame n	2,095.83	Fair value	0.00	921.69	0.00	2,095.83		921.69	3,017.52	Held-for-trading financial assets	Purchased from the secondary market
Domestically/ overseas listed stock	605179	Yiming Food	2,698.53	Fair value	0.00	2,475.85	0.00	2,698.53		2,475.85	5,174.38	Held-for-trading financial assets	Purchased from the secondary market
Total			4,686,594.08	--	217,138,046.28	-89,949,855.53	0.00	4,794.36	0.00	-89,949,855.53	127,192,985.11	--	--
Disclosure date of the board announcement approving the securities investments			23 April 2018										
Disclosure date of the general meeting announcement approving the securities investments (if any)			16 May 2018										

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Raised Funds

Applicable Not applicable

(1) Overall Use of Raised Funds

√ Applicable □ Not applicable

Unit: RMB'0,000

Year for fund-raising	Method of fund-raising	Total raised funds	Total raised funds that have been used in the current period	Total raised funds that have been used accumulatively	Total raised funds with altered purposes during the Reporting Period	Total accumulative raised funds with altered purposes	Proportion of total accumulative raised funds with altered purposes	Total raised funds that have not been used yet	Use and ownership change of unused raised funds	Raised funds that have been left unused for over two years
2020	Public offering	145,733.62	17,463.39	17,463.39	0	0	0.00%	128,270.23	The Proposal on Using Some Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 9th Extraordinary Meeting of the 9th Board of Directors and the 10th Extraordinary Meeting of the 9th Board of Directors held by the Company on 4 December 2020, allowing the Company to use restricted raised funds of no more than RMB1	0

									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 term of no more than 12 months as of the date when the Proposal was deliberated and approved by the Board of Directors.	
Total	--	145,733.62	17,463.39	17,463.39	0	0	0.00%	128,270.23	--	0
Explanation of the overall use of raised funds										
<p>Upon approval by the Document ZH.J.X.K. [2020] No. 2219 of the China Securities Regulatory Commission (CSRC) and with the consent of the Shenzhen Stock Exchange (SZSE), the lead underwriter of the Company, Huaxing Securities 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 RMB100, each having a par value of RMB100, totaling RMB1,476,189,600.00. Specifically, priority allotment of 9,405,386 CB was issued to original shareholders of the Company, accounting for 63.71% of the total amount of this public offering; 5,304,730 CB was issued to public investors through online channels, accounting for 35.94% of the total amount of this public offering; 51,780 CB was to be underwritten by the lead underwriter, accounting for 0.35% of the total amount of 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 10 November 2020, and the amount actually received after deducting RMB15,238,100 of underwriting and sponsorship fees (tax-exclusive) was RMB1,460,951,500. After deducting RMB3,615,300 (tax-exclusive) of external fees that were directly related to CB such as online offering expenses, printing fee for the prospectus, fees of the reporting accountant, counsel fee, credit rating fee, information disclosure expenses, and issuance commission fee, the net raised funds of the Company from this offering were RMB1,457,336,200. 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).</p>										

(2) Committed Projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB'0,000

Committed investment projects and investment of excessive raised funds	Whether projects have been altered (including partial alternation)	Total committed investment with raised funds	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 recorded during the Reporting Period	Whether the estimated benefits are reached	Whether there are material changes in the project feasibility
Committed investment projects										
The project of the comprehensive intelligent sanitation allocation center	No	129,638.49	129,638.49	1,368.26	1,368.26	1.06%	31 December 2022		N/A	No
Replenishment of working capital	No	16,095.13	16,095.13	16,095.13	16,095.13	100.00%	31 December 2020		N/A	No
Subtotal of committed investment projects	--	145,733.62	145,733.62	17,463.39	17,463.39	--	--		--	--
Investment of excessive raised funds										
N/A										
Repayment of bank loans (if any)	--	0	0	0	0	0.00%	--	--	--	--
Replenishment of working capital (if any)	--	0	0	0	0	0.00%	--	--	--	--
Subtotal of investment of excessive raised funds	--	0	0	0	0	--	--	0	--	--
Total	--	145,733.62	145,733.62	17,463.39	17,463.39	--	--	0	--	--
Cases and reasons for	None									

failing to reach the planned progress or predicted return (by specific projects)	
Explanations of the material changes in the project feasibility	None
Amount, use, and use progress of excessive raised funds	N/A
Implementation of location changes in the investment projects with the raised funds	N/A
Implementation of method adjustments to the investment projects with the raised funds	N/A
Early investment and placement concerning the investment projects with the raised funds	N/A
Temporary replenishment of working capital with the idle raised funds	Applicable The Proposal on Using Some Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 9th Extraordinary Meeting of the 9th Board of Directors and the 10th Extraordinary Meeting of the 9th Board of Directors held by the Company on 4 December 2020, allowing the Company to use restricted raised funds of no more than RMB1 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 term of no more than 12 months as of the date when the

	Proposal was deliberated and approved by the Board of Directors. As at 31 December 2020, the balance of the idle raised funds used by the Company for temporary replenishment of working capital was RMB1,000,000,000.
Surplus raised funds for project implementation and reasons for the surplus	N/A
Use and ownership change of unused raised funds	The Proposal on Using Some Idle Raised Funds to Replenish Working Capital was deliberated and approved at the 9th Extraordinary Meeting of the 9th Board of Directors and the 10th Extraordinary Meeting of the 9th Board of Directors held by the Company on 4 December 2020, allowing the Company to use raised funds of no more than RMB1 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 term of no more than 12 months as of the date when being deliberated and approved by the Board of Directors. As at 31 December 2020, the balance of the idle raised funds used by the Company for temporary replenishment of working capital was RMB1,000,000,000. Other unused raised funds of RMB284,509,100 were still retained on the special account of raised funds in the form of demand deposits at banks for the purpose of continuous construction of corresponding fund-raising projects.
Problems in the use of raised funds and disclosure, or other cases	None

(3) Altered Projects of Raised Funds

Applicable Not applicable

No such cases in the Reporting Period.

VI 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

VII Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB

Name	Relationship with the Company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Changsha Zoomlion Environmental Industry Co., Ltd.	Subsidiary	Intelligent sanitation	RMB2,351.5298 million	14,748,699,793.30	6,813,202,919.41	10,135,672,962.73	1,701,177,612.90	1,436,516,377.48
Shenzhen Greenlander Environmental Protection Co., Ltd.	Subsidiary	Environment monitoring and treatment of solid waste	RMB150 million	1,741,873,028.13	38,592,327.42	181,203,208.46	2,913,858.34	1,458,573.11
Guangdong Infore Technology Co., Ltd.	Subsidiary	Environment monitoring and treatment of solid waste	RMB110 million	789,035,728.95	101,177,283.36	211,026,157.11	16,676,579.49	22,011,639.68
Foshan Infore Environment Water Treatment Co., Ltd.	Subsidiary	Environment monitoring and treatment of solid waste	RMB100,000	595,470,908.92	163,408,762.29	156,482,090.72	62,080,036.62	55,592,595.40
Foshan Yingtong Electric Material Co., Ltd.	Subsidiary	Manufacturing of electric materials and others	RMB350 million	1,275,456,508.41	552,633,962.43	2,541,740,190.79	48,813,200.25	33,222,086.94

Subsidiaries acquired or disposed of in the Reporting Period:

√ Applicable □ Not applicable

Name	Way of acquisition or disposal	Effects on the overall operations and performance
Donglan Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Baise Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Zaozhuang Zhongying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Changde Zelian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xiantao Yinglian Environmental Protection	Incorporation	Positive effects on the Company's business

Technology Co., Ltd.		
Xianghe Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Binchuan Zhongying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Bao'an Yinglian Urban Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Yinghe Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Liansheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shaoyang Zhongfeng Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Tangyin Yinglian Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Xi'an Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Yangbi Zhongying Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Rongcheng Yinglian Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Lai'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Zhaoyuan Jincheng Environmental Sanitation Management Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Ji'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Heping Hesheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Lianying Environmental Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Shouxian Liansheng Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Shunde Zhongying Urban Environmental Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Suqian Lianying Urban Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Liucheng Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Chongqing Zhongying Environmental	Incorporation	Positive effects on the Company's business

Sanitation Service Co., Ltd.		
Renshou Yinglian Urban and Rural Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Infore Zoomlion (Tianjin) Environmental Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Yuncheng Zhongying Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Lanling Zoomlion Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Tongbai Tongying Environmental Sanitation Development Co., Ltd.	Incorporation	Positive effects on the Company's business
Shennongjia Forestry District Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Shengzhou Zoomlion Environmental Engineering Co., Ltd.	Incorporation	Positive effects on the Company's business
Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	Positive effects on the Company's business
Heze Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Yinglian Environmental Industry Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Yingshun Urban Environmental Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	Incorporation	Positive effects on the Company's business
Foshan Yingtong Electric Material Co., Ltd.	Incorporation	Positive effects on the Company's business
Qixian Tongying Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	Positive effects on the Company's business
Shenzhen Infore Environment Network Technology Co., Ltd.	De-registration	Asset optimization, with no significant impact on the Company's operations and performance
Leiyang Zhongfeng Environmental Industry Co., Ltd.	De-registration	Asset optimization, with no significant impact on the Company's operations and performance

Other information on principal subsidiaries and joint stock companies:

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Prospects

(I) Industry Development and Trend

1. National policies will promote the development of the sanitation industry

According to the New Energy Vehicle Industry Development Plan (2021-2035), from 2021, new energy vehicles (NEVs) should account for no less than 80% of the vehicles newly added and replaced in public transport areas such as national ecological civilization pilot zone and key regions for prevention and control of atmospheric pollution.

The State Council has issued the Guidelines on Carrying out the Patriotic Public Health Campaign in a Deep-going Way to perfect public health facilities, improve the living environments for urban and rural residents, and promote the comprehensive management of environmental hygiene in urban and rural areas; enhance social health management, make coordinated efforts to promote the building of a healthy China, and vigorously boost the construction of health cities and towns.

The Fifth Plenary Session of the 19th CPC Central Committee raised clear requirements for "drawing up an action plan for carbon emissions to peak by 2030", putting forward specific objectives, indicators, main ways, and policy suggestions for the plan to make it practical and feasible and can be continued and carried forward in the future. Many local governments clearly stated that they would take solid steps toward the goals of achieving peak carbon emissions and carbon neutrality, develop action plans for carbon emissions to peak by 2030, optimize the industrial and energy structures, promote the clean and efficient use of coal, and make a major push to the development of new energy resources.

According to the Several Opinions on Further Promoting the Classification of Domestic Waste, China aims to take another five years or so to establish a fundamentally complete system of laws and regulations for domestic waste classification; cities at the prefecture level and above shall establish a system for domestic waste sorting, separate collection, classified transportation, and sorting treatment according to local conditions. Residents shall generally cultivate household waste sorting habits; the recycling rate of domestic garbage in cities across the country should exceed 35%.

The Guiding Opinions on Building a Modern Environmental Governance System require that key environmental protection technologies and products shall be enhanced, the demonstration and application of first (set of) technical equipment for environmental protection shall be advanced, and the quality of technical equipment for the environmental protection industry shall be expeditiously improved.

2. The demands for sanitation services will keep increasing

As a part of public services, sanitation services' income comes from the government's fiscal expenditure as inflexible items and is less affected by macroeconomic regulation. Therefore, sanitation services are featured by sustainability and stability.

(1) Urbanization has led to increasing service demands

With the constant development of urbanization, the construction of urban roads will directly increase road cleaning space, urban housing, community construction, and urban green space, and thus give rise to higher demands for sanitation equipment and cleaning services in cities and towns. In addition, public sanitation is a necessary guarantee condition for cities in different provinces to engage in a series of urban upgrading and construction as "national civilized cities", "national health cities", "national environmental protection exemplary cities", "national ecological garden cities", etc. According to the statistical data released by Ministry of Housing and Urban-Rural Development, from 2010 to 2018, China's road cleaning space in cities and counties increased from 6,257 million square meters to 11,249 million square meters, with the overall road cleaning space increasing by nearly 80%. Meanwhile, the domestic waste generated in cities and counties increased from 221 million tons to 295 million tons, with the overall domestic waste increasing by 33%. In the context of urbanization, to ensure the roads, residential districts, and municipal gardens in cities and towns

are clean, and maintain the normal transportation and treatment of domestic waste, cities and towns are continuously raising demands for sanitation services.

(2) The rural sanitation market is gradually developing with the onset of building "beautiful villages"

For a long time, not enough attention has been paid to the waste produced in China's rural areas. In most rural areas, the construction of waste disposal facilities is rare, with an extremely unsound treatment mechanism for rural waste. The 13th Five-Year Plan for National Integrated Rural Environment Management specified that by 2020, additional 130,000 incorporated villages would have completed the integrated environmental management, adding the number of such villages up to over one third of the total incorporated villages across the country, and more than 4.5 million pieces/sets garbage collection, transportation, and treatment facilities would have been established. The 13th Five-Year Plan for Ecological & Environmental Protection released by the State Council in November 2016 also clarified that China would speed up the construction of waste treatment facilities in counties and realize the full coverage of waste treatment facilities in cities and towns by the end of 2020.

In the era of building "beautiful villages" and boosting urban and rural sanitation integration, projects like promotion by all counties and comprehensive management have emerged continuously and the rural sanitation market will enter a new stage for further rapid market expansion. In the further, with great potential, the rural sanitation market will be able to provide a broad market and large room for improvement for the sanitation service industry and even the whole sanitation market.

(3) With the continuous advancement of waste sorting, the market demands will be increasing constantly

In September 2020, President Xi Jinping chaired the meeting of the Central Commission for Comprehensively Deepening Reform, at which the Several Opinions on Further Promoting the Classification of Domestic Waste were deliberated and passed. With the accelerated promotion of waste sorting policies, since the traditional collection and transportation facilities cannot satisfy the demands for classified collection and transportation and the four treatment procedures including delivery, collection, transportation, and treatment of domestic waste will be divided into four steps, the traditional collection and transportation system for domestic waste will be completely changed. Accordingly, as demands to upgrade traditional practices and sanitation technologies and equipment keeps rising, plus the investment demand for intelligent system improvement, the market demands will be constantly increasing.

(4) Under the influence of the goal of carbon neutrality, the process of sanitation equipment using new energy resources will be further accelerated

According to the relevant policies that have been successively issued by local governments, in principle, the updated sanitation vehicles should be mainly based on new energy resources. In the future, it is expected that the procurement of new energy sanitation vehicles will be on the rise, which will further accelerate the process of sanitation equipment using new energy resources for years to come. In November 2020, the New Energy Vehicle Industry Development Plan (2021-2035) was issued, requiring that new energy vehicles (NEVs) should account for no less than 80% of the vehicles newly added and replaced in key regions and public areas. Since 2012, China has worked out the guiding policy on accelerating fostering the new energy vehicle industry and issued several important documents successively for implementation. In addition, after going through a gestation period, the promotion of new energy sanitation vehicles has now entered a period of explosive growth.

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

The improvement in the mechanization rate in the sanitation industry can reduce the cost of the sanitation work and reduce the financial burdens on the government and enterprises. With the increasing expansion of road cleaning space in China's urban and rural areas, the mechanization rate in the sanitation industry will gradually rise. According to the statistical communique on urban and rural construction prepared by Ministry of Housing and Urban-Rural Development, at the end of 2018, the mechanical cleaning space of the road in cities across the country reached 5,986 million square meters, with a mechanical cleaning rate of 68.85%; the

mechanical cleaning space of the road in counties across the country reached 1,628 million square meters, with a mechanical cleaning rate of 63.70%. However, compared with cities in advanced countries whose mechanical sanitation rates usually reach 80%, there is still a large space for the improvement of mechanization rate in the sanitation industry in China. In the future, in the context of the increasingly higher labor cost, the mechanical sanitation work will become the main development direction for China's sanitation market and cover miscellaneous segments such as road sweeping, guardrail cleaning, and waste collection and transportation.

(6) The aging trend in China will expand the sanitation equipment market

The frequent adjustments made by China in terms of minimum wages in different countries have largely influenced the operating costs of sanitation service enterprises. The defects including high operating costs and low working efficiency in the traditional manual sanitation service model have increased the business pressure on sanitation operation enterprises. In addition, according to the prediction made by the China National Committee on Aging, China's elderly population will reach 248 million by 2020, indicating that the percentage of the elderly population has reached 17.17%. The trend will aggravate the shortage of labor force in the field of sanitation services. Meanwhile, with the diversification of employment selections, the number of young and middle-aged workers that are willing to engage in sanitation work continues to decline day by day. Therefore, improving the mechanical sanitation rate and expanding the use scope of sanitation equipment not only are the real needs in the context of the shortage of labor force in the market but also are the requirements for the development of the urban sanitation level.

(7) Technological progress has caused breakthroughs in the industry

The rapid development of 5G and AI technologies has broadened the industry boundary and brought about infinite possibilities for industry reform. Intelligent, manpower saving, and even unmanned operation will be the general trend while small intelligent equipment and smart services will be the new spotlights, bringing about new factors and growth points for the industry.

(II) Competitive landscape in the industry

At this stage, due to the marketization of the environmental sanitation service, a large number of enterprises have engaged in this industry. According to the Annual Report on Sanitation Bidding Market released by the Yi Biao Tong Sanitation Data Center, there were currently about 10,000 relatively active sanitation enterprises nationwide. In the future, under the trends of mid- and high-end mechanization, intelligent sanitation operation, sanitation services integration and wide-area sanitation market, the sanitation market will put forward higher requirements for enterprises in the sanitation industry in terms of technical strength, marketing strength, R&D strength and financial strength. Therefore, with the continuous enhancement of sanitation industry access, survival barriers, Chinese sanitation market concentration will also continue to improve in the future. Enterprises with weak financial strength, small scale, low technology and inefficient management will be gradually replaced, while enterprises with large scale, strong financial strength, leading technology, diversified business model and standardized operation will become the mainstream of the industry.

Industry-leading intelligent management

The Company chose flexible business model for investment and operation in its "smart environmental sanitation" service, relying on the leading technology, brand, marketing network, and management advantages of sanitation equipment, etc., to develop a smart environmental sanitation system with its own characteristics, including a unified system of smart equipment, smart platform, and smart environmental sanitation. Taking into account the continuous technological changes and application innovations of sanitation IoT, cloud platform development, the core of intelligent operation of sanitation services was to continuously upgrade its products and operation platform in accordance with the changes in frontier technology. The Company has accumulated rich industry experience in sanitation services, and has accumulated a strong foundation of research and development strength in the intelligent management. The Company's self-developed products, such as smart environmental sanitation cloud platform, smart sorting

platform, smart environment platform and new energy autonomous driving platform, met the main needs of the market to upgrade from "cleaners" to "urban housekeepers", and provided integrated IoT application solutions of full lifecycle and platform operation services for customers in the fields of new energy autonomous driving, domestic waste sorting, waste collection and transfer, road cleaning, sanitation personnel management, kitchen waste collection and transportation, sludge transportation supervision, leachate treatment and smart city construction.

Industry-leading sanitation equipment

The sanitation equipment required for environmental sanitation services is a technological and capital-intensive industry. As new technologies and application updates of the industry are accelerating, the Company must keep up with industry development for technological improvement and innovation and enhance knowledge reserves and updates to adapt to the changing competitive environment so that the company can meet market demands. After years of continuous technological innovation, Infore Environment has established product series with diversified categories and specifications in the field of environmental sanitation equipment, which involve a wide range of disciplines, strong comprehensiveness across different sectors, integrating hydromechanics, mechanical engineering, aerodynamics, environmental engineering, material science and other professional knowledge. The Company is a high-tech enterprise with industry-leading R&D capacity, and has taken the lead in formulating a number of national, industry and local standards. Therefore, with its strong R&D capacity, technical advantages and industry-leading position, the Company's comprehensive sanitation resources allocation center can continuously provide high-quality environmental sanitation equipment for sanitation service projects.

In addition, the Company enjoys the largest share of environmental sanitation equipment business in China, covering a total of more than 400 product models including intelligent sanitation robot, autonomous sanitation vehicle, sanitizer, cleaning sweeper, high-pressure sewer flushing vehicle, compression refuse collector, waste transfer truck, kitchen refuse truck, refuse station equipment, waste sorting equipment, municipal garden equipment, snow and ice removal equipment, leachate and wastewater treatment equipment. These equipment can fully meet the personalized requirements and product mix demands of downstream customer segments with high quality.

Well-established marketing network

Sanitation service projects are highly regional and customized; as governments at all levels have attached more importance to environmental health, sanitation service projects require higher professional operation experience and long-term follow-up services to maintain current cooperation while obtaining new projects. Therefore, the development of a highly specialized marketing network is needed for sanitation services to explore commercial opportunities in each region, improve service and delivery quality, and obtain business opportunities. Benefiting from its first-mover advantage in the field of environmental sanitation equipment, the Company has established a business marketing network covering all provinces, cities, and autonomous regions (except for Hong Kong, Macao and Taiwan) in China. It has actively expanded its investment and operation of sanitation service projects over the past few years with its mature sales and service network for environmental sanitation equipment as well as excellent industry experience.

In summary, as market concentration continues to increase, the Company will rely on its absolute advantage in environmental sanitation equipment, and fully leverage its strong R&D capacity and technical foundation, wide-range marketing network, well-known industry brand image, mature sanitation integration model and other core competitive advantages to adapt to and even lead the development of the sanitation industry. Driven by the aforementioned core competitive advantages, the Company's market share will continue to increase, and it will become a leading enterprise in the sanitation industry.

(III) Work and business plan for 2021

In 2020, centering on the development strategy and annual business plan, the Company focused on core strategic business, stripped and split off non-core businesses, actively promoted smart environmental sanitation, environmental monitoring and solid

waste treatment, and soundly completed the business plan for 2020. The business target set at the beginning of the year was for the Company to achieve RMB35 billion in the planned cumulative contract amount of its smart environmental sanitation services and RMB1.5 billion in its annual operating revenue; the actual planned cumulative contract amount of the Company's smart environmental sanitation services reached RMB37 billion while its annual operating revenue recorded RMB1,969 million, completing the business target.

The business target for 2021: The Company will reach RMB50 billion in the planned cumulative contract amount of its smart environmental sanitation services and RMB2.8 billion in its annual operating revenue; the planned cumulative contract amount of the Company's smart environmental sanitation services from 2020 to 2024 will reach RMB100 billion while its annual operating revenue reaches RMB10 billion.

Since smart environmental sanitation service is the Company's strategic core business, the Company will continue to increase resource input and strive to become one of the best enterprises in the industry.

In 2021, the Company will continue to focus on its core business - smart environmental sanitation, adhere to the business strategy of leading technology and leading product, steadily reinforce its leading advantages in environmental sanitation equipment as well as environmental sanitation services featuring intellectualization, the Internet of Things and network, and maintain its industry-leading position.

(IV) Plan for the use of funds

Since 2021 is a key phase for its rapid development, the Company has a large demand for funds and will establish a fund supply/demand plan competent for its development. The Company will make full use of its own funds, optimize its financial structure while enhancing the management of accounts receivable, provide strong capital guarantee for its business development, and control financial risks. The sources of funds mainly include the optimization and combination of funds raised through various channels such as the issuance of commercial paper and medium-term note, cash flow from operating activities, and bank loans.

(V) Main risk factors that may cast adverse impacts on the realization of the Company's future development strategies and business objectives

1. Policy risk

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

Countermeasures: The Company will pay close attention to the changes in national macroeconomic policies, step up its study and analysis of industry policies, increase the scientific decision-making level of management personnel, and improve its ability to fend off policy risks.

2. Operation and control risk

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

Countermeasures: While strengthening the building of its talent team, the Company will place emphasis on developing its management and risk control systems, further improve its operation and management systems as well as business procedures, continue to enhance refined management, and strengthen the risk control and cultural development of subordinate enterprises.

3. Risk of intensified market competition

The environmental sanitation industry is an emerging comprehensive industry at its early marketization stage in China with low organizational level and concentration. However, it is currently going through rapid growth. More upstream and downstream enterprises as well as new enterprises in other fields are entering the industry, and market competition will continue to intensify, which brings the risk that the Company's market share may decline in the future.

Countermeasures: The Company will continue to adhere to the technology-driven development strategy and ensure its technology-leading position in the industry to consolidate its industry-leading position.

The contents herein involving plans and result forecasts shall not constitute the Company's commitment to any investors and relevant persons. All investors and relevant persons shall remain adequately aware of risks.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

√ Applicable □ Not applicable

Date	Place	Way of communication	Type of the communication party	Main discussions and materials provided by the Company	Index to the relevant information
15 January 2020	Company Conference Room	By phone	Individual	Learned about the Company's operations	-
18 March 2020	Company Conference Room	By phone	Individual	Learned about the current market condition for the Company	-
7 May 2020	Shenzhen	By visit	Institution	Learned about the Company's primary operations	The log sheet of investor relations activities disclosed by the Company on www.cninfo.com.cn dated 9 May 2020
27 May 2020	Company Conference Room	By phone	Institution	Learned about the Company's operations	The log sheet of investor relations activities disclosed by the Company on www.cninfo.com.cn dated 28 May 2020
2 July 2020	Foshan City in Guangdong	By visit	Institution	Learned about the Company's	The log sheet of investor relations activities

	Province, and Changsha City in Hunan Province			operations	disclosed by the Company on www.cninfo.com.cn dated 2 July 2020
25 August 2020	Foshan City in Guangdong Province	By visit	Institution	Operating results briefing	The log sheet of investor relations activities disclosed by the Company on www.cninfo.com.cn dated 26 August 2020
28 October 2020	Changsha City in Hunan Province	By visit	Institution	Learned about the Company's operations	The log sheet of investor relations activities disclosed by the Company on www.cninfo.com.cn dated 28 October 2020
18 November 2020	Company Conference Room	By phone	Individual	Learned about the Company's operations	-
29 December 2020	Company Conference Room	By phone	Individual	Learned about the Company's operations	-
Times of communications					9
Number of institutions communicated with					5
Number of individuals communicated with					4
Number of other communication parties					0
Tip-offs or leakages of substantial confidential information					None

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

The profit distribution policy for ordinary shareholders, especially the formulation, implementation and amendments to the 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 once a year. 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 distributable profit recorded 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 statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling shareholders are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

1. 2020: According to the 2020 Final Dividend Plan approved at the 13th Meeting of the 9th Board of Directors on 22 April 2021, based on the total share capital (minus the shares in the Company's repurchase account) at the date of record for the 2020 Final Dividend Plan, a cash dividend of RMB1.20 (tax inclusive) per 10 shares is planned to be distributed to the shareholders.

2. 2019: According to the 2019 Final Dividend Plan approved at the 4th Meeting of the 9th Board of Directors on 23 April 2020, based on the total share capital (minus the shares in the Company's repurchase account) at the date of record for the 2019 Final Dividend Plan, a cash dividend of RMB1.10 (tax inclusive) per 10 shares is planned to be distributed to the shareholders.

3. 2018: According to the 2018 Final Dividend Plan approved at the 27th Meeting of the 8th Board of Directors on 17 April 2019, a cash dividend of RMB1.00 (tax inclusive) per 10 shares is planned to be distributed to the shareholders. The total cash dividend

payout amounted to RMB316,306,214.60, and the retained earnings of RMB606,780,499.66 were carried forward for future distribution.

Cash dividends for ordinary shareholders in the past three years (including the Reporting Period):

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (like share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (A+C)	A+C as % of B (%)
2020	379,569,641.52	1,386,476,099.73	27.38%	8,920,597.83	0.64%	388,490,239.35	28.02%
2019	347,936,836.06	1,361,453,754.17	25.56%	99,993,196.00	7.34%	447,930,032.06	32.90%
2018	316,306,214.60	928,577,765.32	34.06%	0.00	0.00%	316,306,214.60	34.06%

Indicate whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company distributable to the ordinary shareholders are positive.

Applicable Not applicable

II Final Dividend Plan for the Reporting Period

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	1.2
Share base (share)	3,163,080,346.00
Cash dividends (RMB) (tax inclusive)	379,569,641.52
Cash dividends in other forms (such as share repurchase) (RMB)	8,920,597.83
Total cash dividends (including those in other forms) (RMB)	388,490,239.35
Distributable profit (RMB)	502,505,012.72
Total cash dividends (including those in other forms) as a % of total distributable profit	28.02%
Cash dividend policy	
Other	
Cash and/or stock dividend plan in detail	

The 2020 Final Dividend Plan: based on the total share capital (minus the shares in the Company's repurchase account) at the date of record for the 2020 Final Dividend Plan, a cash dividend of RMB1.20 (tax inclusive) per 10 shares is planned to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

The distributable profit stood at RMB1,001,411,231.44 as at the end of 2019. With a net profit of RMB-150,969,382.66 and RMB0 set aside as surplus reserves for 2020, the distributable profit stood at RMB502,505,012.72 as at the end of 2020. Where there is no share repurchase before the implementation of the 2020 final dividend plan, the total share capital for the 2020 final dividend plan at the date of record would be the existing share capital of 3,163,080,346 shares. And according to the 2020 final dividend plan, a cash dividend of RMB1.20 (tax inclusive) per 10 shares would be distributed to the shareholders. The total cash dividend payout would amount to RMB379,569,641.52, and the retained earnings would be RMB122,935,371.20. Where any share repurchase occurs before the implementation of the 2020 final dividend plan, the repurchased shares will be excluded from the total share capital for the 2020 final dividend plan, and the total cash dividend payout will be reduced accordingly.

III Performance of Undertakings

1. Undertakings of relevant parties such as the actual controller, shareholders, related parties, buyers of the Company and the Company that had been completed during the Reporting Period and that had not been fully completely as of the end of the Reporting Period

√ Applicable □ Not applicable

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfillment of undertakings
Undertakings related to reform of shareholder structure	--	--	--	--	--	--
Undertakings made in acquisition report of change of equity report	--	--	--	--	--	--
Undertakings made in asset reorganization	Yuemin Investment Yinglian, Hongchuang Investment, Ningbo Liantai, Ningbo Infore; Ningbo Yingtai, Ningbo Zhongfeng, Shanghai Junhe, Zoomlion	Undertaking related to performance and compensation arrangement	Zoomlion Environmental made an undertaking that the cumulative net profit in in 2018, 2019 and 2020 shall not be less than RMB3,722 million.	15 August 2018	31 December 2020	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	Actual controller He Jianfeng	Undertaking on not to relinquish the control right of the listed company	I undertake not to relinquish the actual control right of the listed company within 60 months from the date of completion of this transaction.	3 January 2019	60 months	It is in normal progress of fulfillment, without breach of undertaking.
	Actual controller He Jianfeng	Undertaking on restrictions on sale of shares	If the proportion of the shares of the listed company held by me and the enterprises under my control increases, the shares of the listed company held by me before this transaction will not be transferred externally within 12 months after the completion of this transaction.	3 January 2019	12 months	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	Ningbo Infore Asset Management	Undertaking on restrictions on	1. The shares of the listed company acquired from	3 January 2019	42 months	It is in normal

	Co., Ltd.	sale of shares	this transaction shall not be transferred within 36 months from the closing date of issuance. 2. Within 6 months from the completion of this transaction, in case the closing price of the listed company's stock is lower than its issue price for 20 consecutive trading days, or the closing price by the end of the sixth month from the completion of this transaction is lower than the issue price, the lock-up period of Ningbo Infore holding shares in the listed company shall automatically extend for at least 6 months.			progress of fulfillment, without breach of undertaking.
	Counterparties Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking on restrictions on sale of shares	The shares of the listed company acquired from this transaction shall not be transferred within 36 months from the closing date of issuance.	3 January 2019	36 months	It is in normal progress of fulfillment, without breach of undertaking.
	Hongchuang Investment, Lvlian Junhe, Zoomlion	Undertaking on restrictions on sale of shares	The shares of the listed company acquired from this transaction shall be locked up upon completion of issuance and shall not be transferred within 12 months from the date of completion of issuance.	3 January 2019	12 months	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	Yuemin Investment Yinglian	Undertaking on restrictions on sale of shares	1. The shares of the listed company acquired from this transaction shall be locked up upon completion of issuance and shall not be transferred within 12 months from the date of completion of issuance. 2. The property shares held by Yuemin Investment Yinglian shall not be transferred, sold or withdrawn within 12 months from the closing date of issuance of shares of the listed company in this transaction.	3 January 2019	12 months	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	Actual controller He Jianfeng,	Undertaking on avoiding	Undertaking on avoiding horizontal competition,	15 August 2018	Permanent	It is in normal

	Ningbo Infore, Infore Holding	horizontal competition, regulating and reducing related-party transactions and independence of listed companies	regulating and reducing related-party transactions and independence of listed companies			progress of fulfillment, without breach of undertaking.
	Ningbo Infore, Hongchuang Investment, Zoomlion, Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking on avoiding horizontal competition, regulating and reducing related-party transactions	Undertaking on avoiding horizontal competition, regulating and reducing related-party transactions	15 August 2018	Permanent	It is in normal progress of fulfillment, without breach of undertaking.
	Ningbo Yingtai, Ningbo Zhongfeng, Ningbo Liantai	Undertaking related to the term of employment and non-competition	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 Environment) shall still work in the target company for at least 36 months from the closing date of the underlying shares.	27 November 2018	36 months	It is in normal progress of fulfillment, without breach of undertaking.
	Greenlander Investment Holding Co. Ltd. and Zheng Weixian	Undertaking related to performance	The accumulative total net profit recorded by Lianjiang Greenlander New Energy Co. Ltd., Xiantao Greenlander Environmental Protection Power Co., Ltd., Funan Greenlander Environmental Protection Energy Co., Ltd. and Shouxian Greenlander New Energy Co., Ltd. from 2016 to 2019 shall not be less than RMB120 million (whichever lower before and after exceptional gains and losses are deducted shall be basis of calculation of the net profit).	14 October 2015	48 months	It has not been normally fulfilled. From 2016 to 2019, the audited net profit (whichever lower before and after exceptional gains and losses are deducted shall prevail) was RMB2,156,500, -RMB24,424,500, -RMB19,192,800 and -RMB625,700, respectively; the

						accumulative net profit was -RMB42,086,600, -RMB162,086,600 less than the performance undertaken. The undertaking on net profit from 2016 to 2019 was completed.
	Greenlander Investment Holding Co. Ltd. and Zheng Weixian	Undertaking related to projects	From 2016 to 2019, the newly signed waste incineration power generation BOT agreements (subject to the signing of franchise agreement) signed by Greenlander Environmental Protection shall specify a total daily disposal capacity of not less than 6,500 tons (a single project shall have a daily disposal capacity of not less than 500 tons, of which at least one shall be more than 2,000 tons).	14 October 2015	48 months	It has not been normally fulfilled. The newly signed projects by Greenlander Environmental Protection from 2016 to 2019 totaled 1,400 tons, 5,100 tons less than the projects it undertook to complete.
	Greenlander Investment Holding Co. Ltd. and Zheng Weixian	Undertaking on project construction	Jiujiang Company must start construction and obtain approval before 31 December 2020. If it fails to start construction or the construction is recovered by the government, it shall compensate the listed company at a consideration of no less than RMB5 million.	14 October 2015	48 months from 31 December 2020	It has not been normally fulfilled.
Undertakings made in IPO or	Infore Holding Group Co., Ltd.	Undertakings related to the	The company did not reduce the shares held in the	14 March 2017	Six months	The undertaking has

refinancing		private placement of shares in 2016	issuer from 23 January 2016 to the date of issuance of this Letter of Undertaking; the company will not reduce the shares held in the issuer or make any plan to reduce the shares held in the issuer within six months from the date of issuance of the Letter of Undertaking to the completion of the private placement. And the company has no plans to relinquish the control right of the issuer by directly or indirectly reducing the shares held in the issuer.		after the completion of this private placement	been performed and the person making the undertaking has strictly observed the above undertaking.
	Infore Holding Group Co., Ltd.	Undertakings related to the private placement of shares in 2016	The company and the enterprises or related parties controlled by the company will not violate the provisions of Article 17 in the Measures for Administration of Securities Issuing and Underwriting (Revised in 2015) and other relevant laws and regulations, nor have they or will they provide financial support or compensation, directly or indirectly, to Mr. He Jianfeng and Mr. She Changguang as subscription objects in the future; nor have they or will they provide financial support or compensation, directly or indirectly, to other issuing objects in this private placement.	14 March 2017	Until the completion of this private placement of shares by the Company	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	Infore Holding Group Co., Ltd.	Undertakings related to the private placement of shares in 2016	The company's assets and credit standing are in good condition, and the company does not have any breach of contract, due outstanding debts or major pending litigation, arbitration and other circumstances affecting the company's holding of controlling interest in the issuer.	14 March 2017	Until the completion of this private placement of shares by the Company	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
	He Jianfeng	Undertaking on restrictions on sale of shares	The shares subscribed for this time shall not be transferred within 36 months from the closing date of this issuance.	3 January 2018	36 months	It is in normal progress of fulfillment, without

						breach of undertaking.
	She Changguang	Undertaking on restrictions on sale of shares	The subscribed shares shall not be transferred within 36 months from the closing date of this issuance.	3 January 2018	36 months	It is in normal progress of fulfillment, without breach of undertaking.
	Zoomlion Heavy Industry Science & Technology Development Co., Ltd.	Undertaking not to reduce holding-shares	From 16 March 2020 to 31 December 2020, the Company will not reduce the Company's holding-shares, including the portion during the undertaking period	16 March 2020	31 December 2020	The undertaking has been performed and the person making the undertaking has strictly observed the above undertaking.
Undertakings related to equity incentives	--	--	--	--	--	--
Undertakings made to minority shareholders of the Company	--	--	--	--	--	--
Whether the undertakings were timely performed	No					
When not performing the undertakings timely, the Company shall specify specific reasons for not performing the undertakings timely and work plan in the next stage	The main cause is that the progress of project construction 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 the asset preservation of Greenlander Investment Holding Co., Ltd., Zheng Weixian and Ren Zhe on 5 November 2018. The court froze the 30% stake of Greenlander Investment Holding Co., Ltd. in Shenzhen Greenlander Environmental Protection Co., Ltd. as well as Zheng Weixian's deposits of RMB9,816.09. On 21 August 2020, the Company received a counterclaim filed by Greenlander Investment Holding Co., Ltd. and Zheng Weixian with the court. On 24 August 2020 and 24 September 2020, the court held two hearings on the case, and on 13 January 2021, the court issued a judgment of first instance. Now Greenlander Investment Holding Co., Ltd. and Zheng Weixian have filed an appeal, but the Company has not received the notice of the second trial.					

2. When there were profit forecast of assets or projects of the Company and the reporting period is covered by the period of profit forecast, the Company shall specify whether the assets or projects reached the original forecast and reasons for it

Applicable Not applicable

Name of profit forecast of assets or projects	Forecast starting time	Forecast ending time	Forecast performance in the current period (RMB'0,000)	Actual performance in the current period (RMB'0,000)	Reasons for not achieving the expected benefit (if applicable)	Date of original forecast disclosure	Index of original forecast disclosure
Zoomlion Environmental	1 January 2018	31 December 2020	372,200	377,836.49	The expected benefit is achieved	10 August 2018	www.cninfo.com.cn

Undertakings made by the shareholders and counterparties of the Company during the reporting of the operating performance of the year:

Applicable Not applicable

According to the Agreement on Profit Forecast Compensation and the Profit Forecast Compensation Supplemental Agreement I signed by the Company and the original eight shareholders of Zoomlion Environmental, the original eight shareholders of Zoomlion Environmental undertake that the cumulative net profit before exceptional gains and losses of Zoomlion Environmental from 2018 to 2020 shall not be less than RMB3,722 million.

Completion of undertaking related to performance and its impact on goodwill impairment test:

There is not impact.

IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

V Explanations Given by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable Not applicable

1. The Company has adopted, since 1 January 2020, the revised version of the Accounting Standard No. 14 for Business Enterprises—Revenue (hereinafter, the "New Revenue Standard") issued by the Ministry of Finance. Pursuant to the transitional requirements, the Company did not restate the comparable information, but retrospectively restated the opening retained earnings and other relevant financial statement line items of the Reporting Period according to the cumulative effects on the first adoption date of

the New Revenue Standard.

The major effects of the adoption of the New Revenue Standard on the financial statements on 1 January 2020:

Item	Balance sheet		
	31 December 2019	Effect of the New Revenue Standard	1 January 2020
Accounts receivable	5,163,050,940.07	-250,482,933.77	4,912,568,006.30
Contract assets		197,287,015.51	197,287,015.51
Current portion of non-current assets	760,845,984.28	2,872,896.31	763,718,880.59
Long-term receivables	1,152,179,083.21	-1,299,273.03	1,150,879,810.18
Other non-current assets	44,360,378.52	51,622,294.98	95,982,673.50
Advances from customers	170,610,799.52	-170,610,799.52	
Contract liabilities		150,983,008.42	150,983,008.42
Other current liabilities		29,507,607.98	29,507,607.98
Deferred income	50,399,106.23	-9,879,816.88	40,519,289.35

2. The Company has adopted, since 1 January 2020, the Explanation No. 13 of the Accounting Standards for Business Enterprises issued in 2019 by the Ministry of Finance. The prospective application method is adopted for the said change to the accounting policies.

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

1. Entities Newly Included in the Consolidated Financial Statements

Name of entity	How the interest in the entity was obtained	Time of interest obtaining	Contribution	The Company's interest
Donglan Yinglian Urban Environmental Service Co., Ltd.	Incorporation	January 2020	【Note】	100.00%
Baise Yinglian Urban Environmental Service Co., Ltd.	Incorporation	January 2020	【Note】	100.00%
Zaozhuang Zhongying Urban Environmental Service Co., Ltd.	Incorporation	February 2020	【Note】	100.00%
Changde Zelian Environmental Service Co., Ltd.	Incorporation	March 2020	46,695,300.00	90.00%
Xiantao Yinglian Environmental Protection Technology Co., Ltd.	Incorporation	April 2020	1,000,000.00	100.00%
Xianghe Yinglian Environmental Protection	Incorporation	May 2020	10,000,000.00	100.00%

Technology Co., Ltd.				
Binchuan Zhongying Environmental Service Co., Ltd.	Incorporation	June 2020	927,333.00	92.73%
Shenzhen Bao'an Yinglian Urban Service Co., Ltd.	Incorporation	May 2020	109,142,740.00	70.00%
Foshan Shunde Yinghe Urban Environmental Service Co., Ltd.	Incorporation	July 2020	1,000,000.00	100.00%
Foshan Liansheng Environmental Sanitation Service Co., Ltd.	Incorporation	September 2020	【Note】	100.00%
Shaoyang Zhongfeng Environmental Industry Co., Ltd.	Incorporation	June 2020	10,000,000.00	100.00%
Tangyin Yinglian Environmental Service Co., Ltd.	Incorporation	July 2020	5,760,000.00	100.00%
Xi'an Yinglian Urban Environmental Service Co., Ltd.	Incorporation	July 2020	2,000,000.00	100.00%
Yangbi Zhongying Environmental Service Co., Ltd.	Incorporation	July 2020	704,682.00	70.47%
Rongcheng Yinglian Urban Environmental Service Co., Ltd.	Incorporation	July 2020	21,000,000.00	100.00%
Lai'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	July 2020	【Note】	100.00%
Zhaoyuan Jincheng Environmental Sanitation Management Service Co., Ltd.	Incorporation	July 2020	【Note】	100.00%
Ji'an Zhongfeng Environmental Technology Co., Ltd.	Incorporation	September 2020	【Note】	100.00%
Heping Hesheng Environmental Sanitation Service Co., Ltd.	Incorporation	August 2020	【Note】	100.00%
Yongshun Zhongfeng Jingtou Environmental Technology Co., Ltd.	Incorporation	July 2020	10,246,725.00	75.00%
Foshan Shunde Lianying Environmental Development Co., Ltd.	Incorporation	October 2020	【Note】	100.00%
Shouxian Liansheng Environmental Sanitation Management Co., Ltd.	Incorporation	December 2020	【Note】	100.00%
Foshan Shunde Zhongying Urban Environmental Management Co., Ltd.	Incorporation	December 2020	【Note】	100.00%
Suqian Lianying Urban Service Co., Ltd.	Incorporation	November 2020	【Note】	100.00%
Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd.	Incorporation	October 2020	10,000,000.00	100.00%
Liucheng Yinglian Environmental Sanitation Management Co., Ltd.	Incorporation	December 2020	【Note】	100.00%
Chongqing Zhongying Environmental Sanitation Service Co., Ltd.	Incorporation	December 2020	【Note】	100.00%
Renshou Yinglian Urban and Rural Sanitation Service Co., Ltd.	Incorporation	December 2020	【Note】	100.00%
Infore Zoomlion (Tianjin) Environmental Technology Co., Ltd.	Incorporation	December 2020	【Note】	100.00%

Yuncheng Zhongying Urban Environmental Service Co., Ltd.	Incorporation	December 2020	1,000,000.00	100.00%
Lanling Zoomlion Environmental Service Co., Ltd.	Incorporation	December 2020	2,000,000.00	100.00%
Tongbai Tongying Environmental Sanitation Development Co., Ltd.	Incorporation	November 2020	【Note】	100.00%
Shennongjia Forestry District Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	November 2020	【Note】	100.00%
Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	October 2020	【Note】	100.00%
Shengzhou Zoomlion Environmental Engineering Co., Ltd.	Incorporation	November 2020	【Note】	100.00%
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	Incorporation	November 2020	【Note】	100.00%
Heze Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	October 2020	【Note】	100.00%
Shenzhen Yinglian Environmental Industry Co., Ltd.	Incorporation	October 2020	2,000,000.00	100.00%
Foshan Yingshun Urban Environmental Service Co., Ltd.	Incorporation	November 2020	7,000,000.00	70.00%
Guangdong Xingzhou Water Treatment Technology Co., Ltd.	Incorporation	September 2020	【Note】	100.00%
Foshan Yingtong Electric Material Co., Ltd.	Incorporation	October 2020	350,000,000.00	100.00%
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	Incorporation	April 2020	【Note】	100.00%

[Note]: As of 31 December 2020, the Company has not yet paid in the capital contributions to these entities.

2. Entities Newly Excluded from the Consolidated Financial Statements

Name of entity	How the interest in the entity was disposed of	Time of interest disposal	Net assets at the date of disposal	Net profit from the beginning of the current period to the disposal date
Leiyang Zhongfeng Environmental Industry Co., Ltd.	De-registration	December 2020	0	2,071,976.28
Shenzhen Infore Environment Network Technology Co., Ltd.	De-registration	August 2020	0	118,157.09

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Pan-China Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	260

How many consecutive years the domestic independent auditor has provided audit service for the Company	19
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Bian Shanshan and Cao Cuijuan
How many consecutive years the certified public accountants have provided audit service for the Company	2 years and 1 year respectively

Indicate whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor hired for the audit of internal control:

Applicable Not applicable

During the Reporting Period, Pan-China Certified Public Accountants LLP was appointed as the independent auditor for the financial audit and the internal control audit, and GF Securities Co., Ltd. and Huaxing Securities Co., Ltd. were appointed as the independent financial advisor and the sponsor, respectively.

X Possibility of Delisting after the Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Legal Matters

Applicable Not applicable

No such cases in the Reporting Period.

Other lawsuits that were not qualified as a significant lawsuit that requires disclosure primarily included purchase and sales contract disputes, with the total amount involved being approximately RMB299 million, which are not expected to incur any provision of a large amount.

XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

During the Reporting Period, the Company as well as its controlling shareholder and actual controller were of a good credit quality, with no such cases as refusing to execute any effective court decision, failing to repay any mature debt that was of a large amount, etc.

XV The Company's Implementation of Stock Incentive Plan and Employee Stock Ownership Plan or Other Employee Incentive Measures

√ Applicable □ Not applicable

Overview of the First Stock Incentive Plan:

1. On 25 April 2020, the Company disclosed the Announcement on Cancellation of Part of the Expired and Unexercised Stock Options in the Stock Incentive Plan, canceling 3,021,177 stock options that had been granted but not yet exercised for the third exercise schedule of the first stock incentive plan. On 23 April 2020, the Company convened the 4th Meeting of the 9th Board of Directors. Upon discussion, the Meeting passed the Proposal on Canceling Part of the Expired and Unexercised Stock Options in the Stock Incentive Plan. According to the Company's Stock Option Incentive Plan (Draft), as the stock options of 40 incentive objects had not been exercised at the end of the third exercise schedule of the Company's first stock option incentive plan, the Board of Directors agreed to cancel the above-mentioned 3,021,177 stock options that had been granted but not yet been exercised for the third exercise schedule during which the stock options were granted, in accordance with the applicable provisions. After the cancellation, the first stock option incentive plan will be fully implemented.

For more information, please refer to the announcement published on 25 April 2020 on the media of information disclosure specified by the Company and the cninfo website (<http://www.cninfo.com.cn>).

Overview of the Second Stock Incentive Plan:

1. On 23 April 2020, the Company convened the 4th Meeting of the 9th Board of Directors and the 3rd Meeting of the 9th Supervisory Committee. Upon discussion, the Meetings passed the Proposal on Canceling Part of the Expired and Unexercised Stock Options in the Stock Incentive Plan, Proposal on the Adjustment of Incentive Objects and Quantity of Stock Options to Be Exercised in the Second and Third Stock Option Incentive Plans and Proposal on Matters Related to the Exercise in the Second Exercise Schedule of the Second Stock Option Incentive Plan.

(1) According to the Company's Second Stock Option Incentive Plan (Draft), as the stock options of 81 incentive objects have not been exercised at the end of the first exercise schedule of the Company's second stock option incentive plan, the Board of Directors agreed to cancel the said 5,475,000 stock options that had been granted but not yet exercised for the first exercise schedule during which the second-phase stock options were granted, in accordance with the applicable provisions. As a result of the cancellation, number of options under the Company's Second Stock Option Incentive Plan will be reduced to 12,775,000.

(2) For reasons such as the resignation of 35 incentive objects and the fact that they are no longer working in the Company or the holding subsidiary of the Company, they are deemed by the Company's Board of Directors to be no longer fit for the incentive objects. According to the Second Stock Option Incentive Plan (Draft), their 4.62 million stock options for the second and third exercise schedules were cancelled. After the above adjustments, the number of stock options granted in the second stock option incentive plan was adjusted from 81 to 46, and the number of unlocked stock options granted was adjusted from 12,775,000 to 8,155,000.

2. On 20 August 2020, the Company convened the 6th Meeting of the 9th Board of Directors and the 5th Meeting of the 9th Supervisory Committee. Upon discussion, the Meetings passed the Proposal on Adjustment to the Exercise Prices of the Second and Third Stock Option Incentive Plans. The Company's 2019 annual equity distribution was completed on 10 July 2020. In accordance with requirements in the Company's Second Stock Option Incentive Plan (Draft) on the adjustment to exercise price of stock option, exercise price of the stock option will be adjusted accordingly in the event that the Company changes its capital reserves into additional share capital, distributes stock dividends or stock split, share reduction, dividend payment or allotment of shares occurs during the validity period of the stock option. After the completion of the equity allocation, the exercise price of the second stock option incentive plan will be adjusted from RMB9.26 per share to RMB9.15 per share.

3. As at 11 March 2021, when the second exercise schedule of the Company's second 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 will cancel the 3,476,800 stock options that have been granted and have not yet exercised during the second exercise schedule of the

second stock option incentive plan, in accordance with the applicable laws and regulations.

For more information, please refer to announcements published on 25 April 2020, 21 August 2020 and 23 April 2021 on the media of information disclosure specified by the Company and the cninfo website (<http://www.cninfo.com.cn>).

Overview of the Third Stock Incentive Plan:

1. On 23 April 2020, the Company convened the 4th Meeting of the 9th Board of Directors and the 3rd Meeting of the 9th Supervisory Committee. Upon discussion, the Meetings passed the Proposal on the Adjustment of Incentive Objects and Quantity of Stock Options to Be Exercised in the Second and Third Stock Option Incentive Plans. Five employees resigned out of personal reasons and were no longer deemed fit to be the incentive objects by the Board of Directors. In accordance with the Second Stock Option Incentive Plan (Draft), a total of 1.28 million stock options for the first, second and third exercise schedules were cancelled. After the above adjustments, the number of incentive objects of the third stock option incentive plan was adjusted from 249 to 244, and the number of unlocked stock options granted was adjusted from 65.09 million to 63.81 million.

Upon discussion, the Meetings also passed the Proposal on Failure to Meet the Exercise Conditions for the First Exercise Schedule of the Third Stock Option Incentive Plan and Cancellation of Part of the Stock Options. As the performance of the Company did not meet the exercise conditions for the first exercise schedule of the third stock option incentive plan, the 19,143,000 stock options that had been granted but not yet exercised for the first exercise schedule could not be exercised. According to the Company's Third Stock Option Incentive Plan (Draft), since the performance of the Company did not meet the exercise conditions for the first exercise schedule of the third stock option incentive plan, the Board of Directors agreed to cancel the said 19,143,000 stock options that had been granted but not yet exercised for the first exercise schedule of the third stock option incentive plan. After the cancellation, number of options under the Company's Third Stock Option Incentive Plan will be reduced to 44,667,000.

2. On 20 August 2020, the Company convened the 6th Meeting of the 9th Board of Directors and the 5th Meeting of the 9th Supervisory Committee. Upon discussion, the Meetings passed the Proposal on Adjustment to the Exercise Prices of the Second and Third Stock Option Incentive Plans. The Company's 2019 annual equity distribution was completed on 10 July 2020. In accordance with requirements in the Company's Third Stock Option Incentive Plan (Draft) on the adjustment to exercise price of stock option, exercise price of the stock option will be adjusted accordingly in the event that the Company changes its capital reserves into additional capital stock, distributes stock dividends or stock split, share reduction, dividend payment or allotment of shares occurs during the validity period of the stock option. After the completion of the equity allocation, the exercise price of the third stock option incentive plan will be adjusted from RMB6.45 per share to RMB6.34 per share.

Upon discussion, the Meetings also passed the Proposal on Revising the Performance Assessment Indicators of the Third Stock Option Incentive Plan, agreeing to revise the exercise conditions for the second and third exercise schedules of the third stock option incentive plan on the performance assessment of the Company.

3. As at 31 December 2020, the exercise time of the second exercise schedule of the third stock option incentive plan had not yet come, and the stock options had not yet been exercised for the second exercise schedule of the Company's third stock option incentive plan.

For more information, please refer to the announcements published on 25 April 2020 and 21 August 2020 on the media of information disclosure specified by the Company and the cninfo website (<http://www.cninfo.com.cn>).

Overview of the First Employee Stock Ownership Plan (ESOP):

1. The Company held the 31st Temporary Meeting of the 8th Board of Directors on 29 January 2021 and the 3rd Extraordinary General Meeting of 2019 on 12 November 2019. Upon discussion, the Meetings passed the Proposal on the First Employee Stock Ownership Plan (Draft) and Its Summary, Proposal on Formulating the Management Measures for the Employee Stock Ownership Plan and Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Concerning the Company's Employee Stock Ownership Plan.

2. The Company, according to the Information Disclosure Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 4 -- Employee Stock Ownership Plan issued by the Shenzhen Stock Exchange on 3 November 2019, the Company supplemented and updated the First Employee Stock Ownership Plan (Draft) and its summary. For more information, please refer to the announcement

published on 9 November 2019 on the media of information disclosure specified by the Company and the cninfo website (<http://www.cninfo.com.cn>).

3. As at 31 December 2020, the Company's first ESOP had completed the share purchase stage. The Company's special securities account related to the first ESOP held a total of 36,211,560 shares of the Company, accounting for 1.14% of the Company's current total share capital. The average transaction price was RMB6.31 per share, and the total transaction amount was RMB228,329,645.02. Specifically, a total of 20,885,352 shares of the Company were purchased via the secondary market, accounting for 0.66% of the Company's current total share capital. The average transaction price was RMB6.22 per share, and the transaction amount was RMB129,935,389.66. A total of 15,326,208 shares were transferred through the transferee company's repurchase special securities account, accounting for 0.48% of the Company's existing total share capital. The transaction price was RMB6.42 per share, and the transaction amount was RMB98,394,255.36. For more information, please refer to the announcement published on 13 May 2020 on the media of information disclosure specified by the Company and the cninfo website (<http://www.cninfo.com.cn>).

XVI Significant Related-Party Transactions

1. Continuing Related-Party Transactions

√ Applicable □ Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB'0,000)	As a % of total value of all transactions of the same nature	Approved transaction line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for transactions of the same nature	Disclosure date	Index to disclosed information
Midea Group Co., Ltd. and its subsidiaries	A company controlled by a relative of the Company's actual controller	Goods or labor services	Goods or labor services	Market price	--	96,458.94	37.95%	150,000	Not	As per contractual provisions	--	25 April 2020	www.cninfo.com.cn
Zoomlion Heavy Industry Science and	A greater-than-5% shareholder of	Goods or labor services	Goods or labor services	Market price	--	87,096.73		195,300	Not	As per contractual provisions	--	25 April 2020	www.cninfo.com.cn

Technology Co., Ltd. and its subsidiaries	the Company												
Total		--	--	183,555.67	--	345,300	--	--	--	--	--	--	--
Large-amount sales return in detail		N/A											
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period		N/A											
Reason for any significant difference between the transaction price and the market reference price (if applicable)		N/A											

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Investments

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

Indicate whether there were any amounts due to or from related parties for non-operating purposes.

Yes No

No such cases in the Reporting Period.

5. Other Significant Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XVII Significant Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(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) Leases

Applicable Not applicable

Description of leases

In accordance with the Property Lease Contract signed between the Company and the related party Foshan Shunde Yinghai Investment Co., Ltd., the Company leased the 23rd floor of Yingfeng Business Building at 8 Yixin Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, of the construction area of 1,578.68m², to the latter as the office space. The annual rent payable in 2020 was RMB1,258,900, and the actual payment was RMB1,258,900, which was paid in full as of 31 December 2020.

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 such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

(1) Particulars about Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Accredited buyer	25 April 2020	20,000		4,615.54	Joint-liability	Joint-liability	Not	Not

Total approved line for such guarantees in Reporting Period (A1)		20,000	Total actual amount of such guarantees in Reporting Period (A2)		4,615.54			
Total approved line for such guarantees at end of Reporting Period (A3)		20,000	Total actual balance of such guarantees at end of Reporting Period (A4)		4,615.54			
Guarantees provided by the Company for its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Liaoning Donggong Magnet Wire Co., Ltd.	25 April 2020	25,000	28 December	16,000	Joint-liability	3 years	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.	25 April 2020	70,000	13 November 2020	12,407.33	Joint-liability	2 years	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.			1 December 2020	29,996.18	Joint-liability	1 year	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.			29 December 2020	11,343.45	Joint-liability	2 years	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.	21 August 2020	20,000	25 October 2019	4,198.82	Joint-liability	2 years	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.			17 August 2020	2,000	Joint-liability	1 year	No	Yes
Zhejiang Shangfeng Special BL Ower Industrial Co., Ltd.			17 August 2020	4,500	Joint-liability	2 years	No	Yes
Maoming Infore Environment Water Treatment Technology Co., Ltd.	26 December 2017	15,000	30 March 2018	11,102.83	Joint-liability	15 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	2 February 2016	13,000	25 August 2016	7,865	Joint-liability	8 years	No	Yes

Shenzhen Greenlander Environmental Protection Co., Ltd.	27 October 2016	12,000	15 November 2016	6,840	Joint-liability	8 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	10 August 2019	25,000	17 December 2019	17,280	Joint-liability	10 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	25 April 2020	20,500	15 June 2020	13,000	Joint-liability	15 years	No	Yes
Shenzhen Greenlander Environmental Protection Co., Ltd.	21 August 2020	29,200	25 October 2020	8,000	Joint-liability	15 years	No	Yes
GuangDong Wellkey Electric Material Co., Ltd.	12 December 2018	2,000	31 March 2020	2,000	Joint-liability	1 year	No	Yes
GuangDong Wellkey Electric Material Co., Ltd.	25 April 2020	14,000	17 June 2020	3,000	Joint-liability	1 year	No	Yes
GuangDong Wellkey Electric Material Co., Ltd.	21 August 2020	18,000						
Anhui Wellkey Electric Material Co., Ltd.	25 April 2020	12,000	17 June 2020	3,000	Joint-liability	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.			17 June 2020	3,000	Joint-liability	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.			25 March 2020	2,000	Joint-liability	1 year	No	Yes
Anhui Wellkey Electric Material Co., Ltd.			17 June 2020	1,000	Joint-liability	1 year	No	No
Guangdong Infore Technology Co., Ltd.	26 December 2017	15,000	26 December 2018	13,923.02	Joint-liability	5 years	No	Yes
Guangdong Infore Technology Co., Ltd.	25 April 2020	15,000	1 March 2020	2,000	Joint-liability	1 year	No	Yes
Guangdong Infore Technology Co., Ltd.			17 June 2020	197.41	Joint-liability	1 year	No	Yes

Guangdong Infore Technology Co., Ltd.			20 May 2020	723.96	Joint-liability	1 year	No	Yes
Changsha Zoomlion Changgao Environmental Industry Co., Ltd.	24 October 2019	10,000	25 March 2020	9,000	Joint-liability	5 years	No	Yes
Loudi Zoomlion Huabao Environmental Protection Technology Co., Ltd.	25 April 2020	2,000	--	--	--	N/A	--	Yes
Renshou Infore Zoomlion Urban Environmental Service Co., Ltd.	25 April 2020	4,800	--	--	--	N/A	--	Yes
Jishan Yinglian Urban Environmental Service Co., Ltd.	25 April 2020	1,000	--	--	--	N/A	--	Yes
Shenzhen Yinglian Urban Environmental Service Co., Ltd.	25 April 2020	8,800	--	--	--	N/A	--	Yes
Balinyouqi Xingzhou Environmental Water Co., Ltd.	25 April 2020	5,000	--	--	--	N/A	--	Yes
Guangdong Infore Environmental Investment Co., Ltd.	25 April 2020	28,000	--	--	--	N/A	--	Yes
Changde Zelian Environmental Service Co., Ltd.	25 April 2020	11,900	--	--	--	N/A	--	Yes
Shenzhen Bao'an Yinglian Urban Service Co., Ltd.	21 August 2020	38,000	--	--	--	N/A	--	Yes
Other majority-owned subsidiaries	25 April 2020	8,000	--	--	--	N/A	--	Yes
Total approved line for such guarantees in the Reporting Period (B1)			333,200	Total actual amount of such guarantees in the Reporting Period (B2)				184,378
Total approved line for such guarantees at the end of the			423,200	Total actual balance of such guarantees at the end of the				184,378

Reporting Period (B3)				Reporting Period (B4)				
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)		353,200		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		188,993.54		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		443,200		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		188,993.54		
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				11.17%				
Of which:								

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of wealth management entrustments in the Reporting Period:

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's wealth management product	Self-funded	145,150	0	0
Total		145,150	0	0

High-risk wealth management transactions with a significant single amount or with low security, low liquidity and no principal protection:

Applicable Not applicable

Wealth management transactions where the principal is expectedly irrecoverable or impairment may be incurred:

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Significant Contracts Arising in the Ordinary Course of Business

Applicable Not applicable

5. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVIII Social Responsibilities

1. Performance of Social Responsibilities

The Company has been attaching great importance to its social responsibilities, actively performing its duty as a corporate citizen, assuming social responsibilities, committed to creating value for customers, creating opportunities for employees, creating returns for shareholders and creating wealth for the society, and contributing to the harmonious economic and social development, natural environment and balanced use of resources. It has also been assuming corresponding responsibilities for employees, customers, suppliers and other stakeholders, and promoting the comprehensive and coordinated development of itself and all stakeholders in the society.

During the Reporting Period, the Company continued to thoroughly implement the scientific concept of development and actively fulfill its social responsibilities, and was committed to developing itself and keeping creating values for and protecting the rights and interests of shareholders. It also fully respected the legitimate rights and interests of employees, customers, suppliers and other stakeholders, carried out active cooperation with all parties, enhanced communication and exchanges, and achieved mutual benefits for shareholders, employees, upstream and downstream partners and all social parties. The Company's fulfillment of social responsibilities in 2020 is as follows:

1. Protection of the rights and interests of investors and creditors

The Company adhered to honest and law-abiding management, implemented standardized internal management, and paid shareholders with stable business performance. It kept improving the quality of information disclosure, treated all investors fairly and protected shareholders' right to know through timely, true, accurate and full information disclosure, and kept improving corporate governance and standardized operations to protect shareholders' rights and interests, ensure all legitimate rights and interests of shareholders as stipulated by laws, regulations and rules, and safeguard the interests of creditors.

The Company established and improved the internal system for a sound corporate environment of self-development, self-restriction, self-regulation and self-control. It also provided hotlines and fax and email addresses for investors to maintain close communication and interaction with investors in multiple channels such as the investor interaction platform of Shenzhen Stock Exchange. Through general meetings, investor exchanges and phone calls, the Company maintained adequate communication and information exchange with investors.

2. Protection of the rights and interests of employees

The Company has always insisted on the people-oriented management philosophy, and regarded employees as its most valuable resources and wealth. It adhered to harmonious labor relations and strictly abode by the Labor Law. Sound labor and employment management policies, systematic and scientific salary systems, performance appraisal systems, reward, punishment and incentive systems were established in the Company and its subsidiaries to ensure that the employees enjoy labor rights and fulfill labor obligations according to law based on such management policies. The Company gave top priority to safeguarding the legitimate rights and interests of employees, and strictly implemented the social security system.

In addition to further improving the existing talent cultivation system, the Company offered diversified training and a larger learning platform for employees of different levels and positions to improve employees' self-value while enhancing the Company's comprehensive competitiveness.

Upholding the value that "employees are our business partners.", the Company intends to realize and safeguard the interests of all employees with its work, built the company-employee community of shared interests, protected the rights and interests of employees, promoted value realization and all-around development of employees, improved the corporate cohesion, and realized synchronous growth between the Company and employees.

3. Protection of the rights and interests of suppliers, customers and consumers

"Customers are the ones on whom our livelihood depends." The Company adhered to the business philosophy of "market first, customer first", saw customers as its most valuable assets, took customer satisfaction as the yardstick for its performance, valued the win-win relationship with customers, and abode by integrity and was committed to providing customers with premium services.

The Company has always been attaching great importance to the protection of the legitimate rights and interests of suppliers, partners and consumers. While maintaining sound production and operation, the Company shared information with customers and suppliers in various ways to enhance technical exchange and progress, create an environment of honest, harmonious and fair cooperation and promote common development.

4. Environmental protection and sustainable development

The Company has been emphasizing environmental protection and sustainable development.

During the reporting period, the Company provided services in the fields of smart service, environmental monitoring and solid waste treatment following the state's policy requirements for environmental protection and environmental governance, and contributed to environmental protection with practical actions by producing great environmental and social benefits in addition to economic benefits. In project construction and operation, the Company strictly abode by local laws and regulations on environmental protection and constantly took pollution control and environmental protection measures, which were recognized by owners and local governments. In daily operation and management, the Company adhered to energy conservation, emission reduction and consumption reduction in specific works, and advocated all employees to save electricity, paper and water as much as possible. Besides, it promoted digital network tools such as the collaborative office system and the financial management information system to share resources and realize remote and paperless office while improving work efficiency.

5. Public relations and social welfare activities

Since its establishment, the Company has been strictly abiding by laws and regulations when pursuing profits and development, and actively practicing and assuming social responsibilities.

After the outbreak of COVID-19 at the beginning of 2020, the Company immediately organized the emergency working group to aid Wuhan, Hubei, and allocated equipment and supplies, actively cooperated with local governments in disinfection and waste clearing. It donated 15 disinfection vehicles and 15 tons of disinfectants to Wuhan City Management Committee during the Spring Festival. To fulfill its social responsibilities and contribute to epidemic prevention and control, the Company continued to donate medical masks, disinfection liquid, medical wastewater monitoring equipment and waste masks collection buckets to many places in China. In the face of the menacing epidemic, the Company responded quickly, shouldered social responsibilities to the best of its ability, and overcame difficulties and fought the epidemic with all sectors of society, aiming for a win in the battle against COVID-19 with the people of the whole country.

The development of a company and its active commitment to social responsibilities are complementary and inseparable. The

society and economy were in complicated and grave difficulties in 2020, and the Company was facing great challenges in development. By fully cooperating with all related parties and through joint efforts of its employees, the Company achieved good results in all businesses. We hereby would like to express our gratitude to all our departments, customers, suppliers and investors and people from all walks of life for their strong support to us.

In 2021, the Company will continue to stay true to its original mission and forge ahead, and continue to speed up technical innovation, improve customer service and customer satisfaction, and create more value for shareholders. It will attach importance to customer and investor relationship management, adhere to people-orientation, effectively protect the rights and interests of employees, and provide employees with more room for career development. Furthermore, while maintaining the sustainable development of its major business, the Company will, as always, promote and improve the assumption of social responsibilities, actively undertake social responsibilities and humbly accept the supervision from all sectors of society, and strengthen communication and exchanges with all stakeholders, devote itself to self-development, and insist on paying back the society with its own strength.

2. Measures Taken for Targeted Poverty Alleviation

The Company did not carry out any work for targeted poverty alleviation in the Reporting Period, and has no such plans for now.

3. Relevant Information on Environmental Protection

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	Distribution of discharge outlets	Discharge concentration	Pollutant discharge standards abode by	Total discharge volume	Total approved discharge volume	Excessive discharge
Foshan Shunde District Huaqingyuan Water Environmental Protection Co., Ltd. (phases I and II sewage station 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	9.6mg/L	GB18918-2002	389.11t	1606t/a	Naught
Foshan Shunde District Huaqingyuan Water	Ammonia-nitrogen	Continuous discharge	1	Beijiang River trunk stream	0.27mg/L	GB18918-2002	10.94t	200.75t/a	Naught

Environmental Protection Co., Ltd. (phases I and II sewage station by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (phase III sewage station by the gate)				waterway					
Foshan Shunde District Huaqingyuan Water Environmental Protection Co., Ltd. (phases I and II sewage station 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	0.32mg/L	GB18918-2002	12.96t	20.075t/a	Naught
Foshan Shunde District Huaqingyuan Water Environmental Protection Co., Ltd. (phases I and II sewage station by the gate), Foshan Shunde Yuanrun Water Environmental Protection Co., Ltd. (phase III sewage station by the gate)	Total nitrogen	Continuous discharge	1	Beijiang River trunk stream waterway	5.86mg/L	GB18918-2002	237.50t	602.25t/a	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/smoke	80m chimney	1	North side of the main building	1.6mg/Nm ³	GB18485-2014	1.105t	14.6t/a	Naught

Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/SO ₂	80m chimney	1	North side of the main building	31mg/Nm ³	GB18485-2014	20.213t	100t/a	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/NO _x	80m chimney	1	North side of the main building	148mg/Nm ³	GB18485-2014	96.351t	96.72t/a	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/HCl	80m chimney	1	North side of the main building	33mg/Nm ³	GB18485-2014	21.405t	--	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/CO	80m chimney	1	North side of the main building	3mg/Nm ³	GB18485-2014	2.045t	--	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/Pb	80m chimney	1	North side of the main building	0.002mg/Nm ³	GB18485-2014	1.3017kg	--	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/Cd	80m chimney	1	North side of the main building	0.00005mg/Nm ³	GB18485-2014	0.032kg	--	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/Hg	80m chimney	1	North side of the main building	0.0038mg/Nm ³	GB18485-2014	2.47kg	--	Naught
Funan Greenlander Environmental Protection Energy Co., Ltd.	Exhaust/dioxin	80m chimney	1	North side of the main building	0.025ng-TEQ/m ³	GB18485-2014	0.016g-TEQ/a	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/smoke	80m chimney	1	West side of the main building	2.5mg/Nm ³	GB18485-2014	0.89t	0.89t/a	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/SO ₂	80m chimney	1	West side of the main building	48mg/Nm ³	GB18485-2014	29.143t	70t/a	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/NO _x	80m chimney	1	West side of the main building	206mg/Nm ³	GB18485-2014	141.945t	144t/a	Naught

Shouxian Greenlander New Energy Co., Ltd.	Exhaust/HCl	80m chimney	1	West side of the main building	42mg/Nm ³	GB18485- 2014	22.464t	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/CO	80m chimney	1	West side of the main building	1mg/Nm ³	GB18485- 2014	4.98t	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/Pb	80m chimney	1	West side of the main building	0.118mg/m ³	GB18485- 2014	5.392kg	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/Cd	80m chimney	1	West side of the main building	0.000182mg/ m ³	GB18485- 2014	0.0425kg	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/Hg	80m chimney	1	West side of the main building	ND	GB18485- 2014	2.06kg	--	Naught
Shouxian Greenlander New Energy Co., Ltd.	Exhaust/dioxin	80m chimney	1	West side of the main building	0.018ngTEQ/ m ³	GB18485- 2014	0.013g-TE Q/a	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/smoke	80m chimney	1	West side of the main building	0.86mg/Nm ³	GB18485- 2014	0.32t	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/SO ₂	80m chimney	1	West side of the main building	12.83mg/Nm ³	GB18485- 2014	7.17t	58t/a	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/NO _x	80m chimney	1	West side of the main building	180.38mg/Nm ³	GB18485- 2014	105.09t	148.85t/a	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1#	Exhaust/HCl	80m chimney	1	West side of the main building	16.01mg/Nm ³	GB18485- 2014	9.83t	--	Naught

furnace)									
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/CO	80m chimney	1	West side of the main building	10.97mg/Nm ³	GB18485- 2014	4.05t	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/Pb	80m chimney	1	West side of the main building	0.006mg/Nm ³	GB18485- 2014	5.04kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/Cd	80m chimney	1	West side of the main building	0.00005mg/N m ³	GB18485- 2014	0.042kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/Hg	80m chimney	1	West side of the main building	0.0004mg/Nm ³	GB18485- 2014	0.035kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (1# furnace)	Exhaust/dioxin	80m chimney	1	West side of the main building	0.021ng-TEQ/ m ³	GB18485- 2014	0.022g-TE Q/a	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/smoke	80m chimney	1	West side of the main building	1.12mg/Nm ³	GB18485- 2014	0.36t	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2#	Exhaust/SO ₂	80m chimney	1	West side of the main building	25.24mg/Nm ³	GB18485- 2014	10.95t	58t/a	Naught

furnace)									
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/NO _x	80m chimney	1	West side of the main building	179.64mg/Nm ³	GB18485- 2014	76.48t	148.85t/a	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/HCl	80m chimney	1	West side of the main building	14.16mg/Nm ³	GB18485- 2014	6.10t	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/CO	80m chimney	1	West side of the main building	31.93mg/Nm ³	GB18485- 2014	5.01t	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/Pb	80m chimney	1	West side of the main building	0.007mg/Nm ³	GB18485- 2014	5.56kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/Cd	80m chimney	1	West side of the main building	0.00007mg/N m ³	GB18485- 2014	0.0548kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/Hg	80m chimney	1	West side of the main building	0.0025mg/Nm ³	GB18485- 2014	2.02kg	--	Naught
Xiantao Greenlander Environmental Protection Power Co., Ltd. (2# furnace)	Exhaust/dioxin	80m chimney	1	West side of the main building	0.010ng-TEQ/ m ³	GB18485- 2014	0.012g-TE Q/a	--	Naught

furnace)									
Xiantao Yinghe Environmental Protection Co., Ltd.	Ammonia, hydrogen sulfide	Centralized	2	Discharge outlets of kitchen wastes and sludges were set at the end of the deodorization system, and exhausts were discharged through the chimney	Ammonia: 0.06mg/Nm ³ ; hydrogen sulfide: 1.5mg/Nm ³	GB14554-93	None	--	Naught
Xiantao Yinghe Environmental Protection Co., Ltd.	Smoke, SO ₂ , NO _x	Centralized	1	Discharge outlets of kitchen biogas combustion were set at the end of the combustion system, and exhausts were discharged through the chimney	Smoke: 20mg/Nm ³ ; SO ₂ : 50mg/Nm ³ ; NO _x : 200mg/Nm ³	GB13271-2014	None	Smoke: 0.241t; SO ₂ : 0.467t; NO _x : 1.809t	Naught
Xiantao Yinghe Environmental Protection Co., Ltd.	COD, ammonia-nitrogen	Centralized	1	Sewage discharge outlets were set at the end of the sewage treatment facility, and sewage was discharged to Chengxi Sewage Plant after	COD: 500mg/L; ammonia-nitrogen: no limit	GB8978-1996	None	COD: 4.2627t; ammonia-nitrogen: 0.427t	Naught

				centralized treatment					
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Construction and operation of pollution prevention and control facilities:

The Company, in strict accordance with the 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 and the administrative requirement of simultaneous design, construction and application of main works and water conservation 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, and recorded in full daily sampling and operation, with 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, and input sufficient environmental consumables in them, with 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 environmental protection authorities of the state, with all emissions in 2020 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, EIA was carried out for these projects in accordance with the Environmental Protection Law of the People's Republic of China and Law of the People's Republic of China on Environmental Impact Assessment, and EIA documents were approved by environmental authorities. Besides, the Company obtained approval from environmental authorities before pilot production, had its environmental protection measures for completed project construction accepted during pilot production, and designed, constructed and put into use simultaneously 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 2020, it carried out regular training and drills among its employees in different projects according to the requirements and contents of the contingency plans to enable them to timely and accurately deal with environmental pollution emergencies. In 2020, no major environmental risk incidents occurred in any of the projects.

Environmental self-monitoring plan:

The Company developed the 2020 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.

Other environmental information to be disclosed:

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

Other information related to environmental protection:

N/A.

XIX Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XX Significant Events of Subsidiaries

√ Applicable □ Not applicable

1. On 10 January 2020, the Company held the 2nd Extraordinary Meeting of the 9th Board of Directors and deliberated and approved the Proposal on Accepting the Transfer of Partial Equity of the Holding Subsidiary and Waiving the Preemptive Right and Related-party Transactions. It was approved to accept the transfer of 5.20% of the equity of Zhejiang Shangfeng Special BL Ower Industrial. Co. Ltd. (the "Shangfeng") and waive the preemptive right to purchase 17.90% of the equity of Shangfeng. The overall valuation of Shangfeng was RMB350 million. After this transaction, the Company held 60.20% of the equity of Shangfeng, and Shangfeng was still a holding subsidiary of the Company, causing no change to the scope of the consolidated statement, no significant impact on the Company's financial status and operating results, and no damage to the interests of the Company and the general shareholders, especially the small and medium shareholders. For details, please refer to relevant announcements published on 11 January 2020 by the Company on the media of disclosure specified by CSRC and SZSE and the cninfo website (www.cninfo.com.cn).

2. On 20 November 2020, the Company held the 9th Extraordinary Meeting of the 9th Board of Directors and the 8th Extraordinary Meeting of the 9th Supervisory Committee, and deliberated and approved the Proposal of the Company's Plan for Public Listed Transfer of Controlling Interest of Subsidiary. It was approved to plan to transfer 51% to 100% of the controlling interest of the wholly-owned subsidiary Foshan Yingtong Electric Material Co., Ltd. (the "Foshan Yingtong"), with the reserve price of the first listing no lower than RMB492,507,300, the value of the net assets of 100% of the equity (the final transfer price was calculated by multiplying RMB492,507,300 by the ratio of the equity to be transferred and bid on the premise that the ratio of the equity to be transferred and bid is no less than 51%). The Company was also approved to lower the listing price if it gets no intended transferee in the first listing, provided that each lowering shall not exceed 20% of the last listing price.

On 29 January 2021, the Company held the 11th Extraordinary Meeting of the 9th Board of Directors and the 10th Extraordinary Meeting of the 9th Supervisory Committee, and deliberated and approved the Proposal on Public Listed Transfer of 51% of the Controlling Right of Subsidiary. It was approved to transfer 51% of the controlling interest of the wholly-owned subsidiary Foshan Yingtong to Guangdong Yinghe Corporate Management Co., Ltd. (Guangdong Yinghe) at RMB255 million by means of public listing and bidding.

On 17 March the Company disclosed the Announcement on Completion of Public Listed Transfer of 51% of Equity of Subsidiary on the media of information disclosure specified by CSRC and SZSE and the cninfo website (www.cninfo.com.cn), upon which the Company had gone through the procedures for transfer and registration of the 51% equity of Foshan Yingtong of this public listed transfer. After the transfer, the Company held 49% of the equity of Foshan Yingtong. As of the date of the announcement, the Company had received RMB131 million of the transaction price paid by Guangdong Yinghe, and the remaining RMB124 million is to be paid according to the transfer agreement. After the transaction, Foshan Yingtong will become a joint-stock subsidiary of the Company, and will be excluded from the consolidated statement of the Company.

For details, please refer to relevant announcements published by the Company on the media of disclosure specified by CSRC and SZSE and the cninfo website (www.cninfo.com.cn) on 21 November 2020, 30 January 2021, and 17 March 2021.

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the current period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	2,017,305,260	63.78%	0	0	0	-858,948,616	-858,948,616	1,158,356,644	36.62%
1.1 Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	2,017,305,260	63.78%	0	0	0	-858,948,616	-858,948,616	1,158,356,644	36.62%
Including: Shares held by domestic corporations	1,996,073,294	63.11%	0	0	0	-858,311,516	-858,311,516	1,137,761,778	35.97%
Shares held by domestic individuals	21,231,966	0.67%	0	0	0	-637,100	-637,100	20,594,866	0.65%
1.4 Shares held by overseas investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	0	0.00%	0	0	0	0	0	0	0.00%
2. Unrestricted shares	1,145,756,886	36.22%	0	0	0	858,948,616	858,948,616	2,004,705,502	63.38%
2.1 RMB-denominated ordinary shares	1,145,756,886	36.22%	0	0	0	858,948,616	858,948,616	2,004,705,502	63.38%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas listed foreign	0	0.00%	0	0	0	0	0	0	0.00%

shares									
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	3,163,062, 146	100.00%	0	0	0	0	0	3,163,062, 146	100.00%

Reasons for share changes:

Applicable Not applicable

1. The Company disclosed the Reminder on the Unlocking of Restricted Shares in Major Asset Restructuring on www.cninfo.com.cn dated 11 January 2020. The shares issued in the private placement for asset purchase became publicly tradable on the Shenzhen Stock Exchange on 4 January 2019. The shares were placed with eight entities including Ningbo Infore Asset Management Co., Ltd., Zoomlion Heavy Industry Science And Technology Co., Ltd., Hongchuang (Shenzhen) Investment Center (L.P.), Guangzhou Yuemin Investment Yinglian Investment Partnership (L.P.) and Shanghai Lvlian Junhe Industry Buyout Equity Investment Fund Partnership (L.P.). On 14 January 2020, a total of 858,311,516 shares (27.14% of the Company's total shares) placed with four of the aforesaid shareholders, namely, Zoomlion Heavy Industry Science And Technology Co., Ltd., Hongchuang (Shenzhen) Investment Center (L.P.), Guangzhou Yuemin Investment Yinglian Investment Partnership (L.P.) and Shanghai Lvlian Junhe Industry Buyout Equity Investment Fund Partnership (L.P.), became publicly tradable upon the expiration of a 12-month lockup.

2. As prescribed, 100% of the 637,100shares held by former Vice President and Board Secretary Mr. Liu Kaiming were unlocked upon the expiration of a 6-month lockup starting from his resignation.

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchases:

Applicable Not applicable

The Proposal on the Share Repurchase Plan was approved at the 3rd Extraordinary Meeting of the 9th Board of Directors on 13 April 2020, and the Share Repurchase Report was disclosed on 17 April 2020. The Company decided to carry out a share repurchase through centralized bidding in a self-funded manner, and the repurchased shares would be used for equity incentive and employee stock ownership plans or reducing the registered capital according to law. The total amount used for the repurchase would be no lower than RMB200 million (inclusive) and no more than RMB400 million (inclusive), the repurchase price would not exceed RMB8.00/share (inclusive), and the repurchase period would be no more than 12 months starting from the approval of the share repurchase plan by the Board of Directors.

The 2019 Final Dividend Plan was approved at the 2019 Annual General Meeting on 15 May 2020. Based on the total share capital of 3,163,062,146shares (minus the 0 share in the Company's repurchase account) at the date of record for the 2019 final dividend plan, a cash dividend of RMB1.10 (tax inclusive) per 10 shares was distributed to the shareholders, with no bonus issue from either profit or capital reserves. The said plan was implemented on 10 July 2020. According to the Share Repurchase Report, a distribution of cash dividends occurred within the repurchase period. According to the applicable regulations of the CSRC and the Shenzhen Stock Exchange, the upper limit of the share repurchase was accordingly adjusted to RMB7.89/share (inclusive) upon the completion of the profit distribution.

The Proposal on the Termination of Share Repurchase was approved at the 12th Extraordinary Meeting of the 9th Board of Directors on 8 April 2021. It was agreed that the Company had fewer opportunities to repurchase shares because the share price was always higher than the upper limit of the repurchase price, multiple sensitive periods were involved during the repurchase period, etc. Considering that the share price was still continuously higher than the upper limit of the repurchase price, the Company decided to

terminate the share repurchase upon deliberation.

As of the date of this Report, a total of 7,634,138 shares (approximately 0.24% of the Company's existing total share capital) have been repurchased by way of centralized bidding. The highest transaction price was RMB7.89/share, the lowest transaction price was RMB7.77/share, and the total transaction amount was RMB59,855,050.85 (exclusive of transaction costs).

For further information, please refer to the relevant announcements disclosed by the Company on the media designated by the CSRC and the Shenzhen Stock Exchange for information disclosure and <http://www.cninfo.com.cn> dated 14 April 2020, 17 April 2020, 25 September 2020, 9 October 2020, 3 November 2020, 3 December 2020, 5 January 2021, 2 February 2021, 2 March 2021, 3 April 2021 and 9 April 2021.

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

Applicable Not applicable

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 considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Shareholder	Opening restricted shares	Increase in restricted shares in the current period	Unlocked in the current period	Closing restricted shares	Reason for restriction	Date of unlocking
Ningbo Infore Asset Management Co., Ltd.	1,017,997,382	0	0	1,017,997,382	Restricted shares in a private placement	4 July 2022
Zoomlion Heavy Industry Science And Technology Co., Ltd.	399,214,659	0	399,214,659	0	Restricted shares in a private placement	14 January 2020
Hongchuang (Shenzhen) Investment Center (L.P.)	310,423,813	0	310,423,813	0	Restricted shares in a private placement	14 January 2020
Guangzhou Yuemin Investment Yinglian Investment Partnership (L.P.)	79,842,931	0	79,842,931	0	Restricted shares in a private placement	14 January 2020
Shanghai Junhe	68,830,113	0	68,830,113	0	Restricted shares	14 January 2020

Licheng Investment Management Center (L.P.)—Shanghai Lvlian Junhe Industry Buyout Equity Investment Fund Partnership (L.P.)						in a private placement	
Ningbo Yingtai Investment Partnership (Limited Partnership)	40,913,514	0	0	40,913,514		Restricted shares in a private placement	4 January 2022
Ningbo Zhongfeng Investment Partnership (Limited Partnership)	40,141,033	0	0	40,141,033		Restricted shares in a private placement	4 January 2022
Ningbo Liantai Investment Partnership (Limited Partnership)	38,709,849	0	0	38,709,849		Restricted shares in a private placement	4 January 2022
He Jianfeng	11,723,329	0	0	11,723,329		Restricted shares in a private placement	8 January 2021
She Changguang	7,033,997	0	0	7,033,997		Restricted shares in a private placement	8 January 2021
Others	2,474,640	0	637,100	1,837,540		Locked-up shares of senior management	25% of the total shareholdings are unlocked annually
Total	2,017,305,260	0	858,948,616	1,158,356,644	--	--	--

II Issuance and Listing of Securities

1. Securities (Exclusive of Preference Shares) Issued in the Reporting Period

√ Applicable □ Not applicable

Name of	Issue date	Issue price	Issued	Listing date	Number	Termination	Index to	Disclosure
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stock and its derivative securities		(or interest rate)	number		approved for public trading	date of transaction	disclosed information	date
Type: stock								
Type: convertible corporate bonds, convertible corporate bonds with warrants, corporate bonds								
Infore Convertible Bonds	4 November 2020	RMB100	14,761,896	2 December 2020	14,761,896	--	Announcement No. 2020-102 on the Listing of Convertible Corporate Bonds Offered to the Public disclosed on www.cninfo.com.cn	1 December 2020
Type: other derivative securities								

Particulars about the securities (exclusive of preference shares) issued in the Reporting Period:

On 10 September 2020, the Company received the Reply on the Approval of the Public Offering of Convertible Corporate Bonds by Infore Environment Technology Group Co., Ltd. (CSRC Permit [2020] No. 2219) issued by the CSRC. As such, the Company was approved to carry out a public offering of convertible corporate bonds in the total par value of RMB1,476,189,600, with a term of six years. On 4 November 2020, the Company carried out the public offering of 14,761,896 convertible corporate bonds at the par value of RMB100 each, with the total par value being RMB1,476,189,600. For further information, please refer to the Announcement No. 2020-083 on the Receipt of the CSRC Approval Reply to the Application for a Public Offering of Convertible Corporate Bonds and the Announcement No. 2020-102 on the Listing of Convertible Corporate Bonds Offered to the Public disclosed on www.cninfo.com.cn dated 18 September 2020 and 1 December 2020, respectively.

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of	28,040	Number of	36,015	Number of	0	Number of	0
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ordinary shareholders at the period-end		ordinary shareholders at the month-end prior to the disclosure of this Report		preference shareholders with resumed voting rights at the period-end (if any) (see note 8)		preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)		
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Ningbo Infore Asset Management Co., Ltd.	Domestic non-state-owned corporation	32.18%	1,017,997,382	0	1,017,997,382	0	In pledge	610,798,429
Zoomlion Heavy Industry Science And Technology Co., Ltd.	Domestic non-state-owned corporation	12.62%	399,214,659	0	0	399,214,659	--	--
Infore Holding Group Co., Ltd.	Domestic non-state-owned corporation	11.37%	359,609,756	0	0	359,609,756	In pledge	258,617,365
Hongchuang (Shenzhen) Investment Center (L.P.)	Domestic non-state-owned corporation	9.81%	310,423,813	0	0	310,423,813	--	--
He Jianfeng	Domestic individual	2.01%	63,514,690	0	11,723,329	51,791,361	In pledge	62,952,175
Zara Green Hong Kong Limited	Overseas corporation	1.73%	54,778,335	-54,778,335	0	54,778,335	In pledge	54,778,335
Ningbo Yingtai Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.29%	40,913,514	0	40,913,514	0	--	--
Ningbo Zhongfeng Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.27%	40,141,033	0	40,141,033	0	--	--

Ningbo Liantai Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.22%	38,709,849	0	38,709,849	0	--	--
Infore Environment Technology Group Co., Ltd.—The First Employee Stock Ownership Plan	Other	1.14%	36,211,560	26,891,753	0	36,211,560	--	--
Strategic investor or general corporation becoming a top-10 shareholder in a rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	Ningbo Infore Asset Management Co., Ltd. and Infore Holding Group Co., Ltd. share the same actual controller—Mr. 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 Administration of Information Disclosure Regarding Changes in Shareholdings in Listed Companies) among the other shareholders above.							
Shareholders above entrusting/entrusted with or waiving voting rights	N/A							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Class	Shares					
Zoomlion Heavy Industry Science And Technology Co., Ltd.	399,214,659	RMB-denominated ordinary stock	399,214,659					
Infore Holding Group Co., Ltd.	359,609,756	RMB-denominated ordinary stock	359,609,756					
Hongchuang (Shenzhen) Investment Center (L.P.)	310,423,813	RMB-denominated ordinary stock	310,423,813					
Zara Green Hong Kong Limited	54,778,335	RMB-denominated ordinary stock	54,778,335					
He Jianfeng	51,791,361	RMB-denominated ordinary stock	51,791,361					
Infore Environment Technology Group Co., Ltd.—The First Employee Stock Ownership Plan	36,211,560	RMB-denominated ordinary stock	36,211,560					
Shanghai Junhe Licheng Investment Management Center (L.P.)—Shanghai Lvlian Junhe Industry Buyout Equity Investment Fund Partnership (L.P.)	34,415,113	RMB-denominated ordinary stock	34,415,113					
New China Life Insurance Company Ltd.—Dividend—Individual Dividend-018L-FH002S.Z.	33,807,208	RMB-denominated ordinary stock	33,807,208					

Chen Liyuan	31,018,000	RMB-denominated ordinary stock	31,018,000
Guangdong Hengjian Capital Management Co., Ltd.	26,783,347	RMB-denominated ordinary stock	26,783,347
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	Mr. He Jianfeng is the actual controller of Infore Holding 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 Administration of Information Disclosure Regarding Changes in Shareholdings in Listed Companies) among the other public shareholders above.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	None		

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: controlled by an individual

Type of the controlling shareholder: corporation

Name of the controlling shareholder	Legal representative/person-in-charge	Date of incorporation	Organization code	Principal activities
Ningbo Infore Asset Management Co., Ltd.	Wei Ting	2 May 2017	91330206MA290L5J3L	Asset management, industrial investment, and investment management. (The Company shall not engage in financial businesses such as absorbing deposits, financing guarantee, wealth management agency business, and raising (financing) funds from the public without the approval of regulators like financial regulators) (business activities subject to approval in accordance with laws shall not be carried out until approval from competent authorities has been obtained.).
Interests held in other domestically and overseas listed companies in the Reporting Period	Not applicable			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Acting-in-Concert Parties

Nature of the actual controller: domestic individual

Type of the actual controller: individual

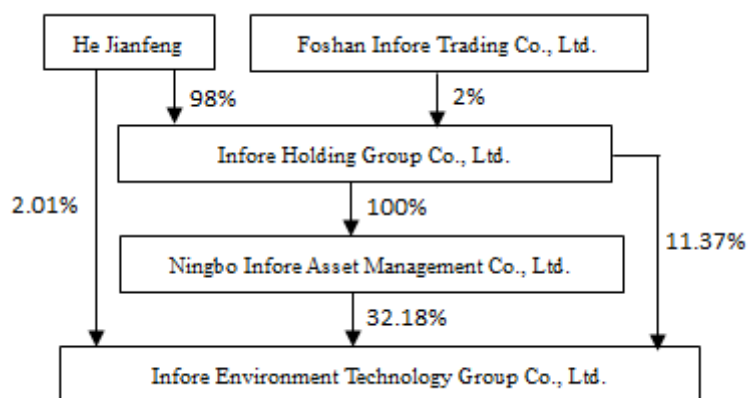
Name of the actual controller	Relationship with the actual controller	Nationality	Residency in other countries or regions or not
He Jianfeng	Actual controller himself	Chinese	Yes
Main occupations and positions	Chairman of the Board and President of Infore Holding Group Co., Ltd.		
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable		

Change of the actual controller in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relationship between the actual controller and the Company:



Indicate whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

Name of corporate shareholder	Legal representative/person-in-charge	Date of incorporation	Registered capital	Principal activities
Zoomlion Heavy Industry	Zhan Chunxin	31 August 1999	7,808,536,633	Development, production, and sales of

Science And Technology Co., Ltd.				engineering machines, agricultural machines, sanitation machines, crane trucks and exclusive chassis, fire engines and exclusive chassis, high-altitude operation machines, other machinery equipment, 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); operation of commodity and technology import and export businesses; investment in real estate with self-owned assets (The Company shall not engage in national financial regulation and financial credit businesses such as absorbing deposits, fund-raising and collection, entrusted loans, and issuing notes and loans). Sales of second-hand vehicles; disassembly and recovery of disused machinery equipment. (Business activities subject to approval in accordance with laws shall not be carried out until approval from competent authorities has been obtained.)
Infore Holding Group Co., Ltd.	He Jianfeng	19 April 2002	4,000,000,000	Investment in various industries, investment management, investment consultation, and asset management; enterprise management and enterprise consulting services; computer information services and software services; film product 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

				<p>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 equipment 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-cooled, water-cooled, 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 until approval from competent authorities has been obtained)</p>
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5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

Part VII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

√ Applicable □ Not applicable

I Previous Price Adjustments for Conversion of Bonds into Shares

With the approval granted by the China Securities Regulatory Commission under Document ZH.J.X.K. [2020] No. 2219, the Company on 4 November 2020 publicly issued 14,761,896 convertible corporate bonds, each with a par value of RMB100, and the total issue amount was RMB1,476,189,600. The initial conversion price of this tranche of convertible bonds is RMB8.31 per share. If the Company distributes bonus shares, increases share capital, issues new shares (excluding the increase in share capital as a result of the conversion of this tranche of convertible bonds), issues shares or distributes cash dividends, the conversion price will be adjusted accordingly in accordance with applicable laws and regulations.

II Cumulative Conversion of Bonds into Shares

□ Applicable √ Not applicable

III Information on Top Ten Convertible Bond Holders

Unit: Share

No.	Name of convertible bond holder	Nature of convertible bond holder	Number of convertible bonds held as at the end of the Reporting Period	Amount of convertible bonds held as at the end of the Reporting Period (RMB)	Share of convertible bonds held as at the end of the Reporting Period
1	Industrial and Commercial Bank of China Limited -- Aegon-Industrial Hengyi Bond Investment Fund	Other	480,485	48,048,500.00	3.25%
2	Industrial and Commercial Bank of China Limited -- CUAM Convertible Bond Securities Investment Fund	Other	466,992	46,699,200.00	3.16%
3	Sealand Securities Co., Ltd.	State-owned corporation	326,366	32,636,600.00	2.21%
4	Agricultural Bank of China Limited -- China Southern Xiyuan Convertible Bond Securities Investment Fund	Other	269,602	26,960,200.00	1.83%
5	CNPC Enterprise Annuity Program -- Industrial and Commercial Bank	Other	256,417	25,641,700.00	1.74%

	of China Limited				
6	China Galaxy Securities Co., Ltd.	State-owned corporation	229,994	22,999,400.00	1.56%
7	Huatai Securities Co., Ltd.	State-owned corporation	229,991	22,999,100.00	1.56%
8	National Social Security Fund 205 Portfolio	Other	207,000	20,700,000.00	1.40%
9	National Social Security Fund 201 Portfolio	Other	200,770	20,077,000.00	1.36%
10	ICBC Credit Suisse Investment Management Co., Ltd.	Domestic non-state-owned corporation	199,991	19,999,100.00	1.35%

IV Significant Changes in Profitability, Assets and Credit Standing of Guarantors

Applicable Not applicable

V The Company's Liabilities as at the End of the Reporting Period, Credit Standing Changes and Cash Arrangements for Debt Repayment For the Coming Year

1. Principal financial indicators of the Company

Item	2020	2019	Changes
Liability/asset ratio	42.64%	35.88%	6.77%
Interest cover (times)	12.49	12.40	0.09
Loan repayment ratio	100%	100%	0.00%
Interest payment ratio	100%	100%	0.00%

2. Credit rating of convertible bonds

During the Reporting Period, China Chengxin Credit Rating Group assigned rating to convertible corporate bonds issued by the Company and issued the Credit Rating Report on 2020 Public Offering of Convertible Corporate Bonds of Infore Environment Technology Group Co., Ltd. (X.P.W.H. [2020] No. 1498D). According to the rating report, the Company's corporate credit rating was AA+ and bond credit rating was AA+, with a stable outlook. For details, see the Credit Rating Report on 2020 Public Offering of Convertible Corporate Bonds disclosed by the Company on 2 November 2020 on the cninfo website (www.cninfo.com.cn).

3. Financial arrangements for debt repayment in the coming year

The primary sources of funds for the Company to pay the principal and interest of convertible bonds in the future are as follows: (1) The Company seeks endogenous growth by strengthening financial management and increasing the net cash inflow from operating activities and net profit; (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.

Part IX Directors, Supervisors, Senior Management and Staff

I Changes in the Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Opening shareholding (share)	Increase in the current period (share)	Decrease in the current period (share)	Other increase/decrease (share)	Closing shareholding (share)
Ma Gang	Chairman of the Board and President	Incumbent	Male	42	4 December 2014	26 December 2022	1,654,600	0	0	0	1,654,600
Kuang Guangxiang	Director	Incumbent	Male	42	30 January 2019	26 December 2022	0	0	0	0	0
Shen Ke	Director	Incumbent	Male	50	30 January 2019	26 December 2022	0	0	0	0	0
Chen Peiliang	Director and Vice President	Incumbent	Male	49	30 January 2019	26 December 2022	0	0	0	0	0
Shi Shuiping	Independent Director	Incumbent	Male	46	14 November 2016	26 December 2022	0	0	0	0	0
Zhang Yu	Independent Director	Incumbent	Male	43	26 December 2019	26 December 2022	0	0	0	0	0
Li Ruidong	Independent Director	Incumbent	Male	44	26 December 2019	26 December 2022	0	0	0	0	0
Jiao Wanjiang	Chairman of the Supervisory Committee	Incumbent	Male	40	14 November 2016	26 December 2022	308,692	0	0	0	308,692
Liu Kan	Supervisor	Incumbent	Male	37	26	26	0	0	0	0	0

					December 2019	December 2022					
Lin Meiling	Employee supervisor	Incumbent	Female	36	14 November 2016	26 December 2022	0	0	0	0	0
Lu Anfeng	Vice President and Chief Financial Officer	Incumbent	Male	43	8 November 2013	26 December 2022	486,762	0	0	0	486,762
JinTaotao	Vice President and Board Secretary	Incumbent	Male	38	26 December 2019	26 December 2022	0	0	0	0	0
Total	--	--	--	--	--	--	2,450,054	0	0	0	2,450,054

II Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

III Biographical Information

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

1. Mr. Ma Gang, born in 1979, with a master's degree, is Chairman of the eighth and ninth Board of Directors of Infore Environment. Starting from December 2014, he serves 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, Domestic Sales General Manager at Midea Small Domestic Appliance Division, President of China Marketing Headquarters of Midea Daily Home Electric Appliance Group, Vice President and Domestic Sales General Manager at Midea Small Domestic Appliance Division, Vice President of Midea Small Domestic Appliance Division and General Manager at Midea Water Material Entity, and Deputy Director at Midea Domestic Market Department.

2. Mr. Kuang Guangxiong, born in 1979, with 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 Environment. 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.

3. Mr. Shen Ke, born in 1971, with a master's degree, is Director of the eighth and ninth Board of Directors of Infore Environment. Since January 2019, he has served as Chief Investment Officer 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 General Manager of Investment & Financing Management Department, and Board Secretary of Zoomlion Heavy Industry Science And Technology Co., Ltd.

4. Mr. Chen Peiliang, born in 1972, with a bachelor's degree, is Director of the eighth and ninth Board of Directors of Infore Environment. He has been General Manager of Changsha Zoomlion Environmental Industry Co., Ltd. since September 2013. He served as General Manager of Hunan Zoomlion International Trade Co., Ltd. from July 2002 to May 2010, Executive Deputy General Manager of the Concrete Machinery Division of Zoomlion Heavy Industry Science And Technology Co., Ltd. from May 2010 to September 2013, and Assistant to President and Vice President of Zoomlion Heavy Industry Science And Technology Co., Ltd. from September 2006 to July 2016.

5. Mr. Zhang Yu, born in 1978, has a doctorate. 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, is a bachelor's degree holder. 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 doctorate and is Certified Anti-Fraud Professional and Independent Director of the eighth and ninth Board of Directors of Infore Environment. Since October 2010, he has Professor and Graduate Students' Supervisor at School of Management, Jinan University. It is also 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, with a master's degree, is PRC Certified Public Accountant and Certified Tax Agent. Since September 2012, he has served as Vice President and Chief Financial Officer of the Company. He held the positions of Senior Financial Manager at PCI Technology Group Co., Ltd., Audit Manager at Mayland Group, and Certified Public Accountant at Guangzhou Branch of Shenzhen Dahua Tiancheng Accounting Firm.

9. Mr. JinTaotao, born in 1983, is a master's degree holder. 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 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. He joined Midea in July 2005. He successively held the positions of Domestic Sales Branch Manager, Senior Product Planning Manager at Headquarters and Head of Brand & Marketing Department of Guangdong Midea Consumer Electric Manufacturing Co., Ltd.

11. Mr. Liu Kan, born in 1984, is a bachelor's degree holder. He has worked in the Company since February 2016, and is currently Director of the Operation Management Department of Zoomlion Environmental. 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.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Name	Shareholding entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Ma Gang	Infore Holding Group Co., Ltd.	Director	16 March 2018	--	Not
Kuang	Infore Holding Group Co., Ltd.	Director and	1 October 2018	--	Yes

Guangxiong		Vice President			
Shen Ke	Zoomlion Heavy Industry Science And Technology Co., Ltd.	Chief Investment Officer	1 July 2003	--	Yes
Note	<p>Mr. Ma Gang concurrently served as a Director of Infore Holding Group Co., Ltd.</p> <p>Mr. Kuang Guangxiong concurrently served as a Director and Vice President of Infore Holding Group Co., Ltd.</p> <p>Mr. Shen Ke concurrently served as the Chief Investment Officer of Zoomlion Heavy Industry Science And Technology Co., Ltd.</p>				

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Shen Ke	Bichamp Cutting Technology (Hunan) Co., Ltd.	Director	5 July 2014	--	Not
Zhang Yu	China Europe International Business School	Associate professor	1 July 2015	--	Yes
Li Ruidong	The China Environment magazine	President and Editor-in-Chief	1 November 2013	--	Yes
Shi Shuiping	Jinan University	Associate Professor and Master Supervisor of the Faculty of Management	1 January 2010	--	Yes
Note	<p>Mr. Shen Ke concurrently served as a Director of Bichamp Cutting Technology (Hunan) Co., Ltd.</p> <p>Mr. Zhang Yu concurrently served as an Associate Professor of China Europe International Business School.</p> <p>Mr. Li Ruidong concurrently served as the President and Editor-in-Chief of The China Environment magazine.</p> <p>Mr. Shi Shuiping concurrently served as an Associate Professor and Master Supervisor of the Faculty of Management of Jinan University.</p>				

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

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

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

The remunerations of the directors, supervisors and senior management of the Company strictly comply with the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee and the Articles of Association of the

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

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from any related party or not
Ma Gang	Chairman of the Board and President	Male	42	Incumbent	228.51	Not
Kuang Guangxiong	Director	Male	42	Incumbent	0	Yes
Shen Ke	Director	Male	50	Incumbent	0	Yes
Chen Peiliang	Director and Vice President	Male	49	Incumbent	624.91	Not
Shi Shuiping	Independent Director	Male	46	Incumbent	10	Not
Zhang Yu	Independent Director	Male	43	Incumbent	10	Not
Li Ruidong	Independent Director	Male	44	Incumbent	10	Not
Jiao Wanjiang	Chairman of the Supervisory Committee	Male	40	Incumbent	59.93	Not
Liu Kan	Supervisor	Male	37	Incumbent	67.96	Not
Lin Meiling	Employee Supervisor	Female	36	Incumbent	12.8	Not
Lu Anfeng	Vice President and Chief Financial Officer	Male	43	Incumbent	77.8	Not
JinTaotao	Vice President and Board Secretary	Male	38	Incumbent	74.87	Not
Total	--	--	--	--	1,176.78	--

Equity incentives granted to directors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company	86
Number of in-service employees of principal subsidiaries	8,639
Total number of in-service employees	8,725
Total number of paid employees in the Reporting Period	8,725
Number of retirees to whom the Company or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	4,681
Sales	656
Technical	1,356
Financial	206
Administrative	1,826
Total	8,725
Educational backgrounds	
Educational background	Employees
Doctoral degree	6
Master's degree	373
Bachelor's degree	2,369
Junior college	2,113
Below junior college	3,864
Total	8,725

2. Remuneration Policy

The Company adopts a fair remuneration system including 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's 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, degree of changes in the industry environment and the corporate payment capacity.

3. Training Plans

In adherence to the people-oriented principle, 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-Panfeng Training Camp) and a multi-purpose professional training system covering all employees from fresh graduates to senior executives. In addition, according to the actual situation, the Company has built an online learning platform called "Infore Environment Cool College" and constantly rolled out more and better courses, providing convenience and institutional guarantee for employees to study and enhance their competence anytime and anywhere. The Company exercises special management over training expenses and offers offline training programs according to the actual job needs of employees at different levels, including programs for management team members, newbies, professionals, and ordinary employees. It adheres to the learning concept of integrating knowledge with practice, with special attention to the selection and training of internal lecturers and development of training programs.

4. Labor Outsourcing

Applicable Not applicable

Total hours of labor outsourced	16,972,100
Total payment for labor outsourcing (RMB)	199,879,123.30

Part X 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 make Board of Directors' deliberation and decision-making professional and efficient.

2. The Company convenes Annual General Meeting in strict accordance with the relevant provisions of the Rules for Shareholders' General Meeting of Listed Companies, Articles of Association, and Rules of Procedure of General Meeting of the Company. The Board of Directors, which is the decision-making body of the Company, conscientiously implements the resolutions of General Meetings. 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 managers, 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 and 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 insider information, effectively prevent securities violations such as insider trading, maintain the fairness of information disclosure, and protect the legitimate rights and interests of investors, the Company promptly, truthfully and fully recorded the stages of consultation, demonstration, discussion, establishment, and reporting, transmission, preparation, examination, resolution, and disclosure of inside information before disclosure as well as the content, time, place, basis, method and other related information and files containing insider information that all insider personnel know, 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, CSRC Provisions on the Establishment of Registration Management System for Insider Information by Listed Companies, as well as the relevant provisions of the Articles of Association, Information Disclosure Management Policy and the Policy on Internal Reporting of Significant Matters of the Company.

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 Shenzhen Stock Exchange for issues relating to information disclosure. During the Reporting Period, there were no governance irregularities such as provision of undisclosed information to the controlling shareholder and the actual controller.

5. During the Reporting Period, material events occurred in the Company, but there was no change in the stock price arising from leakage of inside information. As part of its next steps, the Company will constantly improve 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.

Indicate whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II Independence of the Company from the Controlling Shareholder on Businesses, Personnel, Assets, Structure, and Finance

The Company is completely independent of the controlling shareholder in terms of businesses, structure, personnel, finance, and assets and has fully independent businesses and operation. 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 of the Company do not hold positions other than directors in the controlling shareholder and its affiliates, the financial officers of the Company does not have a part-time job in related 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 is completely independent.

(3) Integrity of assets: The Company owns independent and complete assets and has independent production, supply and marketing 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. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2019 Annual General Meeting	Annual General Meeting	62.19%	15 May 2020	16 May 2020	Announcement No. 2020-047 disclosed on http://www.cninfo.com.cn
The First Extraordinary General Meeting of 2020	Extraordinary General Meeting	51.22%	10 September 2020	11 September 2020	Announcement No. 2020-082 disclosed on http://www.cninfo.com.cn

2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings or not	General meetings attended
Shi Shuiping	9	7	2	0	0	Not	2
Zhang Yu	9	8	1	0	0	Not	2
Li Ruidong	9	7	2	0	0	Not	2

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

2. Objections Raised by Independent Directors on Matters of the Company

Indicate whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate whether any suggestions from independent directors were adopted by the Company.

Yes No

Explanation on adoption/rejection of recommendations of independent director of the Company

During the Reporting Period, the independent director of the Company strictly complied with the requirements of the Stock Listing Rules of the Shenzhen Stock Exchange, Articles of Association and Work Policy for Independent Director of the Company, diligently and earnestly performed his duties, performed his duties independently, objectively and impartially, and conducted on-site investigation to understanding matters at on-site meetings of the Board of Directors and Annual Meeting. He kept in regular contact with the directors, the Board Secretary, Chief Financial Officer and other relevant staff to understand the day-to-day production and operations of the Company, seriously reviewed the proposals of the Board of Directors, and reviewed matters concerning related-party transactions beforehand, and issued independent opinions on material matters of the Company as per regulations. Furthermore, he paid attention to the reports published on newspapers, the Internet and media agencies in relation to the Company to keep abreast of the operations of the Company. The independent director put forward relevant recommendations on the investment

decisions of the Company. For example, he suggested that the Company should make more investments in intelligent and automatic technologies while keeping all risks under control.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

(I) Duty performance of the Audit Committee of the Board of Directors: During the Reporting Period, the Audit Committee gave full play to the role of audits and actively promoted the standardization of corporate governance. During the Reporting Period, the Audit Committee primarily completed the following tasks:

(1) During the audit on the 2019 Annual Report of the Company, the Audit Committee carefully reviewed the Company's financial statements and internal controls, actively communicated with the accounting firm responsible for annual audit of the Company, discussed and determined the audit arrangements, and repeatedly urged the accounting firm to organize the audit activities in strict accordance with the audit plan to ensure the smooth completion of the audit on the 2019 Annual Report.

(2) The Audit Committee reviewed, approved and submitted the accounting firm re-engagement proposal to the Board of Directors, recommended that Pan-China Certified Public Accounts LLP should be re-engaged to be responsible for the Company's 2020 annual audit, including the audits on 2020 Annual Report and internal controls.

(3) In the related-party transaction supervision and internal control assessment for the Reporting Period, the Audit Committee conducted a meticulous review of the related-party transactions that occurred in the Company in 2020. It guided and supervised the standard implementation and assessment of the Company's internal control and advanced the development of the Company's internal controls.

(II) Duty performance of the Remuneration & Appraisal Committee of the Board of Directors: The Remuneration & Appraisal Committee, in accordance with relevant laws and regulations, earnestly performed its duties, formulated and reviewed the remuneration policies and schemes for the Company's directors, supervisors and senior management, and guided the Board of Directors to improve the Company's remuneration policy. It concluded that the remunerations of the Company's directors, supervisors and senior management were in line with the relevant remuneration policies of the Company as well as the Company's business performance and individual performance. The Remuneration & Appraisal Committee reviewed the Company's stock option incentive plan, the eligibility of its beneficiaries for exercising the rights, related adjustment items, etc.

(III) Duty performance the Nomination Committee of the Board of Directors: During the Reporting Period, the Nomination Committee of the Board of Directors carried out its work pursuant to the relevant regulations of the CSRC and the Shenzhen Stock Exchange, as well as the principle of diligence and due diligence. According to the business activities of the Company during the Reporting Period, it carefully supervised the post qualifications and duty performance of each director, supervisor and senior manager. During the Reporting Period, the directors, supervisors and senior management of the Company were not found to have violated the Company Law, the Articles of Association of the Company, etc.

(IV) Duty performance of the Strategy Committee of the Board of Directors: The Strategy Committee of the Board of Directors participated in the meetings of the Management on acceptance of partial shares of the holding subsidiary, waiver of the preemption rights and related-party transactions, repurchase scheme for the Company's shares, discussion and issuance of convertible bonds of the Company, and spin-off listing of subsidiary, in accordance with the relevant legal provisions such as the Code of Corporate Governance of Listed Companies, the Articles of Association of the Company and other relevant laws and regulations. Also, it listened to the reports of the Management on the relevant plans, jointly analyzed the feasibility of various issues, and offered professional opinions and recommendations.

VII Performance of Duty by the Supervisory Committee

Indicate whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

No such cases in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

The Company adopts a remuneration policy comprised of basic annual salary and annual performance-based bonus for senior management. It determines and specific assessment, reward and punishment measures according to the overall development strategy and business objectives of the Company at the beginning of the year, and distribute corresponding performance rewards at the end of the year according to the completion of business objectives.

IX Internal Control

1. Details of material internal control deficiencies identified during the Reporting Period

Yes No

2. Internal control self-assessment report

Date of full disclosure of the internal control assessment report	23 April 2021	
Index of full disclosure of the internal control assessment report	For details, see the 2020 Internal Control self-Assessment Report disclosed on http://www.cninfo.com.cn	
Ratio of the total assets of the organizations included in the assessment to the Company's consolidated total assets	100.00%	
Ratio of the revenue of the organizations included in the assessment to the Company's consolidated revenue	100.00%	
Deficiency identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>(1) 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 against GAAP; 4) Internal control over the final financial reporting procedures.</p> <p>(2) Material deficiencies: 1) Fraud committed by directors, supervisors and senior managers; 2) Correction of corporate financial report published or reported; 3) Material misstatement in the current financial report identified by certified public accountant, which is not identified in the</p>	<p>(1) Material deficiencies: 1) Violations of State laws and regulations, e.g., environmental pollution, serious damage to 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 Company; 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</p>

	<p>course of running of internal control; 4) Ineffective supervision over internal control by the Audit Committee and internal audit agency; 5) Lack of post qualification or incompetence of principal financial officer; 6) Ineffective compliance supervision, and violations of regulations, which may have a significant impact on the reliability of financial reporting; 7) The Management's failure to correct significant deficiency after a reasonable period of the deficiency being reported to the Management.</p>	<p>on the Company; 4) Failure to remedy internal control assessment findings, especially material or significant deficiencies; absence of policy control or systematic failure of critical businesses; 5) Unreasonable decision-making procedures, e.g., decision-making mistakes, resulting in unsuccessful M&A; 6) Losses seen by the Company in consecutive years for reasons apart from policy reasons, posing challenges to sustainable operations; 7) Lack of internal controls in subsidiaries, leading to poor management. (2) Significant deficiencies: 1) Fraud committed by middle managers; 2) Negative reports published by influential media agency in that year; 3) Failure to remedy general deficiencies identified in the prior year without reasonable explanation; 4) Incompetency of some managers or operators. Circumstances, including but not limited to the following, may be recognized as internal control "general deficiencies": Fraud committed by general employees; failure to remedy general deficiencies identified in the prior year with reasonable explanation.</p>
Quantitative criteria	<p>(1) Material deficiencies: 1) The potentially misstated amount in the profit statement is greater than 1% of the consolidated revenue of the Company's in the most recent financial year or 5% of the total pre-tax profit; 2) The potentially misstated amount in the balance sheet is greater than 1% of the consolidated total assets of the Company in the most recent financial year.</p> <p>(2) Significant deficiencies: 1) The potentially misstated amount is greater than 0.5% of the Company's consolidated revenue or 3% of the total pre-tax profit in the income statement but less than 1% of the Company's consolidated revenue or 5% of the total pre-tax profit in the most recent</p>	<p>General deficiency: Less than RMB5 million; Significant deficiency: RMB5 million (including RMB5 million)-RMB10 million; Material deficiency: RMB10 million and above.</p>

	financial year; 2) The potentially misstated amount is greater than 0.5% but less than 1% of the consolidated total assets of the Company in the most recent financial year. (3) General deficiencies: 1) The potentially misstated amount in the income statement is less than 0.5% of the consolidated revenue of the Company' in the most recent financial year or 3% of the total pre-tax profit; 2) The potentially misstated amount in the balance sheet is less than 0.5% of the consolidated total assets of the Company' in the most recent financial year.	
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

X Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
Infore Environment Technology Group Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as of 31 December 2020, based on the Basic Rules on Enterprise Internal Control and other applicable rules.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	23 April 2021
Index to the disclosed report	PCCPA Auditor's Report [2021] No. 3832
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board of Directors.

Yes No

Part XI Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part XII Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing the independent auditor's report	22 April 2021
Name of the independent auditor	Pan-China Certified Public Accountants LLP
Number of the independent auditor's report	PCCPAAR [2021] No. 4208
Name of the certified public accountants	Bian Shanshan and Cao Cuijuan

Auditor's Report

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

I. Audit Opinion

We have audited the accompanying financial statements of Infore Environment Technology Group Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2020, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

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

III. Key Audit Matters

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

(I) Revenue recognition

1. Key audit matters

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

The Company is mainly engaged in manufacturing of sanitation vehicles and equipment, electromagnetic wire, ventilation equipment, environmental monitoring instruments, and construction and operation of environmental protection engineering as well as other industries, and adopts different recognition methods for revenue from each industry and product service. In 2020, the operating revenue amounted to 14,332,025,075.40 yuan, increasing by 12.89% compared with that in previous year amounting to 12,695,858,666.40 yuan.

Sales of sanitation vehicles and equipment, electromagnetic wire and ventilation equipment are performance obligations satisfied at a point in time. Revenue is recognized when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been verified for acceptance by customers, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. The environment and sanitation comprehensive management projects are performance obligations satisfied over time. Revenue is recognized at the percentage of completion of the performance obligation based on the completion status confirmed by the project supervisor.

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

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sale contracts and construction contracts with clients, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method conformed to China Accounting Standards for Business Enterprises;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, client, project, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;
- (4) For revenue recognition, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, orders, sales invoices, delivery lists, delivery orders, shipping documents, client acceptance receipts, progress confirmation sheets, construction acceptance and supervision reports, etc.;
- (5) We selected significant engineering contracts, checked the documents including cost budget, purchase contracts, subcontract agreements and others on which the expected total cost was based, and evaluated the reasonableness of the expected total cost estimated by the Management;
- (6) We performed confirmation procedure or on-site visit procedure on significant clients and projects to confirm the sales amounts in the current period, the balances of transactions and the performance of the contracts;
- (7) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period; and
- (8) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Impairment of accounts receivable and long-term receivables (including those due within one year)

1. Key audit matters

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

As of December 31, 2020, the book balance of accounts receivable amounted to 5,979,099,528.01 yuan, with provision for bad debts of 414,264,663.97 yuan, and the carrying amount amounted to 5,564,834,864.04 yuan; the book balance of long-term receivables

(including those due within one year) amounted to 2,557.32 million yuan, with provision for bad debts of 152.83 million yuan, and the carrying amount amounted to 2,221.29 million yuan.

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

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

2. Responsive audit procedures

Our main audit procedures for impairment of accounts receivable and long-term receivables (including those due within one year) are as follows:

- (1) We obtained understandings of key internal controls related to accounts receivable and long-term receivables (including those due within one year), assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;
- (2) We reviewed accounts receivable and long-term receivables (including those due within one year) with provision for bad debts made in previous periods for their subsequent write-off or reversal, and assessed the accuracy of historical estimations made by the Management;
- (3) We reviewed the consideration of the Management on credit risk assessment of accounts receivable and long-term receivables (including those due within one year) and objective evidences, and assessed whether the credit risk features of accounts receivable had been appropriately identified by the Management;
- (4) For accounts receivable and long-term receivables (including those due within one year) with expected credit losses measured on a collective basis, we assessed the reasonableness of portfolio classification on the basis of credit risk features; we assessed the reasonableness of the comparison table of ages and expected credit loss rate of accounts receivable and long-term receivables (including those due within one year) prepared by the Management based on the historical credit loss experience of portfolios with similar credit risk features and forward-looking estimations; we tested the accuracy and completeness of data used by the Management (including ages) and whether the calculation of provision for bad debts was accurate;
- (5) We checked the subsequent collection of accounts receivable and long-term receivables (including those due within one year) and assessed the reasonableness of provision for bad debts made by the Management; and
- (6) We checked whether information related to impairment of accounts receivable and long-term receivables (including those due within one year) had been presented appropriately in the financial statements.

(III) Impairment of goodwill

1. Key audit matters

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

As of December 31, 2020, the book balance of goodwill amounted to 6,224,243,094.37 yuan, with provision for bad debts of 53,434,058.51 yuan, and the carrying amount amounted to 6,170,809,035.86 yuan, accounting for 20.49% of total assets. Both the carrying amount and the proportion are relatively large.

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

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

2. Responsive audit procedures

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

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

(IV) Related party transactions and identification

1. Key audit matters

Please refer to section X of the notes to the financial statements for details.

Due to the complex relationship between the Company's ultimate controller 何剑锋 (He Jianfeng) and its controlling shareholder 盈峰控股集团有限公司 (Infore Holding Group Co., Ltd.*), a large number of affiliated entities of the Company's major shareholder 中联重科股份有限公司 (Zoomlion Heavy Industry Co., Ltd.*), and various types of related party transactions, which may exist a risk that related party relationships and transactions are not fully disclosed in the notes to the financial statements, we have identified the completeness of disclosure on related party relationships and transactions as a key audit matter.

2. Responsive audit procedures

*The English names are for identification purpose only.

Our main audit procedures for related party transactions and identification are as follows:

- (1) We assessed and tested the internal controls related to the identification and disclosure of related party relationships and transactions. Internal controls included regularly reviewing the list of related parties by the Management, performing related party reconciliations on a regular basis and following up on discrepancies, and collecting annual statistics on related party transactions and making a public announcement;
- (2) We obtained the list of related party relationships compiled by the Management, and checked it with the related party relationships listed in the sub-ledger and information obtained from other publicly available sources;
- (3) We checked significant sales, purchases and other contracts to identify whether there are undisclosed related party relationships and transactions;
- (4) We obtained the current account schedule provided by the Management, checked the reconciliation results of amounts and balances of related party transactions to confirm the completeness of the transactions, and checked the original vouchers of corresponding transactions to confirm the authenticity of the transactions;
- (5) We performed confirmation procedures to verify the amounts and balances of related party transactions by sampling method; and
- (6) We checked whether related party information and transactions had been disclosed in the financial statements.

IV. Other Information

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

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

Pan-China Certified Public Accountants LLP

Chinese Certified Public Accountant: Bian Shanshan

(Engagement Partner)

Hangzhou ·China

Chinese Certified Public Accountant: Cao Cuijuan

Date of Report: April 22, 2021

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

Infore Environment Technology Group Co., Ltd.
Consolidated balance sheet as at December 31, 2020
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2019
Current assets:			
Cash and bank balances	1	5,904,127,970.85	3,160,767,624.40
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	128,017,735.11	217,189,146.28
Derivative financial assets			
Notes receivable	3	64,663,544.98	40,493,712.20
Accounts receivable	4	5,564,834,864.04	5,163,050,940.07
Receivables financing	5	520,429,874.86	683,999,481.60
Advances paid	6	137,769,198.53	71,052,084.75
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	7	257,670,998.28	224,865,915.72
Financial assets under reverse repo			
Inventories	8	1,305,177,407.85	1,145,000,730.01
Contract assets	9	170,840,655.62	
Assets classified as held for sale			
Non-current assets due within one year	10	1,157,997,329.53	760,845,984.28
Other current assets	11	524,859,055.94	331,614,554.91
Total current assets		15,736,388,635.59	11,798,880,174.22
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables	12	1,063,292,418.65	1,152,179,083.21
Long-term equity investments	13	318,243,332.69	303,292,231.01
Other equity instrument investments	14	26,070,000.00	26,070,000.00
Other non-current financial assets			
Investment property	15	2,009,006.98	568,026.39
Fixed assets	16	1,640,546,747.67	994,681,585.66
Construction in progress	17	1,782,529,087.95	1,550,462,442.48
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	18	3,163,935,814.41	2,686,210,546.90
Development expenditures	19	4,449,066.69	7,861,260.14
Goodwill	20	6,170,809,035.86	6,196,214,398.16
Long-term prepayments	21	12,703,802.65	16,109,938.88
Deferred tax assets	22	95,270,882.31	77,777,629.37
Other non-current assets	23	94,289,159.43	44,360,378.52
Total non-current assets		14,374,148,355.29	13,055,787,520.72
Total assets		30,110,536,990.88	24,854,667,694.94

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Consolidated balance sheet as at December 31, 2020 (continued)
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2019
Current liabilities:			
Short-term borrowings	24	1,657,905,376.55	1,606,673,817.48
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities	25	810,300.00	866,300.00
Derivative financial liabilities			
Notes payable	26	3,853,175,394.09	2,941,694,181.14
Accounts payable	27	3,404,825,085.03	2,486,177,851.99
Advances received	28		170,610,799.52
Contract liabilities	29	181,051,683.90	
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	30	321,861,989.64	225,112,437.87
Taxes and rates payable	31	372,514,942.66	192,120,056.48
Other payables	32	443,477,082.48	374,873,715.69
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	33	150,862,201.57	86,554,242.52
Other current liabilities	34	55,106,039.73	
Total current liabilities		10,441,590,095.65	8,084,683,402.69
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	35	765,643,457.78	643,843,170.78
Bonds payable	36	1,199,466,109.60	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	37	255,735,814.91	188,400,523.49
Long-term employee benefits payable			
Provisions	38	1,461,553.82	
Deferred income	39	96,734,819.84	50,399,106.23
Deferred tax liabilities	22	78,884,957.38	120,043,177.41
Other non-current liabilities			
Total non-current liabilities		2,397,926,713.33	1,002,685,977.91
Total liabilities		12,839,516,808.98	9,087,369,380.60
Equity:			
Share capital	40	3,163,062,146.00	3,163,062,146.00
Other equity instruments	41	266,939,831.65	
Including: Preferred shares			
Perpetual bonds			
Capital reserve	42	9,707,741,876.49	9,698,117,762.75
Less: Treasury shares	43	8,920,597.83	99,993,195.75
Other comprehensive income	44		479,437.51
Special reserve	45		
Surplus reserve	46	232,701,943.56	232,701,943.56
General risk reserve			
Undistributed profit	47	3,558,688,885.55	2,520,329,621.90
Total equity attributable to the parent company		16,920,214,085.42	15,514,697,715.97
Non-controlling interest		350,806,096.48	252,600,598.37
Total equity		17,271,020,181.90	15,767,298,314.34

Total liabilities & equity		30,110,536,990.88	24,854,667,694.94
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Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Parent company balance sheet as at December 31, 2020
 (Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2019
Current assets:			
Cash and bank balances		1,279,695,772.57	414,150,578.04
Held-for-trading financial assets		126,075,691.90	215,250,000.00
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing		528,356,236.97	151,020,990.77
Advances paid			
Other receivables	1	3,095,331,754.24	2,542,917,115.03
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year		337,148,608.96	181,784,542.01
Other current assets			
Total current assets		5,366,608,064.64	3,505,123,225.85
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			355,122,722.70
Long-term equity investments	2	16,694,341,699.36	16,637,081,190.34
Other equity instrument investments		26,070,000.00	26,070,000.00
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		3,395,200.95	4,974,866.68
Development expenditures			
Goodwill			
Long-term prepayments		1,155,903.84	2,583,187.08
Deferred tax assets			
Other non-current assets			
Total non-current assets		16,724,962,804.15	17,025,831,966.80
Total assets		22,091,570,868.79	20,530,955,192.65

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Parent company balance sheet as at December 31, 2020 (continued)
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2019
Current liabilities:			
Short-term borrowings		600,733,518.18	337,975,971.15
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		3,899,667.53	7,029,961.20
Advances received			
Contract liabilities			
Employee benefits payable		8,700,968.00	2,204,822.27
Taxes and rates payable		12,475,208.42	11,019,711.54
Other payables		753,207,113.25	514,074,773.76
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,379,016,475.38	872,305,239.92
Non-current liabilities:			
Long-term borrowings			
Bonds payable		1,199,466,109.60	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		3,000,000.00	3,000,000.00
Long-term employee benefits payable			
Provisions		218,598.02	
Deferred income		350,000.00	296,000.00
Deferred tax liabilities		30,762,849.39	46,963,875.00
Other non-current liabilities			
Total non-current liabilities		1,233,797,557.01	50,259,875.00
Total liabilities		2,612,814,032.39	922,565,114.92
Equity:			
Share capital		3,163,062,146.00	3,163,062,146.00
Other equity instruments		266,939,831.65	
Including: Preferred shares			
Perpetual bonds			
Capital reserve		15,356,688,889.72	15,345,428,341.90
Less: Treasury shares		8,920,597.83	99,993,195.75
Other comprehensive income			
Special reserve			
Surplus reserve		198,481,554.14	198,481,554.14
Undistributed profit		502,505,012.72	1,001,411,231.44
Total equity		19,478,756,836.40	19,608,390,077.73
Total liabilities & equity		22,091,570,868.79	20,530,955,192.65

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
Consolidated income statement for the year ended December 31, 2020
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	14,332,025,075.40	12,695,858,666.40
Including: Operating revenue	1	14,332,025,075.40	12,695,858,666.40
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		12,499,304,152.40	11,069,345,626.71
Including: Operating cost	1	10,766,288,959.00	9,389,456,412.74
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	74,460,829.99	71,200,033.13
Selling expenses	3	801,289,013.51	917,261,553.74
Administrative expenses	4	536,466,686.12	391,834,512.74
R&D expenses	5	254,677,332.19	245,637,610.35
Financial expenses	6	66,121,331.59	53,955,504.01
Including: Interest expenses		127,630,040.16	99,893,189.87
Interest income		49,689,471.88	26,182,679.84
Add: Other income	7	74,276,327.83	135,919,040.42
Investment income (or less: losses)	8	78,328,670.09	158,539,294.34
Including: Investment income from associates and joint ventures		41,578,662.81	33,697,177.55
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)	9	-95,719,301.47	22,408,443.66
Credit impairment loss	10	-119,562,421.08	-111,054,884.67
Assets impairment loss	11	-82,478,500.15	-40,642,899.39
Gains on asset disposal (or less: losses)	12	-1,787,925.37	-2,966,334.79
III. Operating profit (or less: losses)		1,685,777,772.85	1,788,715,699.26
Add: Non-operating revenue	13	9,844,019.69	12,335,161.18
Less: Non-operating expenditures	14	58,229,724.05	163,245,079.19
IV. Profit before tax (or less: total loss)		1,637,392,068.49	1,637,805,781.25
Less: Income tax expenses	15	207,571,413.76	246,239,615.82
V. Net profit (or less: net loss)		1,429,820,654.73	1,391,566,165.43
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		1,429,820,654.73	1,391,566,165.43
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		1,386,476,099.73	1,361,453,754.17
2. Net profit attributable to non-controlling shareholders (or less: net loss)		43,344,555.00	30,112,411.26
VI. Other comprehensive income after tax	16	-479,437.51	1,558,587.50
Items attributable to the owners of the parent company		-479,437.51	1,377,025.00
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss		-479,437.51	1,377,025.00
1. Items under equity method that may be reclassified to profit or loss			

2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve	-479,437.51	1,377,025.00
6. Translation reserve		
7. Others		
Items attributable to non-controlling shareholders		181,562.50
VII. Total comprehensive income	1,429,341,217.22	1,393,124,752.93
Items attributable to the owners of the parent company	1,385,996,662.22	1,362,830,779.17
Items attributable to non-controlling shareholders	43,344,555.00	30,293,973.76
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	0.44	0.43
(II) Diluted EPS (yuan per share)	0.44	0.43

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Parent company income statement for the year ended December 31, 2020
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	7,213,284.07	33,915,501.26
Less: Operating cost	1	4,157,985.26	28,584,116.83
Taxes and surcharges		182,314.26	5,874,151.83
Selling expenses		369,570.87	2,529,102.21
Administrative expenses		39,475,371.54	30,060,667.94
R&D expenses			
Financial expenses		-26,807,548.72	-62,072,926.77
Including: Interest expenses		39,786,911.13	13,591,427.20
Interest income		52,733,916.01	53,003,430.82
Add: Other income		46,200.00	5,031,000.00
Investment income (or less: losses)	2	-51,519,175.85	231,319,838.67
Including: Investment income from associates and joint ventures		30,182,747.26	24,371,021.87
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)		-89,179,102.46	24,375,000.00
Credit impairment loss		-9,948,732.66	-3,417,654.17
Assets impairment loss			
Gains on asset disposal (or less: losses)			
II. Operating profit (or less: losses)		-160,765,220.11	286,248,573.72
Add: Non-operating revenue		4,001.38	419.21
Less: Non-operating expenditures		6,251,989.16	100,000.00
III. Profit before tax (or less: total loss)		-167,013,207.89	286,148,992.93
Less: Income tax expenses		-16,043,825.23	
IV. Net profit (or less: net loss)		-150,969,382.66	286,148,992.93
(I) Net profit from continuing operations (or less: net loss)		-150,969,382.66	286,148,992.93
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		-150,969,382.66	286,148,992.93
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Consolidated cash flow statement for the year ended December 31, 2020
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		14,388,470,951.18	12,887,175,130.38
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		42,951,350.75	31,686,156.47
Other cash receipts related to operating activities	1	1,153,494,070.87	881,247,180.03
Subtotal of cash inflows from operating activities		15,584,916,372.80	13,800,108,466.88
Cash payments for goods purchased and services received		9,435,508,509.89	8,905,268,694.35
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		1,060,641,117.62	838,624,632.82
Cash payments for taxes and rates		617,586,885.55	839,766,913.35
Other cash payments related to operating activities	2	2,782,465,767.99	1,731,698,172.34
Subtotal of cash outflows from operating activities		13,896,202,281.05	12,315,358,412.86
Net cash flows from operating activities		1,688,714,091.75	1,484,750,054.02
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		25,375,775.54	1,495,138.38
Cash receipts from investment income		47,958,881.63	23,794,593.10
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		4,912,554.51	8,674,586.32
Net cash receipts from the disposal of subsidiaries & other business units		213,687,034.09	8,017,154.08
Other cash receipts related to investing activities	3	5,159,933,419.02	5,069,929,517.08
Subtotal of cash inflows from investing activities		5,451,867,664.79	5,111,910,988.96
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,291,812,173.08	1,256,740,258.91
Cash payments for investments		7,639,195.26	30,863,232.45
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	4	5,036,128,312.71	4,787,670,833.27
Subtotal of cash outflows from investing activities		6,335,579,681.05	6,075,274,324.63
Net cash flows from investing activities		-883,712,016.26	-963,363,335.67
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		64,992,660.00	174,941,340.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments		64,992,660.00	174,941,340.00
Cash receipts from borrowings		5,849,194,821.72	2,753,857,571.44

Items	Note No.	Current period cumulative	Preceding period comparative
Other cash receipts related to financing activities	5	7,880,000.00	260,187,931.04
Subtotal of cash inflows from financing activities		5,922,067,481.72	3,188,986,842.48
Cash payments for the repayment of borrowings		4,153,395,539.94	2,227,333,573.58
Cash payments for distribution of dividends or profits and for interest expenses Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		488,778,125.98	422,951,642.23
Other cash payments related to financing activities	6	38,041,830.99	164,369,479.80
Subtotal of cash outflows from financing activities		4,680,215,496.91	2,814,654,695.61
Net cash flows from financing activities		1,241,851,984.81	374,332,146.87
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-708,908.76	-4,004,549.31
V. Net increase in cash and cash equivalents		2,046,145,151.54	891,714,315.91
Add: Opening balance of cash and cash equivalents		2,611,680,947.69	1,719,966,631.78
VI. Closing balance of cash and cash equivalents		4,657,826,099.23	2,611,680,947.69

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Parent company cash flow statement for the year ended December 31, 2020
 (Expressed in Renminbi Yuan)

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	8,741,951.34	17,998,824.68
Receipts of tax refund		
Other cash receipts related to operating activities	532,435,143.45	652,476,441.77
Subtotal of cash inflows from operating activities	541,177,094.79	670,475,266.45
Cash payments for goods purchased and services received	8,712,307.61	33,189,961.15
Cash paid to and on behalf of employees	9,702,646.88	7,109,509.51
Cash payments for taxes and rates	339,945.08	29,230,723.56
Other cash payments related to operating activities	1,244,340,931.04	1,091,355,390.42
Subtotal of cash outflows from operating activities	1,263,095,830.61	1,160,885,584.63
Net cash flows from operating activities	-721,918,735.82	-490,410,318.18
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	513,687,034.09	1,164,337,014.74
Cash receipts from investment income	95,158,453.24	219,484,322.89
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	4,883,758,860.22	5,599,051,756.93
Subtotal of cash inflows from investing activities	5,492,604,347.55	6,982,873,094.56
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,135,853.50	3,099,961.65
Cash payments for investments	427,739,035.26	164,640,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	4,870,251,731.64	5,916,147,547.23
Subtotal of cash outflows from investing activities	5,299,126,620.40	6,083,887,508.88
Net cash flows from investing activities	193,477,727.15	898,985,585.68
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	2,497,336,184.17	348,000,000.00
Other cash receipts related to financing activities	6,100,000.00	152,370,003.00
Subtotal of cash inflows from financing activities	2,503,436,184.17	500,370,003.00
Cash payments for the repayment of borrowings	777,500,000.00	299,600,000.00
Cash payments for distribution of dividends or profits and for interest expenses	375,434,276.64	329,014,228.83
Other cash payments related to financing activities	8,920,597.83	159,993,195.75
Subtotal of cash outflows from financing activities	1,161,854,874.47	788,607,424.58
Net cash flows from financing activities	1,341,581,309.70	-288,237,421.58
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	813,140,301.03	120,337,845.92
Add: Opening balance of cash and cash equivalents	400,848,473.92	280,510,628.00
VI. Closing balance of cash and cash equivalents	1,213,988,774.95	400,848,473.92

Company's legal representative:
Ma Gang

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting
Department: Wu Shanshan

Infore Environment Technology Group Co., Ltd.
 Consolidated statement of changes in equity for the year ended December 31, 2020
 (Expressed in Renminbi Yuan)

	Current period cumulative											
	Equity attributable to parent company											Non-g i
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	
Preferred shares		Perpetual bonds	Others									
For year	3,163,062,146.00				9,698,117,762.75	99,993,195.75	479,437.51		232,701,943.56		2,520,329,621.90	252,0
of accounting												
period												
er common												
of current	3,163,062,146.00				9,698,117,762.75	99,993,195.75	479,437.51		232,701,943.56		2,520,329,621.90	252,0
(or less:				266,939,831.65	9,624,113.74	-91,072,597.92	-479,437.51				1,038,359,263.65	98,20
ome							-479,437.51				1,386,476,099.73	43,34
ithdrawn by				266,939,831.65	9,624,113.74	-91,072,597.92						54,80
ed by						8,920,597.83						61,69
lders of				266,939,831.65								
ayment					11,260,547.81							70
					-1,636,434.07	-99,993,195.75						-7,60
											-348,116,836.08	
reserve												
risk reserve												
owners											-348,116,836.08	
ain equity												
e to capital												
e to capital												
osses												
it plan												
ings												
ome carried												
period								8,699,413.98				
riod								-8,699,413.98				
urrent period	3,163,062,146.00			266,939,831.65	9,707,741,876.49	8,920,597.83			232,701,943.56		3,558,688,885.55	350,9

ive:

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting Department:

Infore Environment Technology Group Co., Ltd.
 Consolidated statement of changes in equity for the year ended December 31, 2020 (continued)
 (Expressed in Renminbi Yuan)

	Preceding period comparative											Non-g
	Equity attributable to parent company											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	
Preferred shares		Perpetual bonds	Others									
For year	3,163,062,146.00				9,601,763,095.92		139,994,037.51		189,997,881.77		1,376,994,519.12	160,
of accounting							-140,891,625.00		14,089,162.50		126,802,462.50	
Period												
for common												
of current	3,163,062,146.00				9,601,763,095.92		-897,587.49		204,087,044.27		1,503,796,981.62	160,
(or less:					96,354,666.83	99,993,195.75	1,377,025.00		28,614,899.29		1,016,532,640.28	92,2
Income							1,377,025.00				1,361,453,754.17	30,2
Withdrawn by					96,354,666.83	99,993,195.75						71,4
ated by						99,993,195.75						109,
holders of												
Payment					1,196,651.67							3
					95,158,015.16							-38,0
									28,614,899.29		-344,921,113.89	-9,4
reserve									28,614,899.29		-28,614,899.29	
risk reserve												
o owners											-316,306,214.60	-9,4
thin equity												
e to capital												
ve to capital												
losses												
fit plan												
ings												
ome carried												
period								8,203,248.10				
riod								-8,203,248.10				
urrent period	3,163,062,146.00				9,698,117,762.75	99,993,195.75	479,437.51		232,701,943.56		2,520,329,621.90	252,

ative:

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting Department

Infore Environment Technology Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Current period cumulative									
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
		Preferred shares	Perpetual bonds	Others						
End of 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
Changes of accounting										
End of prior period										
At the beginning of 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
Net increase (or less: decrease)				266,939,831.65	11,260,547.82	-91,072,597.92				-498,906,218.72
Comprehensive income										-150,969,382.66
Contributed or withdrawn by				266,939,831.65	11,260,547.82	-91,072,597.92				
Shares contributed by owners						8,920,597.83				
Contributed by holders of other instruments				266,939,831.65						
Share-based payment included					11,260,547.82					
						-99,993,195.75				
Contribution										-347,936,836.06
Transfer of surplus reserve										
Transfer of profit to owners										-347,936,836.06
Transfer-over within equity										
Capital reserve to capital										
Surplus reserve to capital										
Reserve to cover losses										
Defined benefit plan carried earnings										
Comprehensive income carried over										
Net change										
At the end of current period										
At the end of current period	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

representative:

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting Department: W

Infore Environment Technology Group Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
		Preferred shares	Perpetual bonds	Others							
At the end of prior year	3,163,062,146.00				15,344,231,690.23		140,891,625.00		155,377,168.95	923,086,714.26	1
Changes of accounting							-140,891,625.00		14,089,162.50	126,802,462.50	0
Adjustment of prior period											
At the beginning of current year	3,163,062,146.00				15,344,231,690.23				169,466,331.45	1,049,889,176.76	1
Net increase (or less: decrease)					1,196,651.67	99,993,195.75			29,015,222.69	-48,477,945.32	-
Other comprehensive income										286,148,992.93	2
Contributed or withdrawn by					1,196,651.67	99,993,195.75					
Shares contributed by owners						99,993,195.75					
Contributed by holders of other instruments											
Share-based payment included					1,196,651.67						
Distribution									28,614,899.29	-344,921,113.89	-
Transfer of surplus reserve									28,614,899.29	-28,614,899.29	
Transfer of profit to owners										-316,306,214.60	-
Transfer-over within equity											
Capital reserve to capital											
Surplus reserve to capital											
Reserve to cover losses											
Redefined benefit plan carried over earnings											
Other comprehensive income carried over earnings											
Reserve											
At the end of current period									400,323.40	10,294,175.64	
At the end of current period	3,163,062,146.00				15,345,428,341.90	99,993,195.75			198,481,554.14	1,001,411,231.44	1

Legal representative:

Company's Chief Financial Officer:
Lu Anfeng

Head of the Company's Accounting Department: W

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

For the year ended December 31, 2020

Monetary unit: RMB Yuan

I. Company profile

Infore Environment Technology Group Co., Ltd. (the “Company”), formerly known as 浙江上风实业股份有限公司 (Zhejiang Shangfeng Industrial Co., Ltd.¹), was registered at Zhejiang Administration for Industry and Commerce on November 18, 1993. Under the approval of Zhejiang Share System Pilot Work Coordination Group with document of approval numbered Zhe Gu [1993] 51, the Company was established by 浙江风机风冷设备公司 (Zhejiang Fan Air Cooling Equipment Co., Ltd.*), the main initiator, and 上虞风机厂 (Shangyu Fan Factory*) and 绍兴市流体工程研究所 (Shaoxing Fluid Engineering Research Institute*), the joint initiators, through targeted fundraising. It is headquartered in Shaoxing City, Zhejiang Province. The Company currently holds a business license with unified social credit code of 913300006096799222. As of December 31, 2020, its registered capital is 3,163,062,146.00 yuan, a total of 3,163,062,146 shares (each with par value of 1 yuan), of which, 1,158,356,644 shares are restricted outstanding shares, and 2,004,705,502 shares are unrestricted outstanding shares. The Company’s shares were listed at Shenzhen Stock Exchange on March 30, 2000.

The Company belongs to the ecological protection and environmental management industry. The main business activities include R&D, maintenance and operation services of environmental monitoring instruments and environmental 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 product categories include sanitation vehicles and equipment, electrotechnical equipment industrial products, ventilation equipment industrial products and environmental integrated industrial services.

The financial statements were approved and authorized for issue by the 13th meeting of the ninth session of the Board of Directors dated April 22, 2021.

The Company has brought 136 subsidiaries and sub-subsidiaries including 长沙中联重科环境产业有限公司 (Changsha Zoomlion Environmental Industry Co., Ltd.*, hereinafter referred to as Zoomlion Environmental Company), 浙江上风高科专风实业股份有限公司 (Zhejiang Shangfeng Hi-Tech Zhuanfeng Industrial Co., Ltd.*, hereinafter referred to as Shangfeng Industrial Company), 广东威奇电工材料有限公司 (Guangdong Weiqi Electrical Materials Co., Ltd.*, hereinafter referred to as Guangdong Weiqi Company), 广东盈峰科技有限公司 (Guangdong Infore Technology Co., Ltd.*, hereinafter referred to as Infore Technology Company) and 深

¹ The English names are for identification purpose only.

*The English names are for identification purpose only.

圳市绿色东方环保有限公司 (Shenzhen Green Oriental Environmental Protection Co., Ltd.* , hereinafter referred to as Green Oriental Company) into the consolidation scope. Please refer to section VI and VII of notes to financial statements for details.

II. Preparation basis of the financial statements

(I) Preparation basis

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

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

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

III. Significant accounting policies and estimates

Important note:

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

(I) Statement of compliance

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

(II) Accounting period

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

(III) Operating cycle

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

(IV) Functional currency

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

(VI) Compilation method of consolidated financial statements

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

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

1. Joint arrangements include joint operations and joint ventures.

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

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

(VIII) Recognition criteria of cash and cash equivalents

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

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the

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

(X) Financial instruments

1. Classification of financial assets and financial liabilities

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

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

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

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

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

financial assets are derecognized.

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

3. Recognition criteria and measurement method of financial assets transfer

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

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items 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 proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items 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 through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

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

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the

Company can access at the measurement date.

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

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, 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 at amortized cost, debt instrument investments, contract assets or leases receivable at fair value through other comprehensive income, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

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

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

For accounts receivable and contract assets that do not contain a significant financing component or financing components in contracts with associated period less than one year that are not considered by the Company, which result from transactions as regulated in "CASBE 14 – Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For lease receivables, accounts receivable and contract assets that result from transactions as regulated in "CASBE 14 – Revenues" and contain a significant financing component, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

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

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

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

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

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

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with balance due from related parties within the consolidation scope	Balance due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Long-term receivables – Portfolio grouped with equity transfer payment received in installments	Nature of the balance	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Long-term receivables – Portfolio grouped with finance lease payment/ Accounts receivable – Commercial factoring payment	Nature of the balance	Managed by five-level classification of credit assets of non-bank financial institutions and expected credit loss rates are 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 expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with balance due from related parties within the consolidation scope	Balance due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Accounts receivable – Portfolio grouped with ages	Nature of the balance	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparable table between overdue days/ages and lifetime expected credit loss rate, and calculates expected credit loss of the portfolio.
Contract assets – Portfolio grouped with ages	Nature of the balance	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparable table between overdue days/ages and lifetime expected credit loss rate, and calculates expected credit loss of the portfolio.
Long-term receivables – Portfolio grouped with ages	Nature of the balance	For long-term receivables within the credit period that has not reached the contractual payment deadline, provision for bad debts is accrued at 5% of the balance. For long-term receivables that have exceeded the contractual payment deadline and have not yet been paid, provision for bad debts is accrued based on the age of the balance.

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

① Parent company and electrotechnical equipment manufacturing industry

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

② Ventilation equipment manufacturing industry and environmental integrated industry

Ages	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (inclusive, the same hereinafter)	5	5
1-2 years	10	10

2-3 years	30	30
3-5 years	50	50
Over 5 years	100	100

6. Offsetting financial assets and financial liabilities

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

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

(XI) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, 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 weighted average method.

3. Basis for determining net realizable value

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

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized with one-off method.

(XII) Contract costs

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

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

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

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

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

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

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

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

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

- a. 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;
- b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

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

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its

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

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

(1) Initial measurement and subsequent measurement

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

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

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

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

(2) Reversal of assets impairment loss

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

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

For the subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale,

the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

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

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

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

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

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

2. Determination of investment cost

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

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

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

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

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

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

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

3. Subsequent measurement and recognition method of profit or loss

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

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

(1) Stand-alone financial statements

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

(2) Consolidated financial statements

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

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

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

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

(XV) Investment property

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

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

(XVI) Fixed assets

1. Recognition principles of fixed assets

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

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	3-35	3-5	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

(XVII) Construction in progress

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

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable

conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

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

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

3. Capitalization rate and capitalized amount of borrowing costs

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

(XIX) Intangible assets

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

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

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

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

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

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

(XX) Impairment of part of long-term assets

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

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

(XXI) Long-term prepayments

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

(XXII) Employee benefits

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

2. Short-term employee benefits

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

3. Post-employment benefits

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

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

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

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

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

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

4. Termination benefits

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

5. Other long-term employee benefits

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

(XXIII) Provisions

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

(XXIV) Share-based payment

1. Types of share-based payment

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

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

(1) Equity-settled share-based payment

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

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the

service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

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

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

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

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

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

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

Pursuant to CASBEs on financial instruments, “Regulations on Distinguishing Financial Liabilities and Equity Instruments and Related Accounting Treatments” numbered Cai Kuai [2014] 13, and “Regulations on Accounting Treatments of Perpetual Bonds” numbered Cai Kuai [2019] 2 by Ministry of Finance (MOF), for financial instruments such as convertible bonds etc., the Company classifies a financial instrument or its components at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

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

in equity; for a financial instrument classified as a financial liability, its interest expenditure or dividend distribution is treated as borrowing expense, and gain or loss on repurchase or redemption is included in profit or loss.

(XXVI) Revenue

1. Revenue recognition principles

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

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

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

2. Revenue measurement principle

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

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

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

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

3. Revenue recognition method

The Company mainly sells electromagnetic wires, ventilation equipment, environment and sanitation machinery, etc., and engages in environmental integrated sanitation management and operation business and provides supporting financial services.

(1) Sale of electromagnetic wires and ventilation equipment is a performance obligation satisfied at a point in time. Revenue from domestic sales is recognized when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been verified for acceptance by customers, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Revenue from overseas sales is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(2) For environment and sanitation machinery, environment and sanitation comprehensive management and operation business, according to their different business models, revenue recognition methods are divided into three types:

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

2) Environment and sanitation comprehensive management business is a performance obligation satisfied over time. Revenue is recognized at the percentage of completion of the performance obligation based on the completion status confirmed by the project supervisor.

3) For revenue policies on PPP business with BOT models, please refer to section III (XXXIII) of notes to financial statements – Other significant accounting policies and estimates – PPP business for details.

(3) For finance lease income, on the commencement date, the sum of the minimum lease payment and the initial

direct cost is included in finance lease receivable, and the difference between the sum of the minimum lease payment and the initial direct cost and its present value is recognized as unrealized finance income, which is amortized during the lease term with the effective interest method, and included in finance income of the period when it is amortized.

(XXVII) Government grants

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

2. Government grants related to assets

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

3. Government grants related to income

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

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

(XXVIII) Contract assets, contract liabilities

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

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the

consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

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

(XXIX) Deferred tax assets/Deferred tax liabilities

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

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

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

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

(XXX) Leases

1. Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

2. Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as

unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

(XXXI) Work safety fund

The Company accrues work safety fund in accordance with the Circular on Management Measures on the Accrual and Use of Work Safety Fund numbered Cai Qi [2012] 16 by MOF and State Administration of Work Safety. Standard work safety fund is included in the cost or current profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

(XXXII) Segment reporting

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

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

(XXXIII) Other significant accounting policies and estimates

1. PPP business

PPP is the abbreviation of Public-Private Partnerships. The so-called PPP model generally refers to a project operation model under which, the private sector obtains the authorization of the public sector to finance, construct and operate the project for a period of time after the completion of the construction, and to realize the best value of funds by giving full play to the respective advantages of the public sector and the private sector. The PPP model can be divided into build-operate-transfer (BOT), management contract (MC), commissioned operation (OM), build-own-operate (BOO), transfer-operate-transfer (TOT), rebuild-operate-transfer (ROT), etc.

(1) Project construction period

The project company aggregates the actual expenditures incurred in the project and the capitalized interest

incurred as investment costs under “construction in progress”. Within a certain period after the completion of the infrastructure as stipulated in the contract, the project company can unconditionally receive the definite amount of payment from the contract grantor (that is, the guaranteed minimum recovery part) and the indefinite guaranteed minimum recovery part, which are transferred to “long-term receivables” and “intangible assets” respectively after the project is completed.

(2) Project operation period

During the concession operation period, the project company amortizes the “intangible assets” with straight-line method, so that the income realized by the concession right is matched with the amortized cost, so as to objectively reflect the status quo of the intangible assets. The Company’s specific accounting calculations are as follows: during the operation period, costs incurred in operation and maintenance of the project are included in “operating cost”, services provided in the current period are included in “operating revenue”, while the amortized amount of “intangible assets” in the same period is included in “operating cost”.

(3) Project termination and transfer

When the project is terminated, the project company needs to transfer project assets to the government. Project termination and transfer include free transfer upon maturity, charged transfer upon maturity, free transfer ahead of maturity, and charged transfer ahead of maturity. Under most circumstances, it is free transfer upon maturity. No special accounting treatment is required for the termination and transfer. Any expense incurred during the transfer process is directly expensed.

2. Basis of the adoption of hedge accounting and its accounting treatment

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

(2) A hedging relationship qualifies for hedge accounting if all of 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 there is formal designation of hedging instruments and hedged item, and documentation of the hedging relationship and the Company’s risk management objective and strategy for undertaking the hedge; 3) the hedging relationship meets the hedging effectiveness requirements.

The Company recognizes that the hedging relationship meets effectiveness requirements if the all of the followings are simultaneously satisfied: a. there is an economic relationship between the hedged item and the hedging instruments; b. 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; and c. the hedge ratio of the hedging relationship is the same as the ratio of the quantity of the hedged item that the Company actually hedges and the number of hedging instruments that the Company actually uses to hedge that quantity of hedged item, 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 at inception and on an ongoing basis. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedging relationship shall be rebalanced.

(3) Hedge accounting

1) Fair value hedge

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

b. The gain or loss on hedged item arising from risk exposure should be recognized in profit or loss, and meanwhile, the carrying amount of the hedged item which is not measured at fair value should be adjusted. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income in accordance with article XVIII in “CASBE 22 - Financial Instruments: Recognition and Measurement”, the gain or loss arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted for 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 through other comprehensive income, the gain or loss arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted for 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 fair value of the hedged item subsequent to its designation is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss. When a firm commitment is performed to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability is adjusted to include the cumulative change in 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 on the carrying amount of the hedged item shall be amortized to profit or loss based on a recalculated effective interest rate at the date that amortization begins. In the case of a financial asset (or a component thereof) that is a hedged item and that is measured at fair value through other comprehensive income in accordance with article XVIII in “CASBE 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.

2) Cash flow hedges

a. The portion of the gain or loss on the hedging instrument that is determined to be 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): (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and (ii) the cumulative change in present value of the expected future cash flows of the hedged item from inception of the hedge.

b. If a hedged forecast transaction 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 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 initial cost of the asset or the liability.

c. 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 a net investment in a foreign operation

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

(XXXIV) Significant changes in accounting policies and estimates

1. Changes in accounting policies arising from changes in CASBEs

The Company has adopted the “CASBE 14 – Revenue” revised by the MOF since January 1, 2020. In accordance with the relevant regulations for the convergence of the original and revised standards, the comparable period information is not adjusted, and the cumulative impact of the implementation of the revised standards on the first implementation date is retrospectively adjusted to the amount of retained earnings at the beginning of the reporting period and other related items in the financial statements.

Financial statement items on January 1, 2020 significantly affected by the implementation of the revised revenue standard and their amounts

Items	Balance sheet		
	December 31, 2019	Adjustment due to the implementation of the revised revenue standard	January 1, 2020
Accounts receivable	5,163,050,940.07	-250,482,933.77	4,912,568,006.30
Contract assets		197,287,015.51	197,287,015.51
Non-current assets due within one year	760,845,984.28	2,872,896.31	763,718,880.59
Long-term receivables	1,152,179,083.21	-1,299,273.03	1,150,879,810.18
Other non-current assets	44,360,378.52	51,622,294.98	95,982,673.50

Items	Balance sheet		
	December 31, 2019	Adjustment due to the implementation of the revised revenue standard	January 1, 2020
Advances received	170,610,799.52	-170,610,799.52	
Contract liabilities		150,983,008.42	150,983,008.42
Other current liabilities		29,507,607.98	29,507,607.98
Deferred income	50,399,106.23	-9,879,816.88	40,519,289.35

2. The Company has adopted the “Interpretation of China Accounting Standards for Business Enterprises No. 13” issued by the MOF in 2019 since January 1, 2020, and the prospective application method is applicable to changes in accounting policies.

IV. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	3%, 6%, 9%, 13%. Exported goods are subject to “exemption, credit, refund” policies, with refund rate of 10% or 13%.
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%, 1%
Enterprise income tax	Taxable income	15%, 20%, 25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Infore Technology Company	15%
Guangdong Weiqi Company	15%
安徽威奇电工材料有限公司 (Anhui Weiqi Electrical Materials Co., Ltd.)*	15%
Zoomlion Environmental Company	15%
佛山市顺德区华清源环保有限公司 (Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.)*	15%
Shangfeng Industrial Company	15%
佛山市顺德区华博环保水务有限公司 (Foshan Shunde Huabo Environmental Water Co., Ltd.)*	20%
定南中联环境产业有限责任公司 (Dingnan Zoomlion Environmental Industry Co., Ltd.)*	20%
会昌中联环境产业有限责任公司 (Huichang Zoomlion Environmental Industry Co., Ltd.)*	20%
峰云物联科技有限公司 (Fengyun IoT Technology Co., Ltd.)*	20%

*The English names are for identification purpose only.

Taxpayers	Income tax rate
耒阳市中锋环境产业有限公司 (Leiyang Zhongfeng Environmental Industry Co., Ltd.)*	20%
桦川县中峰城市环境服务有限公司 (Huachuan Zhongfeng Urban Environmental Service Co., Ltd.)*	20%
深圳盈联环境产业有限公司 (Shenzhen Yinglian Environmental Industry Co., Ltd.)*	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

1. Enterprise income tax

No.	Entities	Preferential policies
1	Anhui Weiqi Electrical Materials Co., Ltd.	According to the preferential income tax policy for high-tech enterprises, its 2018-2020 enterprise income tax rate is reduced to 15%.
2	Shangfeng Industrial Company, Guangdong Weiqi Company, Infore Technology Company, 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%.
3	Zoomlion Environmental Company	According to the preferential income tax policy for high-tech enterprises, its 2020-2022 enterprise income tax rate is reduced to 15%.
4	石门中联环境产业有限责任公司 (Shimen Zoomlion Environmental Industry Co., Ltd.*), 淮安晨洁环境工程有限公司 (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	阜南绿色东方环保能源有限公司 (Funan Green Oriental Environmental Energy Co., Ltd.*), 汉寿中联环境产业有限责任公司 (Hanshou Zoomlion Environmental Industry Co., Ltd.*), 中方县中联环境产业有限责任公司 (Zhongfang County Zoomlion Environmental Industry Co., Ltd.*), 安化县中联环境产业有限公司 (Anhua Zoomlion Environmental Industry Co., Ltd.*), 慈利县中联华宝环境产业有限责任公司 (Cili County Zoomlion Huabao Environmental Industry Co., Ltd.*), 隆回县中联环境产业有限公司 (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	仙桃绿色东方环保发电有限公司 (Xiantao Green Oriental Environmental Power Generation Co., Ltd.*), 寿县绿色东方新能源有限责任公司 (Shouxian Green Oriental New Energy Co., Ltd.*), 张家界中联环境产业有限责任公司 (Zhangjiajie Zoomlion Environmental Industry Co., Ltd.*), 花垣中联环境产业有限公司 (Huayuan Zoomlion Environmental Industry Co., Ltd.*), 扶绥中峰环境产业有限责任公司 (Fusui Zhongfeng Environmental Industry Co., Ltd.*), 上思中联环境产业有限公司 (Shangsi Zoomlion Environmental Industry Co., Ltd.*), 宁远县中联环境产业有限责任公司 (Ningyuan County Zoomlion Environmental Industry Co., Ltd.*), 连平中联家宝环境产业有限责任公司 (Lianping Zoomlion Jiabao Environmental Industry Co., Ltd.*), 洪江区中峰环境产业有限责任公司 (Hongjiang District Zhongfeng Environmental Industry Co., Ltd.*), 眉山市彭山区中峰环境产业有限责任公司 (Meishan Pengshan Zhongfeng Environmental Industry Co., Ltd.*)	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.
7	长沙中联长高环境产业有限责任公司 (Changsha Zoomlion Changgao Environmental Industry Co., Ltd.*), 仙桃盈和环保有限公司 (Xiantao Yinghe Environmental Protection Co., Ltd.*), 凯里市中联重科环境产业有限公司 (Kaili Zoomlion Environmental Industry Co., Ltd.*), 娄底中联华宝环保科技有限公司 (Loudi Zoomlion Huabao	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.

*The English names are for identification purpose only.

No.	Entities	Preferential policies
	Environmental Protection Technology Co., Ltd.*), 长沙市橘洲中联环境产业有限责任公司 (Changsha Juzhou Zoomlion Environmental Industry Co., Ltd.*), 都昌县中峰环境产业有限公司 (Duchang County Zhongfeng Environmental Industry Co., Ltd.*), 安龙宁和环保科技有限公司 (Anlong Ninghe Environmental Protection Technology Co., Ltd.*), 抚顺市盈峰中联城市环境卫生管理有限公司 (Fushun Yingfeng Zoomlion Urban Environmental Sanitation Management Co., Ltd.*), 仁寿盈峰中联城市环境服务有限公司 (Renshou Infore Zoomlion Urban Environmental Service Co., Ltd.*), 宜春盈联城市环境服务有限公司 (Yichun Yinglian Urban Environmental Service Co., Ltd.*), 松原市中联欣雨环境服务有限公司 (Songyuan Zoomlion Xinyu Environmental Service Co., Ltd.*), 赣州蓉江新区中峰环境科技有限公司 (Ganzhou Rongjiang New Area Zhongfeng Environmental Technology Co., Ltd.*), 曲阳县盈联环境服务有限公司 (Quyang Yinglian Environmental Service Co., Ltd.*), 成都盈联环境管理有限公司 (Chengdu Yinglian Environmental Management Co., Ltd.*), 祁县盈联城市环境服务有限公司 (Qixian Yinglian Urban Environmental Service Co., Ltd.*), 福建省南安市盈峰城市环境服务有限公司 (Fujian Nan'an Yingfeng Urban Environmental Service Co., Ltd.*), 故城盈联城市环境服务有限责任公司 (Gucheng Yinglian Urban Environmental Service Co., Ltd.*), 淮北市盈联城市环境服务有限公司 (Huaibei Yinglian Urban Environmental Service Co., Ltd.*), 淮北市中峰城市环境服务有限公司 (Huaibei Zhongfeng Urban Environmental Service Co., Ltd.*), 稷山县盈联城市环境服务有限公司 (Jishan County Yinglian Urban Environmental Service Co., Ltd.*), 唐山曹妃甸区盈联环境服务有限公司 (Tangshan Caofeidian District Yinglian Environmental Service Co., Ltd.*), 安义县中峰环境产业有限公司 (Anyi County Zhongfeng Environmental Industry Co., Ltd.*), 长沙中峰环保科技有限公司 (Changsha Zhongfeng Environmental Protection Technology Co., Ltd.*), 醴陵市盈峰中联环境产业有限公司 (Liling Yingfeng Zoomlion Environmental Industry Co., Ltd.*), 深圳市盈联城市环境服务有限公司 (Shenzhen Yinglian Urban Environmental Service Co., Ltd.*)	
8	铜仁市碧江区中峰环境产业有限公司 (Tongren Bijiang District Zhongfeng Environmental Industry Co., Ltd.*), 百色市盈联城市环境服务有限公司 (Baise Yinglian Urban Environmental Service Co., Ltd.*), 重庆盈联城市环卫服务有限公司 (Chongqing Yinglian City Sanitation Service Co., Ltd.*), 东兰盈联城市环境服务有限公司 (Donglan Yinglian Urban Environmental Service Co., Ltd.*), 仙桃盈联环保技术有限公司 (Xiantao Yinglian Environmental Technology Co., Ltd.*), 安化盈胜环境卫生服务有限公司 (Anhua Yingsheng Environmental Sanitation Service Co., Ltd.*), 深圳宝安盈联城市服务有限公司 (Shenzhen Bao'an Yinglian City Service Co., Ltd.*), 宾川中盈环境服务有限公司 (Binchuan Zhongying Environmental 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.

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No.	Entities	Preferential policies
	邵阳县中峰环境产业有限公司 (Shaoyang County Zhongfeng Environmental Industry Co., Ltd.*), 汤阴县盈联环境服务有限公司 (Tangyin County Yinglian Environmental Service Co., Ltd.*), 西安盈联城市环境服务有限公司 (Xi'an Yinglian Urban Environmental Service Co., Ltd.*), 漾濞中盈环境服务有限公司 (Yangbi Zhongying Environmental Services Co., Ltd.*), 容城县盈联城市环境服务有限公司 (Rongcheng County Yinglian Urban Environmental Service Co., Ltd.*), 盈峰中联城市环境服务有限公司 (Infore Zoomlion City Environmental Service Co., Ltd.*), 肇源县锦城环境卫生管理服务服务有限公司 (Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd.*), 吉安中峰环境科技有限公司 (Ji'an Zhongfeng Environmental Technology Co., Ltd.*), 鞍山市盈联城市环境卫生管理有限公司 (Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd.*), 菏泽盈胜环境卫生服务有限公司 (Heze Yingsheng Environmental Sanitation Service Co., Ltd.*), 滦南县盈联环境管理有限公司 (Luannan County Yinglian Environmental Management Co., Ltd.*), 广西桂平市盈合环境卫生管理有限公司 (Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.*), 神农架林区盈合环境卫生管理有限公司 (Shennongjia Forest Area Yinghe Environmental Sanitation Management Co., Ltd.*), 佛山市顺德区盈合城市环境服务有限公司 (Foshan Shunde District Yinghe Urban Environmental Service Co., Ltd.*), 和平县合胜环境卫生服务有限公司 (Heping County Hesheng Environmental Sanitation Service Co., Ltd.*), 佛山市顺德区联盈环境发展有限公司 (Foshan Shunde District Lianying Environmental Development Co., Ltd.*), 佛山市盈顺城市环境服务有限公司 (Foshan Yingshun Urban Environmental Service Co., Ltd.*), 宿迁市联盈城市服务有限公司 (Suqian Lianying City Service Co., Ltd.*), 枣庄市盈联城市环境服务有限公司 (Zaozhuang Yinglian Urban Environmental Service Co., Ltd.*), 枣庄市中盈城市环境服务有限公司 (Zaozhuang Zhongying Urban Environmental Service Co., Ltd.*), 大庆市萨尔图区中联重科环境发展有限公司 (Daqing Saertu District Zoomlion Environmental Development Co., Ltd.*), 吉林中峰绿洲环境发展有限公司 (Jilin Zhongfeng Oasis Environmental Development Co., Ltd.*), 来安县中峰环境科技有限公司 (Lai'an Zhongfeng Environmental Technology Co., Ltd.*), 香河盈联环保科技有限公司 (Xianghe Yinglian Environmental Technology Co., Ltd.*), 祁县同盈环境卫生服务有限公司 (Qixian Tongying Environmental Sanitation Service Co., Ltd.*), 兰陵中联环境服务有限公司 (Lanling Zoomlion Environmental Service Co., Ltd.*), 运城市中盈城市环境服务有限公司 (Yuncheng Zhongying City Environmental Service Co., Ltd.*)	

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No.	Entities	Preferential policies
9	Foshan Shunde Huabo Environmental Water Co., Ltd., Dingnan Zoomlion Environmental Industry Co., Ltd., Huichang Zoomlion Environmental Industry Co., Ltd., Fengyun IoT Technology Co., Ltd., Leiyang Zhongfeng Environmental Industry Co., Ltd., Huachuan Zhongfeng Urban Environmental Service Co., Ltd., Shenzhen Yinglian Environmental Industry Co., Ltd.	Pursuant to the Circular on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises by State Taxation Administration (STA), from January 1, 2019 to December 31, 2021, the enterprise income tax for the portion of the taxable income within 1 million yuan is levied at 20% based on 25% of that portion of income; the enterprise income tax for the portion of the taxable income exceeding 1 million yuan but within 3 million yuan is levied at 20% based on 50% of that portion of income.
10	Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd., 佛山市顺德区华盈环保水务有限公司 (Foshan Shunde District Huaying Environmental Water Co., Ltd.*), 佛山市顺德区源润水务环保有限公司 (Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd.*), 佛山市顺德区华博环保有限公司 (Foshan Shunde District Huabo Environmental Protection Co., Ltd.*)	Revenue from the production of non-restricted and non-prohibited products that meet the relevant national and industry standards using resources specified in the “Resources Comprehensive Utilization of Enterprise Income Tax Preferential Catalogue (2008 Edition)” as the main raw material will be reduced to 90% as taxable income for enterprise income tax.
11	大荔县中联环境产业有限公司 (Dali County Zoomlion Environmental Industry Co., Ltd.*), 柳城县盈联环境卫生管理有限公司 (Liucheng County Yinglian Environmental Sanitation Management 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.

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. In 2020, the subsidiary 辽宁东港电磁线有限公司 (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 57,600 yuan per year for each person with disabilities, and the refunded VAT upon collection totaled 8,297,977.38 yuan.

(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 software products developed and produced by themselves are subject to VAT refund upon collection for the amount exceeding 3% of their actual VAT burdens. In 2020, the subsidiaries Zoomlion Environmental Company 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 16,098,711.21 yuan and 85,336.07 yuan respectively.

(3) According to the “Announcement of MOF, STA, and the General Administration of Customs (GAC) on Policies Deepening the VAT Reform” (Announcement No. 39, 2019 of MOF, STA and GAC), eligible taxpayers can apply to their competent tax authorities for refund of the incremental retained tax credit. In 2020, the sub-subsidiaries Kaili Zoomlion Environmental Industry Co., Ltd. and Changsha Zoomlion Changgao Environmental Industry Co., Ltd. received tax refund of 1,480,436.23 yuan and 10,453,410.02 yuan respectively.

(4) According to Article 5 of the “Notice of MOF and STA on Printing and Distributing the ‘VAT Preferential

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Catalogue of Products and Services for 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 2020, the sub-subsidiaries Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd., Foshan Shunde District Huaying Environmental Water Co., Ltd., Foshan Shunde District Yuanrun Water Environmental Protection Co., Ltd., and Foshan Shunde District Huabo Environmental Protection Co., Ltd. received VAT refund upon collection of 1,930,690.82 yuan, 1,025,296.26 yuan, 1,215,817.61 yuan and 151,148.80 yuan 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 2020, the sub-subsidiary 深圳市鼎铸环保技术有限公司 (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 subsidiary Donggang Magnet Wire Company, as a social welfare company, meets the 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 2020.

(2) According to the “Notice on the Policy Opinions on Deepening the Reform of ‘Heroes in Each Acre’ and Implementing the Differential Allocation of Resource Elements” issued by the Office of the People’s Government of Shangyu District, Shaoxing City (Yu Zheng Ban Fa [2020] No. 73), the Company’s subsidiary Shangfeng Industrial Company meets the conditions of tax incentives and enjoys 100% exemption for land use tax in 2020.

(3) According to Article 1 of the “Announcement of STA, Xiantao Taxation Office on Implementing the Relevant Matters Concerning the Reduction and Exemption of Housing Property Tax and Urban Land Use Tax During the New Coronavirus Pneumonia Epidemic”, taxpayers who have suspended production or business due to the impact of the epidemic may apply for a reduction or exemption of housing property tax and urban land use tax for self-use real estate and land in the first quarter of 2020. The sub-subsidiary Xiantao Green Oriental Environmental Power Generation Co., Ltd. meets the above regulations and the urban land use tax for the first quarter is reduced by 74,665.92 yuan in 2020.

(4) According to the “Announcement on Preferential Policies for Housing Property Tax and Urban Land Use Tax in Response to the Impact of the New Coronavirus Pneumonia Epidemic” (Su Cai Shui [2020] No. 8), taxpayers in hospitality, entertainment, transportation, tourism, etc. are temporarily exempted from housing property tax and urban land use tax in the first half of 2020. The Company’s sub-subsidiary Huaian Chenjie Environmental Engineering Co., Ltd. meets the conditions and the urban land use tax is reduced by 58,572.00 yuan in the first half of 2020.

4. Housing property tax

(1) According to Article 1 of the “Announcement of STA, Xiantao Taxation Office on Implementing the Relevant

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Matters Concerning the Reduction and Exemption of Housing Property Tax and Urban Land Use Tax During the New Coronavirus Pneumonia Epidemic”, taxpayers who have suspended production or business due to the impact of the epidemic may apply for a reduction or exemption of housing property tax and urban land use tax for self-used real estate and land in the first quarter of 2020. The sub-subsidiary Xiantao Green Oriental Environmental Power Generation Co., Ltd. meets the above regulations and the housing property tax for the first quarter is reduced by 202,425.81 yuan in 2020.

V. Notes to items of consolidated financial statements

Note: “Opening balance” in this report refers to balances as at January 1, 2020 after the adjustment on balances as at December 31, 2019 under the revised revenue standard.

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	147,826.76	62,621.19
Cash in bank	5,334,320,758.07	2,606,269,825.38
Other cash and bank balances	569,659,386.02	554,435,177.83
Total	5,904,127,970.85	3,160,767,624.40
Including: Deposited overseas	4,585,104.79	36,521,872.96

(2) Other remarks

1) Closing balance of cash in bank included certificate of deposits in amount of 709,048,611.10 yuan, funds frozen due to lawsuits in amount of 2,837,968.00 yuan, and engineering escrow accounts that are not available for separate use in amount of 22,891.63 yuan, which was with use restriction.

2) Closing balance of other cash and bank balances included deposit for notes in amount of 458,086,264.82 yuan, deposit for letters of guarantee in amount of 75,383,801.54 yuan, and deposit for migrant workers’ wages in amount of 922,334.53 yuan, which was with use restriction.

2. Held-for-trading financial assets

(1) Details

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	128,017,735.11	217,189,146.28
Including: Debt instrument investments		
Equity instrument investments	127,192,985.11	217,138,046.28
Derivative financial assets	824,750.00	51,100.00
Total	128,017,735.11	217,189,146.28

3. Notes receivable

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on an individual basis					
Receivables with provision for bad debts made on a collective basis	67,804,653.12	100.00	3,141,108.14	4.63	64,663,544.98
Including: Trade acceptance	67,804,653.12	100.00	3,141,108.14	4.63	64,663,544.98
Total	67,804,653.12	100.00	3,141,108.14	4.63	64,663,544.98

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on an individual basis					
Receivables with provision for bad debts made on a collective basis	40,493,712.20	100.00			40,493,712.20
Including: Trade acceptance	40,493,712.20	100.00			40,493,712.20
Total	40,493,712.20	100.00			40,493,712.20

2) Notes receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio			
Trade acceptance portfolio	67,804,653.12	3,141,108.14	4.63
Subtotal	67,804,653.12	3,141,108.14	4.63

(2) Changes in provision for bad debts

1) Details

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Bank acceptance								
Trade acceptance		3,141,108.14					3,141,108.14	
Subtotal		3,141,108.14					3,141,108.14	

2) No provision is collected or reversed in the current period

(3) No balance is written off in the current period

(4) No balance is pledged at the balance sheet date

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Trade acceptance		8,193,775.64
Subtotal		8,193,775.64

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

Items	Amount transferred
Trade acceptance	720,000.00
Subtotal	720,000.00

4. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	13,881,143.78	0.23	13,881,143.78	100.00	
Receivables with provision made on a collective basis	5,965,218,384.23	99.77	400,383,520.19	6.71	5,564,834,864.04
Total	5,979,099,528.01	100.00	414,264,663.97	6.93	5,564,834,864.04

(Continued)

Categories	Opening balance [Note]				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	5,255,708,371.27	100.00	343,140,364.97	6.53	4,912,568,006.30
Total	5,255,708,371.27	100.00	343,140,364.97	6.53	4,912,568,006.30

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
深圳市为民生态技术有限公司 (Shenzhen Weimin Ecological Technology Co., Ltd.)*	10,304,640.00	10,304,640.00	100.00	Expected to be irrecoverable
马鞍山市瑞恒物资贸易有限公司 (Ma'anshan Ruiheng Material Trading Co., Ltd.)*	2,137,100.00	2,137,100.00	100.00	Expected to be irrecoverable
徐州伟天化工有限公司 (Xuzhou Weitian Chemical Co., Ltd.)*	400,000.00	400,000.00	100.00	Expected to be irrecoverable
建德新越置业有限公司 (Jiande Xinyue Real Estate Co., Ltd.)*	377,496.00	377,496.00	100.00	Expected to be irrecoverable
Other entities	661,907.78	661,907.78	100.00	Expected to be irrecoverable

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Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Subtotal	13,881,143.78	13,881,143.78	100.00	

3) Accounts receivable with provision made on a collective basis

① Parent company and electrotechnical equipment manufacturing industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
1-180 days	612,769,602.54		
180 days - 1 year	188,806.71	3,776.13	2.00
Subtotal	612,958,409.25	3,776.13	

② Ventilation equipment manufacturing industry and environmental integrated industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	4,237,483,272.06	211,874,163.61	5.00
1-2 years	631,257,697.72	63,125,769.77	10.00
2-3 years	170,701,666.83	51,210,500.05	30.00
3-5 years	77,168,884.29	38,584,442.15	50.00
Over 5 years	32,333,849.41	32,333,849.41	100.00
Subtotal	5,148,945,370.31	397,128,724.99	7.71

③ Commercial factoring portfolio grouped by five-level classification

Five-level classification	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Pass	189,894,604.67	2,848,419.07	1.50
Special-mention	13,420,000.00	402,600.00	3.00
Subtotal	203,314,604.67	3,251,019.07	1.60

(2) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Receivables with provision made on an individual basis		13,881,143.78						13,881,143.78
Receivables with provision made on a collective basis	343,140,364.97	59,264,181.99				2,021,026.77		400,383,520.19
Subtotal	343,140,364.97	73,145,325.77				2,021,026.77		414,264,663.97

(3) Accounts receivable written off in current period

1) Accounts receivable actually written off in current period totaled 2,021,026.77 yuan.

2) Significant accounts receivable written off in current period

Debtors	Nature of receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether arising from related party transactions
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Debtors	Nature of receivables	Amount written off	Reasons for write-off	Write-off procedures performed	Whether arising from related party transactions
Jingyi Freight Service Center, Jiancaoping District, Taiyuan City	Goods payment	600,000.00	Expected to be irrecoverable	Under the approval by the Management	No
安徽万豪物业管理有限公司 (Anhui Wanhao Property Management Co., Ltd.*)	Goods payment	520,000.00	Expected to be irrecoverable	Under the approval by the Management	No
Public Affairs Management Office of Tongliao Economic and Technological Development Zone	Goods payment	150,834.00	Expected to be irrecoverable	Under the approval by the Management	No
Jingmen Administration of City Appearance and Environmental Sanitation	Goods payment	150,000.00	Expected to be irrecoverable	Under the approval by the Management	No
Housing and Urban-Rural Development and Urban Management Bureau of Jiang'an County	Goods payment	109,856.58	Expected to be irrecoverable	Under the approval by the Management	No
Subtotal		1,530,690.58			

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
No. 1	138,694,988.13	2.32	7,089,710.51
No. 2	117,833,115.80	1.97	5,891,655.79
No. 3	101,061,055.56	1.69	1,515,915.83
No. 4	85,846,357.20	1.44	4,292,317.86
No. 5	50,436,411.79	0.84	2,521,820.59
Subtotal	493,871,928.48	8.26	21,311,420.58

5. Receivables financing

(1) Details

Details on categories

Items	Closing balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment
Notes receivable	520,429,874.86 [Note]				520,429,874.86	
Total	520,429,874.86				520,429,874.86	

(Continued)

Items	Opening balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment
Notes receivable	683,999,481.60				683,999,481.60	
Total	683,999,481.60				683,999,481.60	

Note: The acceptor of receivables financing with closing balance of 109,968,904.97 yuan was a finance company with low credit risk and financial qualification.

(2) Pledged notes at the balance sheet date

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Items	Closing balance of pledged notes
Bank acceptance	306,145,249.74
Subtotal	306,145,249.74

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

Items	Closing balance derecognized
Bank acceptance	686,352,514.35
Subtotal	686,352,514.35

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

6. Advances paid

(1) Age analysis

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	134,718,034.94	97.79		134,718,034.94	64,279,616.58	90.47		64,279,616.58
1-2 years	1,328,399.29	0.96		1,328,399.29	4,843,587.16	6.82		4,843,587.16
2-3 years	1,621,900.20	1.18		1,621,900.20	1,928,881.01	2.71		1,928,881.01
Over 3 years	100,864.10	0.07		100,864.10				
Total	137,769,198.53	100.00		137,769,198.53	71,052,084.75	100.00		71,052,084.75

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
No. 1	19,650,774.39	14.27
No. 2	11,135,988.03	8.08
No. 3	5,881,147.77	4.27
No. 4	3,954,000.00	2.87
No. 5	3,681,661.72	2.67
Subtotal	44,303,571.91	32.16

7. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	287,548,686.45	100.00	29,877,688.17	10.39	257,670,998.28
Total	287,548,686.45	100.00	29,877,688.17	10.39	257,670,998.28

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	246,792,240.61	100.00	21,926,324.89	8.88	224,865,915.72
Total	246,792,240.61	100.00	21,926,324.89	8.88	224,865,915.72

(2) Other receivables with provision made on a collective basis

1) Parent company and electrotechnical equipment manufacturing industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
1-180 days	17,962,594.27		
180 days - 1 year	5,197,653.69	103,953.07	2.00
1-2 years	14,686,598.17	1,468,659.82	10.00
2-3 years	17,833,863.75	5,350,159.13	30.00
3-5 years	87,216.46	43,608.23	50.00
Over 5 years	404,856.00	323,884.80	80.00
Subtotal	56,172,782.34	7,290,265.05	12.98

2) Ventilation equipment manufacturing industry and environmental integrated industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	181,722,834.68	9,086,141.76	5.00
1-2 years	29,686,959.35	2,968,695.94	10.00
2-3 years	10,166,980.58	3,050,094.17	30.00
3-5 years	4,633,276.50	2,316,638.25	50.00
Over 5 years	5,165,853.00	5,165,853.00	100.00
Subtotal	231,375,904.11	22,587,423.12	9.76

(3) Changes in provision for bad debts

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	13,184,692.17	4,735,356.98	4,006,275.74	21,926,324.89
Opening balance in the current period				
--Transferred to phase II	-4,437,355.76	4,437,355.76		
--Transferred to phase III		-4,735,356.98	4,735,356.98	
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period	442,758.42		14,008,604.86	14,451,363.28
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period			6,500,000.00	6,500,000.00
Other changes				
Closing balance	9,190,094.83	4,437,355.76	16,250,237.58	29,877,688.17

(4) Other receivables written off in current period

Other receivables actually written off in current period totaled 6,500,000.00 yuan.

(5) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Security deposits	155,500,083.80	114,939,229.61
Temporary advance payment receivable and petty cash	79,760,368.16	64,158,614.66
Call loans	48,442,016.60	50,530,932.83
Equity transfer payments		9,500,000.00
Others	3,846,217.89	7,663,463.51
Total	287,548,686.45	246,792,240.61

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

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
No. 1	Call loans	30,165,333.33	[Note 1]	10.49	6,395,734.82
No. 2	Security deposits	14,261,550.00	Within 1 year	4.96	713,077.50
No. 3	Call loans and security deposits	13,048,263.59	[Note 2]	4.54	1,633,347.22
No. 4	Security deposits	7,751,515.52	[Note 3]	2.70	28,294.78
No. 5	Security deposits	7,000,000.00	Within 1 year	2.43	350,000.00
Subtotal		72,226,662.44		25.12	9,120,454.32

Note 1: Of which, 165,333.33 yuan was with age of 1 to 180 days, 1,927,522.33 yuan was with age of 180 days to 1 year, 10,322,794.66 yuan was with age of 1 to 2 years, and 17,749,683.01 yuan was with age of 2 to 3 years.

Note 2: Of which, 11,429,582.76 yuan was with age within 1 year, 618,680.83 yuan was with age of 1 to 2 years, and 1,000,000.00 yuan was with age over 5 years.

Note 3: Of which, 6,336,776.52 yuan was with age of 1 to 180 days, 1,414,739.00 yuan was with age of 180 days to 1 year.

8. Inventories

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	171,456,835.82	11,347,353.70	160,109,482.12	164,384,151.44	13,206,657.73	151,177,493.71
Work in process	243,622,797.51	12,052,957.06	231,569,840.45	217,354,425.22	1,954,250.96	215,400,174.26
Goods on hand	920,639,142.87	23,583,555.13	897,055,587.74	787,587,870.43	18,308,463.42	769,279,407.01
Products on consignment for sales	4,463,263.89		4,463,263.89	3,394,638.35		3,394,638.35
Packages	600,215.41		600,215.41	785,235.30		785,235.30
Low-value consumables	33,051.67		33,051.67	97,647.20		97,647.20
Cost to fulfill a contract	11,345,966.57		11,345,966.57	4,866,134.18		4,866,134.18
Total	1,352,161,273.74	46,983,865.89	1,305,177,407.85	1,178,470,102.12	33,469,372.11	1,145,000,730.01

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	13,206,657.73	2,964,417.49		4,823,721.52		11,347,353.70
Work in process	1,954,250.96	11,004,254.24		905,548.14		12,052,957.06
Goods on hand	18,308,463.42	22,302,262.62		17,027,170.91		23,583,555.13
Subtotal	33,469,372.11	36,270,934.35		22,756,440.57		46,983,865.89

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

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down
Raw materials, work in process	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made in preceding period were used/sold in current period
Goods on hand	Estimated selling price of relevant finished goods less estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made in preceding period were sold in current period

(3) Cost to fulfill a contract

Items	Opening balance	Increase	Amortization	Closing balance
Urban garbage classification EPC project of Changgao Project	1,240,097.04	1,486,796.07		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	691,168.25	2,849,387.20	2,857,744.09	682,811.36
Huayuan Township Sewage Project	824,363.96	7,650,581.60	8,474,945.56	
Jiangxi Poyang Leachate Project	14,601.77	2,647,000.45	2,661,602.22	
Others	2,095,903.16	3,132,764.49	4,135,149.96	1,093,517.69
Subtotal	4,866,134.18	24,609,274.22	18,129,441.83	11,345,966.57

9. Contract assets

(1) Details

Items	Closing balance			Opening balance [Note]		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposit receivable	179,821,458.38	8,980,802.76	170,840,655.62	209,005,983.19	11,718,967.68	197,287,015.51
Total	179,821,458.38	8,980,802.76	170,840,655.62	209,005,983.19	11,718,967.68	197,287,015.51

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

(2) Details on provision for impairment of contract assets

1) Details

Items	Opening balance	Increase		Decrease			Closing balance
		Accrual	Others	Reversal	Write-off	Others	
On an individual basis							
On a collective basis	11,718,967.68	-2,738,164.92					8,980,802.76
Subtotal	11,718,967.68	-2,738,164.92					8,980,802.76

2) Contract assets with provision for impairment made on a collective basis

① Parent company and electrotechnical equipment manufacturing industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
1-180 days	205,403.46		
Subtotal	205,403.46		

② Ventilation equipment manufacturing industry and environmental integrated industry under age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	179,616,054.92	8,980,802.76	5.00
Subtotal	179,616,054.92	8,980,802.76	5.00

10. Non-current assets due within one year

Items	Closing balance				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Quality guarantee deposit receivable	3,117,560.29		575,338.66	2,542,221.63	N/A
Sales of goods in installments	590,525,742.54	13,507,469.77	29,526,287.13	547,491,985.64	4.75
Guaranteed collection amount for BOT projects	3,396,226.40	2,697,240.24	169,811.32	529,174.84	4.75
Payments for finance lease	101,710,631.53	2,985,183.62	1,564,473.52	97,160,974.39	4.75
Equity transfer payments received in installments [Note 1]	366,128,123.00	28,979,514.04		337,148,608.96	4.75
Financial factoring of accounts receivable	190,903,684.69	18,706,828.72	5,062,991.90	167,133,864.07	4.75
Long-term call loans with payment of interest by installments and principal at the maturity date	6,130,000.00		139,500.00	5,990,500.00	N/A
Total	1,261,911,968.45	66,876,236.39	37,038,402.53	1,157,997,329.53	

(Continued)

Items	Opening balance [Note 2]				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Quality guarantee deposit receivable	3,965,544.65		1,092,648.34	2,872,896.31	N/A

Sales of goods in installments	616,399,938.50	14,169,089.88	30,819,996.92	571,410,851.70	4.75
Guaranteed collection amount for BOT projects	3,396,226.40	2,775,665.95	169,811.32	450,749.13	4.75
Payments for finance lease	7,689,937.75	374,747.24	115,349.07	7,199,841.44	4.75
Equity transfer payments received in installments	198,815,157.09	17,030,615.08		181,784,542.01	4.75
Total	830,266,804.39	34,350,118.15	32,197,805.65	763,718,880.59	

Note 1: The difference in book balance amounting to 381,000,000.00 yuan compared with opening balance was due to the early payment in the current period.

Note 2: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

11. Other current assets

Nature of receivables	Closing balance	Opening balance
Input tax to be credited and tax credits	524,859,055.94	330,975,304.91
Hedging instruments		639,250.00
Total	524,859,055.94	331,614,554.91

12. Long-term receivables

(1) Details

Items	Closing balance				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	788,025,663.31	39,476,135.13	100,750,766.12	647,798,762.06	4.75
Guaranteed collection amount for BOT projects	205,977,431.75	42,828,397.21	10,298,871.59	152,850,162.95	4.75
Payments for finance lease	42,916,937.55	922,675.24	667,631.54	41,326,630.77	4.75
Equity transfer payments received in installments	21,800,446.27		520,511.10	21,279,935.17	N/A
Financial factoring of accounts receivable	236,684,800.68	33,097,600.97	3,550,272.01	200,036,927.70	4.75
Total	1,295,405,279.56	116,324,808.55	115,788,052.36	1,063,292,418.65	

(Continued)

Items	Opening balance [Note]				
	Book balance	Unrecognized finance income	Provision for bad debts	Carrying amount	Discount rate range (%)
Sales of goods in installments	675,059,396.84	29,938,554.77	79,011,316.52	566,109,525.55	4.75
Guaranteed collection amount for BOT projects	199,356,036.32	44,203,351.95	9,967,801.92	145,184,882.45	4.75
Payments for finance lease	27,712,057.53	64,288.43	772,836.41	26,874,932.69	4.75
Equity transfer payments received in installments	381,000,000.00	25,877,277.30		355,122,722.70	4.75
Long-term call loans with payment of interest by installments and principal at the maturity date	60,618,680.83		3,030,934.04	57,587,746.79	N/A
Total	1,343,746,171.52	100,083,472.45	92,782,888.89	1,150,879,810.18	

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance

of current period and the closing balance of preceding period (i.e. December 31, 2019).

(2) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Provision made on an individual basis	2,542,185.00	-2,542,185.00						
Provision made on a collective basis	90,240,703.89	25,547,348.47						115,788,052.36
Subtotal	92,782,888.89	23,005,163.47						115,788,052.36

13. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	318,243,332.69		318,243,332.69	303,292,231.01		303,292,231.01
Total	318,243,332.69		318,243,332.69	303,292,231.01		303,292,231.01

(2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
廉江市绿色东方新能源有限公司 (Lianjiang Green Oriental New Energy Co., Ltd.)*	33,534,934.15			7,286,539.03	
天健创新 (北京) 监测仪表股份有限公司 (Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.)*	25,988,232.54	839,195.26 [Note 1]		2,735,747.26	
广东顺控环境投资有限公司 (Guangdong Shunkong Environmental Investment Co., Ltd.)*	154,058,623.77			26,842,351.03	
广东天枢新能源科技有限公司 (Guangdong Tianshu New Energy Technology Co., Ltd.)* [Note 2]					
重庆中联弘峰环卫有限公司 (Chongqing Zoomlion Hongfeng Sanitation Co., Ltd.)* [Note 3]	15,275,736.13		15,617,403.15	341,667.02	
汕头市中联瑞康环境卫生服务有限公司 (Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.)*	14,105,443.32			920,745.64	
汕头市潮阳区中联瑞康环境卫生服务有限公司 (Shantou Chaoyang District	5,473,688.30	6,800,000.00		4,301,745.88	

*The English names are for identification purpose only.

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.*)					
长沙酷哇中联智能科技有限公司 (Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.*)	8,215,692.49			-1,644,743.20	
宜春发投联峰环境产业有限公司 (Yichun Development Investment Lianfeng Environmental Industry Co., Ltd.*)	9,835,677.00		9,758,372.39	-77,304.61	
广东亮科环保工程有限公司 (Guangdong Liangke Environmental Engineering Co., Ltd.*)	36,804,203.31			-1,125,180.13	
Total	303,292,231.01	7,639,195.26	25,375,775.54	39,581,567.92	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Associates						
Lianjiang Green Oriental New Energy Co., Ltd.					40,821,473.18	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					29,563,175.06	
Guangdong Shunkong Environmental Investment Co., Ltd.		6,893,885.96			174,007,088.84	
Guangdong Tianshu New Energy Technology Co., Ltd.						
Chongqing Zoomlion Hongfeng Sanitation Co., Ltd.						
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					15,026,188.96	
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.					16,575,434.18	
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.					6,570,949.29	
Yichun Development Investment Lianfeng Environmental Industry Co., Ltd.						
Guangdong Liangke Environmental Engineering Co., Ltd.					35,679,023.18	

*The English names are for identification purpose only.

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Total		6,893,885.96			318,243,332.69	

Note 1: In the current period, the Company increased investments in amount of 839,195.26 yuan in Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd. As the former management of Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd. failed to achieve the performance targets committed at the time of accepting the Company's investments, the Company received compensation for performance commitment of 839,195.26 yuan in June 2020, which was used to directly acquire the equity of Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd. through block transactions and call auction transactions at the stock exchange.

Note 2: Due to the long-term losses of Guangdong Tianshu New Energy Technology Co., Ltd., the Company adjusted the carrying amount of related long-term equity investments as 0 yuan. No investment income or loss is recognized in the current period as Guangdong Tianshu New Energy Technology Co., Ltd. still suffers losses.

Note 3: It is renamed as 重庆三峰城市环境服务有限公司 (Chongqing Sanfeng Urban Environmental Service Co., Ltd.*) in August 2020.

14. Other equity instrument investments

Items	Closing balance	Opening balance	Dividend income	Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings	
				Amount	Reasons
浙江上虞农商商业银行股份有限公司 (Zhejiang Shangyu Rural Commercial Bank Co., Ltd.*)	800,000.00	800,000.00	414,960.00		
深圳市盈峰环保产业基金管理有限公司 (Shenzhen Infore Environmental Protection Industry Fund Management Co., Ltd.*)	270,000.00	270,000.00			
深圳市盈峰环保产业并购基金 (Shenzhen Infore Environmental Protection Industry M&A Fund*)	25,000,000.00	25,000,000.00			
Subtotal	26,070,000.00	26,070,000.00	414,960.00		

15. Investment property

(1) Details

Items	Buildings and structures	Total
Cost		
Opening balance	845,691.00	845,691.00
Increase	2,171,093.43	2,171,093.43
1) Others	2,171,093.43	2,171,093.43
Decrease	267,550.00	267,550.00
1) Disposal	267,550.00	267,550.00
Closing balance	2,749,234.43	2,749,234.43
Accumulated depreciation and amortization		

*The English names are for identification purpose only.

Items	Buildings and structures	Total
Opening balance	277,664.61	277,664.61
Increase	526,105.96	526,105.96
1) Accrual or amortization	113,598.31	113,598.31
2) Others	412,507.65	412,507.65
Decrease	63,543.12	63,543.12
1) Disposal	63,543.12	63,543.12
Closing balance	740,227.45	740,227.45
Provision for impairment		
Opening balance		
Increase		
Decrease		
Closing balance		
Closing carrying amount	2,009,006.98	2,009,006.98
Opening carrying amount	568,026.39	568,026.39

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Wanda real estate	1,957,820.99	In processing
Subtotal	1,957,820.99	

16. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Cost						
Opening balance	674,424,894.25	52,621,187.11	617,079,685.39	38,933,113.79	44,746,033.27	1,427,804,913.81
Increase	515,885,415.23	72,601,863.87	190,818,797.96	16,968,159.45	3,010,656.12	799,284,892.63
1) Acquisition	5,761,419.84	57,620,776.55	70,563,064.01	16,968,159.45	3,010,656.12	153,924,075.97
2) Transferred in from construction in progress	510,123,995.39	14,981,087.32	86,823,555.19			611,928,637.90
3) Transferred in from inventories			33,432,178.76			33,432,178.76
Decrease	5,160,225.21	3,929,194.64	46,788,453.94	16,054,667.27	4,953,781.97	76,886,323.03
1) Disposal/ Scrapping	5,160,225.21	3,929,194.64	46,788,453.94	16,054,667.27	4,953,781.97	76,886,323.03
Closing 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
Accumulated depreciation						
Opening balance	150,821,721.30	28,550,539.48	211,296,310.11	18,631,345.18	23,823,412.08	433,123,328.15
Increase	30,581,236.65	10,499,842.01	84,137,347.68	3,153,924.85	6,295,548.74	134,667,899.93
1) Accrual	30,581,236.65	10,499,842.01	84,137,347.68	3,153,924.85	6,295,548.74	134,667,899.93
Decrease	1,497,905.52	3,695,048.71	36,160,558.87	12,075,247.58	4,705,731.66	58,134,492.34
1) Disposal/ Scrapping	1,497,905.52	3,695,048.71	36,160,558.87	12,075,247.58	4,705,731.66	58,134,492.34
Closing 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

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Other equipment	Total
Provision for impairment						
Opening balance						
Increase			1,336,643.39			1,336,643.39
1) Accrual			1,336,643.39			1,336,643.39
Decrease			1,336,643.39			1,336,643.39
1) Disposal/ Scrapping			1,336,643.39			1,336,643.39
Closing balance						
Carrying amount						
Closing balance	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
Opening balance	523,603,172.95	24,070,647.63	405,783,375.28	20,301,768.61	20,922,621.19	994,681,585.66

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

(3) Fixed assets leased out under finance leases at the balance sheet date

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Special equipment	2,642,248.17	55,046.84		2,587,201.33
Subtotal	2,642,248.17	55,046.84		2,587,201.33

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

(5) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Shunde Environmental Protection Industrial Park	484,310,105.38	In processing as a new property
Lueryuan Exhibition Center and auxiliary works	102,683,908.90	In processing
Subtotal	586,994,014.28	

17. Construction in progress

(1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shunde Environmental Protection Industrial Park				392,494,295.41		392,494,295.41
Biyang Waste Incineration BOT Project	219,772,333.93		219,772,333.93	34,179,399.20		34,179,399.20
Poyang Waste Incineration BOT Project	305,691,397.30		305,691,397.30	99,134,242.08		99,134,242.08
Jiayu Xingzhou Sewage Treatment BOT Project	199,194,392.46		199,194,392.46	176,767,886.50		176,767,886.50
Tongshan Xingzhou Sewage Treatment BOT Project	182,492,675.47		182,492,675.47	153,467,367.40		153,467,367.40
Tongshan Tongda	59,219,329.12		59,219,329.12	42,597,586.07		42,597,586.07

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Wastewater Treatment BOT Project						
Maoming Sewage Treatment BOT Project	97,112,573.45		97,112,573.45	78,770,642.99		78,770,642.99
Bahrain Right Banner Sewage Treatment BOT Project	43,350,467.66		43,350,467.66	42,465,394.81		42,465,394.81
Yinghe PPP project	219,613,167.96		219,613,167.96	100,861,556.23		100,861,556.23
Construction of employee dormitory in Lueryuan	47,031,231.64		47,031,231.64			
West plot construction of Lueryuan North Plant	335,590.56		335,590.56	8,248,813.78		8,248,813.78
Lu'an Kitchen Project	78,929,760.49		78,929,760.49			
Changde Zelian PPP Project	40,884,396.22		40,884,396.22			
Liling Waste Incineration Project	60,911,841.93		60,911,841.93	47,952,884.79		47,952,884.79
Liling Urban-Rural Sanitation Integrated Project	36,110,864.53		36,110,864.53	17,622,404.28		17,622,404.28
Liling Landfill Project	15,287,765.22		15,287,765.22	8,867,794.14		8,867,794.14
Huayuan Wastewater Treatment Project	25,632,744.05		25,632,744.05	1,063,286.00		1,063,286.00
Tongren Sanitation Integrated PPP Project	17,434,225.72		17,434,225.72	148,296,315.67		148,296,315.67
Jishan Sanitation Integrated PPP Project	13,485,660.35		13,485,660.35	8,385,681.60		8,385,681.60
Bao'an Sanitation Integrated PPP Project	12,999,292.20		12,999,292.20			
Anlong Sanitation Integrated PPP Project	12,272,607.28		12,272,607.28	10,874,590.34		10,874,590.34
Foshan Yingshun PPP Project	8,882,882.68		8,882,882.68			
Kaili Garbage Station Construction Project				62,827,728.16		62,827,728.16
Loudi Garbage Station Construction Project				20,811,090.87		20,811,090.87
Piecemeal PPP projects	41,062,933.72		41,062,933.72	49,745,832.73		49,745,832.73
Piecemeal projects	16,218,948.06		16,218,948.06	35,132,593.18		35,132,593.18
Equipment to be installed	28,602,005.95		28,602,005.95	9,895,056.25		9,895,056.25
Total	1,782,529,087.95		1,782,529,087.95	1,550,462,442.48		1,550,462,442.48

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Closing balance
Shunde Environmental Protection Industrial Park	500,000,000.00	392,494,295.41	84,249,863.98	476,744,159.39		
Biyang Waste Incineration BOT Project	314,692,600.00	34,179,399.20	185,592,934.73			219,772,333.93
Poyang Waste Incineration BOT	413,059,342.00	99,134,242.08	206,557,155.22			305,691,397.30

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Transferred to intangible assets	Closing balance
Project						
Jiayu Xingzhou Sewage Treatment BOT Project	196,216,800.00	176,767,886.50	22,426,505.96			199,194,392.46
Tongshan Xingzhou Sewage Treatment BOT Project	197,819,400.00	153,467,367.40	29,025,308.07			182,492,675.47
Tongshan Tongda Wastewater Treatment BOT Project	132,085,538.20	42,597,586.07	16,621,743.05			59,219,329.12
Maoming Sewage Treatment BOT Project	227,465,447.66	78,770,642.99	18,341,930.46			97,112,573.45
Bahrain Right Banner Sewage Treatment BOT Project	75,617,000.00	42,465,394.81	885,072.85			43,350,467.66
Yinghe PPP project	423,744,954.13	100,861,556.23	137,293,079.88		18,541,468.15	219,613,167.96
Construction of employee dormitory in Lueryuan	65,000,000.00		47,031,231.64			47,031,231.64
West plot construction of Lueryuan North Plant	44,484,704.00	8,248,813.78	16,943,017.64	24,856,240.86		335,590.56
Lu'an Kitchen Project	112,000,000.00		78,929,760.49			78,929,760.49
Changde Zelian PPP Project	172,483,700.00		40,884,396.22			40,884,396.22
Liling Waste Incineration Project	500,000,000.00	47,952,884.79	12,958,957.14			60,911,841.93
Liling Urban-Rural Sanitation Integrated Project	100,000,000.00	17,622,404.28	22,469,825.97		3,981,365.72	36,110,864.53
Liling Landfill Project	117,000,000.00	8,867,794.14	6,419,971.08			15,287,765.22
Huayuan Wastewater Treatment Project	53,897,600.00	1,063,286.00	24,999,617.35		430,159.30	25,632,744.05
Tongren Sanitation Integrated PPP Project	246,433,496.10	148,296,315.67	42,209,659.74		173,071,749.69	17,434,225.72
Jishan Sanitation Integrated PPP Project	38,745,300.00	8,385,681.60	6,514,273.35		1,414,294.60	13,485,660.35
Bao'an Sanitation Integrated PPP Project	519,727,300.00		337,364,374.38		324,365,082.18	12,999,292.20
Anlong Sanitation Integrated PPP Project	70,205,700.00	10,874,590.34	6,677,763.06		5,279,746.12	12,272,607.28
Foshan Yingshun PPP Project	23,000,000.00		8,882,882.68			8,882,882.68
Kaili Garbage Station Construction Project	110,285,248.02	62,827,728.16	21,317,665.09		84,145,393.25	
Loudi Garbage Station Construction Project	40,749,163.35	20,811,090.87	805,654.39		21,616,745.26	
Piecemeal PPP projects		49,745,832.73	171,735,719.10		180,418,618.11	41,062,933.72
Piecemeal projects		35,132,593.18	68,164,485.97	87,078,131.09		16,218,948.06
Equipment to be installed		9,895,056.25	50,637,517.03	23,250,106.56	8,680,460.77	28,602,005.95
Total		1,550,462,442.48	1,665,940,366.52	611,928,637.90	821,945,083.15	1,782,529,087.95

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Shunde Environmental Protection Industrial Park	100.00	100.00	9,466,988.21	6,534,169.99	5.70	Self-raised funds and loans from financial institutions
Biyang Waste Incineration BOT Project	74.03	73.90				Self-raised funds
Poyang Waste Incineration BOT Project	74.01	74.01				Self-raised funds
Jiayu Xingzhou Sewage Treatment BOT Project	100.00	100.00				Self-raised funds
Tongshan Xingzhou Sewage Treatment BOT Project	100.00	100.00	3,888,246.23	1,979,986.20	5.77	Self-raised funds and loans from financial institutions
Tongshan Tongda Wastewater Treatment BOT Project	44.83	44.83				Self-raised funds
Maoming Sewage Treatment BOT Project	93.40	93.00	15,406,029.57	5,168,545.31	4.90	Self-raised funds and loans from financial institutions
Bahrain Right Banner Sewage Treatment BOT Project	96.00	96.00				Self-raised funds
Yinghe PPP project	56.66	54.50				Self-raised funds
Construction of employee dormitory in Lueryuan	72.36	72.36				Self-raised funds
West plot construction of Lueryuan North Plant	98.00	98.00				Self-raised funds
Lu'an Kitchen Project	70.55	70.55				Self-raised funds
Changde Zelian PPP Project	23.70	23.70				Self-raised funds
Liling Waste Incineration Project	12.18	12.18				Self-raised funds
Liling Urban-Rural Sanitation Integrated Project	36.03	36.03				Self-raised funds
Liling Landfill Project	85.72	85.72				Self-raised funds
Huayuan Wastewater Treatment Project	48.36	48.36				Self-raised funds
Tongren Sanitation Integrated PPP Project	77.31	77.31				Self-raised funds
Jishan Sanitation Integrated PPP Project	72.63	72.63				Self-raised funds
Bao'an Sanitation Integrated PPP Project	70.75	70.75				Self-raised funds
Anlong Sanitation Integrated PPP Project	66.02	66.02				Self-raised funds
Foshan Yingshun PPP Project	38.62	38.62				Self-raised funds
Kaili Garbage Station Construction Project	87.75	87.75				Self-raised funds
Loudi Garbage Station Construction Project	54.17	54.17				Self-raised funds
Piecemeal PPP projects						Self-raised funds
Piecemeal projects						Self-raised funds
Equipment to be installed						Self-raised funds
Total			28,761,264.01	13,682,701.50		

18. Intangible assets

(1) Details

Items	Land use right	Franchise	Patent technology	Software	Total
Cost					
Opening balance	629,024,287.79	2,322,292,134.15	458,002,651.66	24,698,381.65	3,434,017,455.25
Increase	13,489,245.00	833,889,756.35	9,433,487.53	5,434,772.29	862,247,261.17
1) Acquisition	13,489,245.00			2,549,720.44	16,038,965.44
2) Transferred in from construction in progress		819,060,031.30		2,885,051.85	821,945,083.15
3) Internal research and development			9,433,487.53		9,433,487.53
4) Repurchased assets		14,829,725.05			14,829,725.05
Decrease		1,061.95	48,946,213.87	168,044.00	49,115,319.82
1) Disposal/Scrapping		1,061.95	48,946,213.87	168,044.00	49,115,319.82
Closing balance	642,513,532.79	3,156,180,828.55	418,489,925.32	29,965,109.94	4,247,149,396.60
Accumulated amortization					
Opening balance	61,555,061.12	490,679,080.07	159,327,805.98	11,557,438.33	723,119,385.50
Increase	13,172,299.20	269,265,691.86	49,737,048.73	3,155,032.52	335,330,072.31
1) Accrual	13,172,299.20	263,369,795.68	49,737,048.73	3,155,032.52	329,434,176.13
2) Due to repurchase		5,895,896.18			5,895,896.18
Decrease		663.72	19,976,545.74	131,769.20	20,108,978.66
1) Disposal/Scrapping		663.72	19,976,545.74	131,769.20	20,108,978.66
Closing balance	74,727,360.32	759,944,108.21	189,088,308.97	14,580,701.65	1,038,340,479.15
Provision for impairment					
Opening balance		24,687,522.85			24,687,522.85
Increase			20,185,580.19		20,185,580.19
1) Accrual			20,185,580.19		20,185,580.19
Decrease					
1) Disposal/Scrapping					
Closing balance		24,687,522.85	20,185,580.19		44,873,103.04
Carrying amount					
Closing balance	567,786,172.47	2,371,549,197.49	209,216,036.16	15,384,408.29	3,163,935,814.41
Opening balance	567,469,226.67	1,806,925,531.23	298,674,845.68	13,140,943.32	2,686,210,546.90

At the balance sheet date, intangible assets formed through internal research and development account for 0.69% of total closing balance of intangible assets.

(2) Land use right with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Lot 4 in Cao'e Street	13,466,762.93	In processing as a new land
Subtotal	13,466,762.93	

19. Development expenditures

(1) Details

Items	Opening balance	Increase	Decrease	Closing
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		Internal development expenditures	Others	Recognized as intangible assets	Transferred to profit or loss	balance
Development expenditures	7,861,260.14	6,021,294.07		9,433,487.52		4,449,066.69
Total	7,861,260.14	6,021,294.07		9,433,487.52		4,449,066.69

(2) Other remarks

Projects	Capitalization progress	Commencement date	Certificate of capitalization	Closing balance
Project A	100%	07/19/2019	Project proposal, project assignment paper, staged summary report	
Project B	100%	07/01/2019	Project proposal, project assignment paper, staged summary report	
Project C	40%	03/15/2020	Project proposal, project assignment paper, staged summary report	1,763,287.72
Project D	30%	03/28/2020	Project proposal, project assignment paper, staged summary report	1,024,782.18
Project E	50%	03/05/2020	Project proposal, project assignment paper, staged summary report	1,592,468.75
Project F	10%	06/25/2020	Project proposal, project assignment paper, staged summary report	68,528.04
Total				4,449,066.69

20. Goodwill

(1) Cost

Investee or events resulting in goodwill	Opening balance	Due to business combination in current period	Decrease due to disposal of subsidiaries	Closing balance
Zoomlion Environmental Company	5,714,428,315.99			5,714,428,315.99
Green Oriental Company	78,074,688.12			78,074,688.12
佛山市盈峰环境水处理有限公司 (Foshan Yingfeng Environmental Water Treatment Co., Ltd.)*	316,465,481.91			316,465,481.91
Shangfeng Industrial Company	100,455,813.40			100,455,813.40
Donggang Magnet Wire Company	14,818,794.95			14,818,794.95
Total	6,224,243,094.37			6,224,243,094.37

(2) Provision for impairment

Investee or events resulting in goodwill	Opening balance	Increase	Decrease due to disposal of subsidiaries	Closing balance
Zoomlion Environmental Company [Note]	13,209,901.26	25,405,362.30		38,615,263.56
Donggang Magnet Wire Company	14,818,794.95			14,818,794.95

*The English name is for identification purpose only.

Investee or events resulting in goodwill	Opening balance	Increase	Decrease due to disposal of subsidiaries	Closing balance
Subtotal	28,028,696.21	25,405,362.30		53,434,058.51

Note: For impairment loss of goodwill of Zoomlion Environmental Company, as the goodwill of 92,031,026.04 yuan was included in the acquisition of Zoomlion Environmental Company, which corresponded to the original deferred tax liabilities that recognized due to appraisal appreciation as at the date of business combination not under common control, provision for impairment of 25,405,362.30 yuan was made along with changes in deferred tax liabilities in the current period.

(3) Impairment test process

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

Asset groups or asset group portfolios	Legal entities	Carrying amount of goodwill allocated to the asset groups or asset group portfolios	Carrying amount of asset groups or asset group portfolios	Carrying amount of asset groups or asset group portfolios that include goodwill
Sanitation vehicles and equipment manufacturing and sales asset group	Zoomlion Environmental Company (manufacturing and sales of sanitation vehicles and equipment), 长沙中标环境产业有限公司 (Changsha Zhongbiao Environmental Industry Co., Ltd.)	11,051,393,640.78	1,385,391,437.05	12,436,785,077.83
Urban-rural sanitation integrated operation asset group portfolio	Zoomlion Environmental Company (sanitation integrated operation), Green Oriental Company, Huaian Chenjie Environmental Engineering Co., Ltd., and 泌阳县丰和新能源电力有限公司 (Biyang County Fenghe New Energy Power Co., Ltd.)	306,455,386.89	3,277,373,056.32	3,583,828,443.21
Water governance operation asset group	Foshan Yingfeng Environmental Water Treatment Co., Ltd.	316,465,481.91	224,733,923.37	541,199,405.28
Fan manufacturing and sales asset group	Shangfeng Industrial Company	159,547,374.49	141,836,086.96	301,383,461.45
Subtotal		11,833,861,884.07	5,029,334,503.70	16,863,196,387.77

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 Company, which was acquired under business combination under common control by the Company, had two asset groups, i.e. sanitation vehicles and equipment manufacturing and sales asset group and urban-rural sanitation integrated operation asset group (including waste transfer, landfill and disposal). The assessment on the goodwill of Zoomlion Environmental Company was based on the fair value of the identifiable net assets as at the end of June 2017 under asset-based method in the appraisal report numbered Zhong Rui Ping Bao Zi [2017] 110731042, without considering the synergy between the urban-rural sanitation integrated operation asset group of Zoomlion Environmental Company and the waste incineration power generation operation asset group of former Green Oriental Company. After the business combination of Zoomlion Environmental Company, as its urban-rural sanitation integrated operation asset group and the waste incineration power generation operation asset group of Green Oriental Company were similar in terms of business acquisition, production and operation activities, and cash return realization methods, and the Management had started to carry out integrated management, these two asset groups were identified as the urban-rural sanitation integrated operation asset group portfolio.

*The English names are for identification purpose only.

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

2) Impairment test process, method and conclusion

① Significant assumptions and basis

- a. It is assumed that the assessed entity is a going concern, and there is no significant change in key aspects that affect production and operation such as business scope, sales model and channels, and the management;
- b. It is assumed that neither the social and economic environment of the assessed entity nor the relevant laws, regulations, and policies of the country and the region where the entity is located have significant changes;
- c. It is assumed that the business scope, business methods, management models, etc. of the assessed entity are continuously improved on the basis of consistency, and can be adjusted and innovated with the development of the economy in a timely manner;
- d. It is assumed that the various products provided by the assessed entity can adapt to market demand, the goals and measures formulated can be achieved on schedule according to the schedule, and expected benefits will be achieved;
- e. It is assumed that interest rates, exchange rates, tax bases and tax rates have no major changes within the normal range prescribed by the state.

② 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 five-year budget approved by the Management. The revenue growth rate of the product production and sales asset group in 2020 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.

③ Key parameter information for adopting future cash flow discount method

Asset groups or asset group portfolios	Forecast period	Forecast period growth rate	stable period growth rate	Profit margin	Pre-tax discount rate
Sanitation vehicles and equipment manufacturing and sales asset group	5 years	[Note 1]	0.00%	15.48%-17.16%	12.76%
Urban-rural sanitation integrated operation asset group portfolio	[Note 2]	[Note 2]	[Note 2]	[Note 2]	11.63%-12.16%
Water governance operation asset group	[Note 2]	[Note 2]	[Note 2]	[Note 2]	11.36%
Fan manufacturing and sales asset group	5 years	[Note 3]	0.00%	5.91%-6.96%	11.32%

Note 1: The revenue growth rate of sanitation vehicles and equipment manufacturing and sales asset group during the forecast period from 2021 to 2025 is 6.58%, 7.12%, 5.25%, 4.07% and 2.81%, respectively (unit price is expected to be stable with a decline, and sales volume changes lead to different growth rates).

Note 2: Please refer to the above determination method of recoverable amount for details.

Note 3: The revenue growth rate of fan manufacturing and sales asset group during the forecast period from 2021 to 2025 is 10.10%, 7.19%, 5.29%, 2.99% and 2.00%, respectively.

④ Conclusion of goodwill impairment test

Asset group or asset group portfolios	Recoverable amount asset group or asset group portfolios that include goodwill	Carrying amount of asset group or asset group portfolios that include goodwill	Goodwill impairment loss attributable to the Company
Sanitation vehicles and equipment manufacturing and sales asset group	12,738,100,000.00 [Note 1]	12,436,785,077.83	
Urban-rural sanitation integrated operation asset group portfolio	4,521,775,000.00 [Note 2]	3,583,828,443.21	
Water governance operation asset group	542,320,000.00 [Note 3]	541,199,405.28	
Fan manufacturing and sales asset group	350,279,688.48	301,383,461.45	
Subtotal	18,152,474,688.48	16,863,196,387.77	

Note 1: The present value of estimated future cash flows (recoverable amount) of sanitation vehicles and equipment manufacturing and sales asset group was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2021] 000413 issued by 中瑞世联资产评估集团有限公司 (HG Shilian Assets Appraisal Group Co., Ltd.*).

Note 2: The present value of estimated future cash flows (recoverable amount) of urban-rural sanitation integrated operation asset group portfolio was based on the appraisal report numbered Zhong Rui Ping Bao Zi [2021] 000408 issued by HG Shilian Assets Appraisal Group Co., Ltd. and the appraisal report numbered Zhong Guang Xin Ping Bao Zi [2021] 003 issued by 广东中广信资产评估有限公司 (Guangdong Zhongguangxin Assets Appraisal Co., Ltd.*).

Note 3: It is based on the appraisal report numbered Zhong Guang Xin Ping Bao Zi [2021] 002 issued by Guangdong Zhongguangxin Assets Appraisal Co., Ltd.

3) Completion of performance commitment and its effect on goodwill impairment test

From 2018 to 2020, the audited net profit of Zoomlion Environmental Company after non-recurring profit or loss attributable to shareholders of the parent company amounted to 1.105 billion yuan, 1.264 billion yuan, and 1.409 billion yuan, respectively, totaling 3.778 billion yuan, 56 million yuan higher than the commitment, which means the Company fulfilled its performance commitment (calculated based on the accumulated amount for 3 years as agreed).

21. Long-term prepayments

Items	Opening balance	Increase	Amortization	Closing balance
Expenditures on improvement of leased-in fixed assets	15,131,380.10	251,103.07	3,648,898.94	11,733,584.23
Others	978,558.78	822,043.99	830,384.35	970,218.42
Total	16,109,938.88	1,073,147.06	4,479,283.29	12,703,802.65

22. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Items	Closing balance	Opening balance
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*The English name is for identification purpose only.

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	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	589,067,868.14	90,264,437.69	484,841,437.43	74,098,839.50
Unrealized profit from internal transactions	13,119,836.20	1,886,494.71	25,068,470.62	3,678,789.87
Deductible losses	20,799,666.14	3,119,949.91		
Total	622,987,370.48	95,270,882.31	509,909,908.05	77,777,629.37

(2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Accelerated depreciation of fixed assets	5,789,343.84	1,447,335.96		
Changes in fair value of derivative financial instruments			639,250.00	159,812.50
Changes in fair value of financial assets at fair value through profit or loss	123,048,000.00	30,762,849.39	212,230,500.00	46,963,875.00
Assets appraisal appreciation due to business combination not under common control	405,268,960.11	46,674,772.03	454,980,514.43	72,919,489.91
Total	534,106,303.95	78,884,957.38	667,850,264.43	120,043,177.41

(3) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	146,931,501.30	119,860,075.63
Deductible losses	141,639,237.32	130,784,839.99
Unrealized profit from internal transactions	339,581,837.11	129,902,841.95
Subtotal	628,152,575.73	380,547,757.57

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

Maturity years	Closing balance	Opening balance	Remarks
Year 2021	35,765.88	7,548,263.10	
Year 2022	27,961,103.28	65,505,274.76	
Year 2023	57,039,954.82	57,482,722.13	
Year 2024	56,602,413.34		
Subtotal	141,639,237.32	130,536,259.99	

23. Other non-current assets

(1) Details

Items	Closing balance			Opening balance [Note]		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets	49,013,589.27	9,175,693.26	39,837,896.01	58,262,533.48	6,640,238.50	51,622,294.98
Advances for long-term assets	45,933,089.17		45,933,089.17	35,842,204.27		35,842,204.27
Receivables for agent construction	8,518,174.25		8,518,174.25	8,518,174.25		8,518,174.25
Total	103,464,852.69	9,175,693.26	94,289,159.43	102,622,912.00	6,640,238.50	95,982,673.50

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

(2) Contract assets

1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposit receivable	49,013,589.27	9,175,693.26	39,837,896.01	58,262,533.48	6,640,238.50	51,622,294.98
Subtotal	49,013,589.27	9,175,693.26	39,837,896.01	58,262,533.48	6,640,238.50	51,622,294.98

2) Details on provision for impairment of contract assets

① Details

Items	Opening balance	Increase		Decrease			Closing balance
		Accrual	Others	Reversal	Write-off	Others	
On an individual basis							
On a collective basis	6,640,238.50	2,535,454.76					9,175,693.26
Subtotal	6,640,238.50	2,535,454.76					9,175,693.26

② Contract assets with provision for impairment made on a collective basis

Ventilation equipment manufacturing industry and environmental integrated industry under age analysis method

Portfolios	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Within 1 year	23,955,836.31	1,197,791.81	5.00
1-2 years	14,433,576.28	1,443,357.63	10.00
2-3 years	5,041,402.60	1,512,420.78	30.00
3-5 years	1,121,302.08	560,651.04	50.00
Over 5 years	4,461,472.00	4,461,472.00	100.00
Subtotal	49,013,589.27	9,175,693.26	18.72

24. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	800,921,295.96	638,320,346.15
Guaranteed borrowings	518,446,764.98	222,329,086.77
Mortgaged borrowings	72,104,019.96	62,091,002.69
Guaranteed and mortgaged borrowings	260,430,637.32	330,480,351.87
Guaranteed and pledged borrowings	4,000,000.00	4,000,000.00
Mortgaged and pledged borrowings	2,002,658.33	
Pledged borrowings		349,453,030.00
Total	1,657,905,376.55	1,606,673,817.48

25. Held-for-trading financial liabilities

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Held-for-trading financial liabilities	866,300.00	810,300.00	866,300.00	810,300.00
Including: Derivative financial liabilities	866,300.00	810,300.00	866,300.00	810,300.00
Total	866,300.00	810,300.00	866,300.00	810,300.00

(2) Other remarks

Held-for-trading financial liabilities were the floating losses of metal futures contracts held by the sub-subsidiary Anhui Weiqi Electrical Materials Co., Ltd.

26. Notes payable

Items	Closing balance	Opening balance
Bank acceptance	3,377,701,187.77	2,597,981,590.26
Trade acceptance	475,474,206.32	343,712,590.88
Total	3,853,175,394.09	2,941,694,181.14

(2) Other remarks

At the balance sheet date, balances of notes due but unpaid, which were not presented for payment by the holders, totaled 313,659.68 yuan.

27. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Payments for goods	2,983,456,990.78	2,210,599,443.61
Payments for engineering and equipment	342,985,351.65	221,909,224.20
Others	78,382,742.60	53,669,184.18
Total	3,404,825,085.03	2,486,177,851.99

(2) No significant balance with age over one year.

28. Advances received

(1) Details

Items	Closing balance	Opening balance [Note]
Payments for goods		
Total		

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

(2) No significant balance with age over one year.

29. Contract liabilities

Items	Closing balance	Opening balance [Note]
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Items	Closing balance	Opening balance [Note]
Advanced goods payments	181,051,683.90	150,983,008.42
Total	181,051,683.90	150,983,008.42

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

30. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	221,403,931.32	1,125,108,045.53	1,028,003,858.06	318,508,118.79
Post-employment benefits - defined contribution plan	3,708,506.55	19,654,010.40	20,008,646.10	3,353,870.85
Termination benefits		3,913,031.07	3,913,031.07	
Total	225,112,437.87	1,148,675,087.00	1,051,925,535.23	321,861,989.64

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	217,765,407.19	1,030,739,891.66	938,895,359.19	309,609,939.66
Employee welfare fund	188,802.51	38,852,001.13	38,183,756.31	857,047.33
Social insurance premium	107,872.67	23,255,633.55	23,023,052.90	340,453.32
Including: Medicare premium	64,428.17	21,016,749.34	20,741,190.39	339,987.12
Occupational injuries premium	38,875.63	1,670,697.64	1,709,376.02	197.25
Maternity premium	4,568.87	568,186.57	572,486.49	268.95
Housing provident fund	1,285,988.97	22,735,531.46	22,636,369.71	1,385,150.72
Trade union fund and employee education fund	2,055,859.98	9,524,987.73	5,265,319.95	6,315,527.76
Subtotal	221,403,931.32	1,125,108,045.53	1,028,003,858.06	318,508,118.79

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	3,322,704.67	18,738,874.59	19,071,333.80	2,990,245.46
Unemployment insurance premium	385,801.88	915,135.81	937,312.30	363,625.39
Subtotal	3,708,506.55	19,654,010.40	20,008,646.10	3,353,870.85

31. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	180,356,026.72	73,783,692.90
Enterprise income tax	163,408,107.06	101,451,575.83
Individual income tax withheld for tax authorities	6,099,807.10	7,085,391.75
Urban maintenance and construction tax	11,172,773.45	3,999,418.16
Housing property tax	1,747,769.26	811,081.30
Land use tax	278,724.12	433,967.55
Stamp tax	1,853,506.57	1,644,718.29

Items	Closing balance	Opening balance
Education surcharge	4,603,782.22	1,746,535.21
Local education surcharge	2,980,941.01	1,118,755.00
Others	13,505.15	44,920.49
Total	372,514,942.66	192,120,056.48

32. Other payables

(1) Details

Items	Closing balance	Opening balance
Dividend payable		9,450,000.00
Other payables	443,477,082.48	365,423,715.69
Total	443,477,082.48	374,873,715.69

(2) Dividend payable

1) Details

Items	Closing balance	Opening balance
曹国路 (Cao Guolu)		1,050,000.00
绍兴路巧贸易有限公司 (Shaoxing Luqiao Trading Co., Ltd.)*		4,200,000.00
绍兴智赢企业管理有限公司 (Shaoxing Zhiying Enterprise Management Co., Ltd.)*		2,100,000.00
绍兴和盈企业管理合伙企业 (有限合伙) (Shaoxing Heying Enterprise Management Partnership (LP))*		2,100,000.00
Subtotal		9,450,000.00

2) No significant balance with age over one year.

(3) Other payables

1) Details

Items	Closing balance	Opening balance
Factoring financing of accounts receivable with recourse right [Note]	49,160,385.66	101,147,928.04
Temporary receipts payable	208,719,173.08	110,738,395.22
Temporary receipts of the employee stock ownership plan phase I		92,370,003.00
Security deposits	72,880,746.04	27,827,224.46
Others	112,716,777.70	33,340,164.97
Total	443,477,082.48	365,423,715.69

Note: The balance refers to the factoring financing of account receivable made by Zoomlion Environmental Company 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 Company to repurchase the accounts receivable if they are overdue, the accounts receivable shall not be derecognized upon the receipts of corresponding factoring, and the receipts shall be presented under other payables (non-bank financial institutions are listed as risk exposures)

2) No significant balance with age over one year.

*The English names are for identification purpose only.

33. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	150,862,201.57	86,554,242.52
Total	150,862,201.57	86,554,242.52

34. Other current liabilities

Items	Closing balance	Opening balance [Note]
Hedging instruments	7,415,450.00	
Output tax to be debited	22,448,466.02	19,627,791.10
Customer rebates	25,242,123.71	9,879,816.88
Total	55,106,039.73	29,507,607.98

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

35. Long-term borrowings

Items	Closing balance	Opening balance
Guaranteed borrowings	197,500,000.00	
Pledged borrowings	81,300,000.00	54,600,000.00
Guaranteed and mortgaged borrowings	94,230,491.81	109,492,159.87
Guaranteed and pledged borrowings	234,212,965.97	479,751,010.91
Guaranteed, pledged and mortgaged borrowings	158,400,000.00	
Total	765,643,457.78	643,843,170.78

36. Bonds payable

(1) Details

Items	Closing balance	Opening balance
Convertible corporate bonds	1,199,466,109.60	
Total	1,199,466,109.60	

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

Bonds	Par value	Issuing date	Maturity	Amount outstanding	Opening balance	Current period issuance
Infore convertible bonds	100.00	11/04/2020	6 years	1,476,189,600.00		1,457,336,184.17
Subtotal				1,476,189,600.00		1,457,336,184.17

(Continued)

Bonds	Equity component under split	Par value interest	Interest adjustments	Converted to shares	Closing balance
Infore convertible bonds	266,939,831.65	461,056.48	8,608,700.60		1,199,466,109.60
Subtotal	266,939,831.65	461,056.48	8,608,700.60		1,199,466,109.60

(3) Please refer to section XIV (II) of notes to financial statements for details on converting conditions and time of

convertible bonds.

37. Long-term payables

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Special funds for treasury bond projects	3,000,000.00			3,000,000.00	Funds from conversion of treasury bonds into loans
Special funds for Jiayu Sewage Treatment Project	103,080,483.16	19,935,291.42		123,015,774.58	Special government funds for PPP projects
Special funds for Tongshan Sewage Treatment Project	82,320,040.33	47,400,000.00		129,720,040.33	Special government funds for PPP projects
Subtotal	188,400,523.49	67,335,291.42		255,735,814.91	

38. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Pending lawsuit	1,000,000.00		Provision was made based on the application of the first-instance judgment by 河北澳哈工程咨询有限公司(Hebei Aohan Engineering Consulting Co., Ltd.*)
Contractual credit guarantees	461,553.82		
Total	1,461,553.82		

39. Deferred income

(1) Details

Items	Opening balance [Note]	Increase	Decrease	Closing balance	Reasons for balance
Government grants	40,519,289.35	61,828,174.00	5,612,643.51	96,734,819.84	Government grants related to assets/income
Total	40,519,289.35	61,828,174.00	5,612,643.51	96,734,819.84	

Note: Please refer to section III (XXXIV) 1 of notes to financial statements for details on the difference between the opening balance of current period and the closing balance of preceding period (i.e. December 31, 2019).

(2) Details of government grants

Items	Opening balance	Increase	Grants included into other income [Note]	Closing balance	Related to assets/income
Special subsidies for Xiantao Waste Power Generation Project	11,389,114.20		726,531.48	10,662,582.72	Related to assets
Incremental tax incentives for technological transformation	9,482,800.00		948,280.00	8,534,520.00	Related to assets
Urban sewage and garbage treatment facilities and sewage pipe network engineering projects	5,351,375.15		445,536.32	4,905,838.83	Related to assets
Special funds for air pollution prevention and	1,000,000.00		100,000.00	900,000.00	Related to assets

*The English name is for identification purpose only.

Items	Opening balance	Increase	Grants included into other income [Note]	Closing balance	Related to assets/income
control					
The fifth batch of special funds for raising manufacturing power 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		15,040,000.00	1,002,666.71	14,037,333.29	Related to assets
Urban and rural domestic waste transfer, kitchen waste resource utilization and harmless treatment projects		11,270,000.00	211,034.48	11,058,965.52	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 high-tech zone		5,784,474.00		5,784,474.00	Related to assets
The third batch of subsidies for technological transformation of industrial enterprises		2,500,000.00		2,500,000.00	Related to assets
Key projects of enterprise intelligent transformation of 2018 and 2019		819,700.00	35,737.38	783,962.62	Related to assets
Subsidies for enterprise technological transformation		1,000,000.00	142,857.14	857,142.86	Related to assets
Central special construction supporting funds for Kaili PPP Project	10,000,000.00			10,000,000.00	Related to income
Special funds for green manufacturing system solution supplier projects of 2019	2,000,000.00		2,000,000.00		Related to income
Funds for national key R&D program projects of 2017	296,000.00	54,000.00		350,000.00	Related to income
Subtotal	40,519,289.35	61,828,174.00	5,612,643.51	96,734,819.84	

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

40. Share capital

(1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total share	3,163,062,146.00						3,163,062,146.00

41. Other equity instruments

(1) Please refer to section XIV (II) of notes to financial statements for basic information of convertible corporate bonds outstanding as of the balance sheet date

(2) Current period movements of convertible corporate bonds outstanding at the balance sheet date

Items	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible corporate bonds			14,761,896.00	266,939,831.65			14,761,896.00	266,939,831.65
Total			14,761,896.00	266,939,831.65			14,761,896.00	266,939,831.65

42. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	9,652,714,085.10	4,840,900.20	1,636,434.07	9,655,918,551.23
Other capital reserve	45,403,677.65	12,859,488.20	6,439,840.59	51,823,325.26
Total	9,698,117,762.75	17,700,388.40	8,076,274.66	9,707,741,876.49

(2) Other remarks

Current increase of share/capital premium in amount of 4,840,900.20 yuan was due to the transfer-in of other capital reserve originally arising from share-based payments upon the expiration of the stock incentive vesting period;

Current decrease of share/capital premium was due to the following events: 1) in January 2020, the Company acquired 5.20% equity of the subsidiary Shangfeng Industrial Company, and the difference between the acquisition cost and the proportionate share in net assets of Shangfeng Industrial Company from acquisition date or combination date in amount of -2,225,430.97 yuan was included into the Company's share/capital premium; 2) in November 2020, the Company disposed 39.00% equity of the subsidiary Jilin Zhongfeng Oasis Environmental Development Co., Ltd, and the difference between the disposal consideration and the proportionate share in net assets of Jilin Zhongfeng Oasis Environmental Development Co., Ltd from acquisition date or combination date in amount of -314,024.80 yuan was included into the Company's share/capital premium; 3) in January 2020, the Company acquired 18.86% equity of the subsidiary Xiantao Yinghe Environmental Protection Co., Ltd., and the difference between the acquisition cost and the proportionate share in net assets of Xiantao Yinghe Environmental Protection Co., Ltd. from acquisition date or combination date in amount of 903,021.70 yuan was included into the Company's share/capital premium.

Current increase of other capital reserve was due to the recognition of incentive expenses based on stock incentive plan in amount of 13,624,937.21 yuan, of which, 12,859,488.20 yuan was included into capital reserve – other capital reserve, and 765,449.01 yuan was included into non-controlling interest. Please refer to section XI of notes to financial statements for details. Current decrease of other capital reserve was due to the following events: 1) in February 2020, the Company transferred 15,326,208 shares that repurchased at the end of 2019 to the Company's special repurchase securities account of employee stock ownership plan at the market price of 6.42 yuan per share, totaling 98,394,255.36 yuan. The difference between the transfer price and the repurchase amount of 99,993,195.75 yuan in 2019 amounting to 1,598,940.39 yuan was used to offset capital reserve; 2) please refer to the above notes to current increase of share/capital premium for details on other decrease of other capital reserve amounting to 4,840,900.20 yuan.

43. Treasury shares

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares	99,993,195.75	8,920,597.83	99,993,195.75	8,920,597.83
Total	99,993,195.75	8,920,597.83	99,993,195.75	8,920,597.83

(2) Other remarks

Current increase was due to the Proposal on Share Repurchasing Plan approved by the third extraordinary meeting of the ninth session of the Board of Directors dated April 13, 2020, which decided to repurchase the Company's shares through centralized bidding transactions using self-raised funds. In the current period, the Company repurchased 1,137,524 shares in total through centralized bidding transactions, and paid a total amount of 8,920,597.83 yuan (excluding transaction costs).

Current decrease was due to the Proposal on the Employee Stock Ownership Plan Phase I (Draft) and its Summary deliberated and approved by the 31st extraordinary meeting of the eighth session of the Board of Directors dated October 23, 2019 and the third extraordinary shareholders' general meeting of 2019 dated November 12, 2019, according to which the Company transferred 15,326,208 shares that repurchased at the end of 2019 to the Company's special repurchase securities account of employee stock ownership plan at the consideration of 98,394,255.36 yuan. The difference between the transfer price and the repurchase amount of 99,993,195.75 yuan in 2019 amounting to 1,598,940.39 yuan was included into capital reserve.

44. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative						Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders	
Items to be reclassified subsequently to profit or loss	479,437.51		479,437.51			-479,437.51		
Including: Cash flow hedging reserves	479,437.51		479,437.51			-479,437.51		
Total	479,437.51		479,437.51			-479,437.51		

45. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund		8,699,413.98	8,699,413.98	
Total		8,699,413.98	8,699,413.98	

46. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	232,701,943.56			232,701,943.56
Total	232,701,943.56			232,701,943.56

47. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	2,520,329,621.90	1,503,796,981.62
Add: Net profit attributable to owners of the parent company	1,386,476,099.73	1,361,453,754.17
Less: Appropriation of statutory surplus reserve		28,614,899.29

Items	Current period cumulative	Preceding period comparative
Dividend payable on ordinary shares	348,116,836.08	316,306,214.60
Closing balance	3,558,688,885.55	2,520,329,621.90

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	14,273,213,235.36	10,720,797,390.49	12,659,401,544.07	9,368,410,640.28
Other operations	58,811,840.04	45,491,568.51	36,457,122.33	21,045,772.46
Total	14,332,025,075.40	10,766,288,959.00	12,695,858,666.40	9,389,456,412.74

(2) Breakdown of revenue by main categories

Reportable segments	Operating revenue
Ventilation equipment and electrotechnical equipment industry	3,433,239,893.56
Environmental integrated industry	10,878,867,146.75
Financial services	17,971,932.25
Subtotal	14,330,078,972.56

Note: The difference between breakdown of revenue by main categories and total operating revenue was housing rental income amounting to 1,946,102.84 yuan

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	31,932,708.59	26,357,347.01
Education surcharge	13,763,632.17	11,464,647.74
Local education surcharge	9,173,301.02	7,610,647.36
Stamp duty	4,012,840.78	9,560,201.75
Housing property tax	6,046,933.52	6,202,318.33
Land use tax	8,949,626.89	9,590,515.17
Vehicle and vessel use tax	578,488.72	389,195.04
Resources tax		1,371.30
Environmental protection tax	3,298.30	23,789.43
Total	74,460,829.99	71,200,033.13

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Wages, benefits and insurance premiums	308,668,531.58	291,701,971.07
Agency fees	190,967,041.03	169,045,792.85
Office expenses	66,589,757.23	56,109,183.78
Business entertainment	60,699,969.88	49,632,644.93

Items	Current period cumulative	Preceding period comparative
Vehicle usage fees	42,291,788.33	38,035,830.73
Travelling expenses	35,222,537.93	31,747,341.20
Expenses for tendering and bidding	41,237,901.47	30,756,400.47
Marketing expenses	26,738,045.90	21,373,324.53
After-sales service expenses	7,898,372.76	3,554,675.91
Depreciation and amortization	2,203,528.84	3,453,862.68
Share-based payments	1,528,333.10	386,458.95
Others	17,243,205.46	11,078,862.33
Transportation and loading expenses		140,071,729.83
Car service fees		70,313,474.48
Total	801,289,013.51	917,261,553.74

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Wages and benefits, insurance premiums and housing provident fund	270,586,381.78	155,298,625.65
Depreciation and amortization	82,337,180.72	110,451,999.85
Agency consulting fees	55,508,011.48	37,227,307.12
Office expenses	47,382,856.32	39,029,441.08
Business entertainment	26,542,380.63	17,684,509.81
Travelling expenses	10,444,833.47	8,498,657.67
Vehicle usage fees	7,732,891.83	6,666,552.09
Repair fees	6,350,097.09	1,969,171.96
Share-based payments	5,634,842.48	579,223.19
Others	23,947,210.32	14,429,024.32
Total	536,466,686.12	391,834,512.74

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Labor costs	118,576,852.62	123,475,057.84
Direct inputs	91,469,017.06	89,234,328.57
Other expenses	43,355,945.62	32,022,283.05
Share-based payments	1,275,516.89	905,940.89
Total	254,677,332.19	245,637,610.35

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenses	127,630,040.16	99,893,189.87
Interest income	-49,689,471.88	-26,182,679.84
Cash discounts	-9,393,178.26	-15,017,532.96
Gains and losses on foreign exchange	708,908.76	4,004,549.31
Notes discounting fees	9,031,666.57	16,124,478.20

Items	Current period cumulative	Preceding period comparative
Handling fees	32,626,633.00	37,633,636.71
Realized finance income	-44,793,266.76	-62,004,243.51
Others		-495,893.77
Total	66,121,331.59	53,955,504.01

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets [Note]	3,612,643.51	4,318,417.18	3,612,643.51
Government grants related to income [Note]	41,281,924.72	102,252,781.89	41,281,924.72
Refund of handling fees for withholding individual income tax	576,781.45	541,734.54	576,781.45
Refund of VAT	28,804,978.15	28,806,106.81	
Total	74,276,327.83	135,919,040.42	45,471,349.68

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

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	41,578,662.81	33,697,177.55
Investment income from disposal of long-term equity investments	488,224.46	92,216,592.23
Investment income from financial instruments	40,547,691.44	16,538,761.63
Including: Financial assets designated as at fair value through profit or loss	11,250,000.00	9,673,130.59
Financial assets classified as at fair value through profit or loss	28,882,731.44	6,485,251.04
Other equity instrument investments	414,960.00	380,380.00
Gains on disposal of financial assets	-5,125,103.88	-8,589,637.07
Including: Financial assets classified as at fair value through other comprehensive income	-5,152,198.65	-8,589,637.07
Financial assets designated as at fair value through profit or loss	27,094.77	
Performance compensation	839,195.26	24,676,400.00
Total	78,328,670.09	158,539,294.34

9. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	-89,949,855.53	25,183,593.66
Including: Financial assets as at fair value through profit or loss	-89,949,855.53	25,183,593.66
Gains or losses on ineffective portion of outstanding fair value hedges	-5,769,445.94	-2,775,150.00
Total	-95,719,301.47	22,408,443.66

10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-119,100,867.26	-111,054,884.67
Contractual credit guarantees	-461,553.82	
Total	-119,562,421.08	-111,054,884.67

11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-36,270,934.35	-27,432,998.13
Impairment loss of intangible assets	-20,185,580.19	
Impairment loss of goodwill	-25,405,362.30	-13,209,901.26
Other non-current assets (quality guarantee deposit)	-2,535,454.76	
Impairment loss of fixed assets	-1,336,643.39	
Impairment loss of contract assets	2,738,164.92	
Impairment loss of non-current assets due within one year (quality guarantee deposit)	517,309.92	
Total	-82,478,500.15	-40,642,899.39

12. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	-1,787,925.37	-2,970,694.88	-1,787,925.37
Gains on disposal of construction in progress		4,360.09	
Total	-1,787,925.37	-2,966,334.79	-1,787,925.37

13. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on damage or retirement of non-current assets	77,383.74	15,329.71	77,383.74
Penalty and confiscatory income	835,893.25	4,633,477.18	835,893.25
Funds no need to pay	1,872,195.17	5,925,978.14	1,872,195.17
Others	1,793,847.85	1,742,459.55	1,793,847.85
Indemnity income	3,499,479.91	17,916.60	3,499,479.91
Recovery of accounts receivable with provision for bad debts written off	1,765,219.77		1,765,219.77
Total	9,844,019.69	12,335,161.18	9,844,019.69

14. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on damage or retirement of non-current assets	40,814,493.09	150,157,786.26	40,814,493.09
Donation expenditures	10,428,048.44	1,694,833.58	10,428,048.44
Compensation and penalty expenses	6,422,397.70	6,530,821.05	6,422,397.70
Local water conservancy construction	134,126.33	300,201.97	

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
special fund			
Others	430,658.49	4,561,436.33	430,658.49
Total	58,229,724.05	163,245,079.19	58,095,597.72

15. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	240,674,591.23	269,382,714.81
Deferred income tax expenses	-33,103,177.47	-23,143,098.99
Total	207,571,413.76	246,239,615.82

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	1,637,392,068.49	1,637,805,781.25
Income tax expenses based on tax rate applicable to the parent company	409,348,017.12	409,451,445.31
Effect of different tax rate applicable to subsidiaries	-213,890,288.36	-157,964,396.30
Effect of prior income tax reconciliation	4,036,346.94	-3,498,939.69
Effect of non-taxable income	-10,524,147.60	-5,962,961.92
Effect of non-deductible costs, expenses and losses	5,636,087.35	4,596,680.76
Utilization of deductible losses not previously recognized as deferred tax assets	-11,209,875.57	-14,507,339.81
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets	47,130,077.63	33,706,513.05
Effect of plus deduction	-22,954,803.75	-19,581,385.58
Income tax expenses	207,571,413.76	246,239,615.82

16. Other comprehensive income, net of income tax

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

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

1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Receipts of deposits for notes, letters of credit and letters of guarantee	546,629,420.18	526,555,043.10
Receipts of government grants	101,409,788.44	114,482,952.67
Receipts of security deposits	87,547,183.94	87,447,241.02
Recovery of petty cash and temporary advance payment receivable	53,990,787.31	45,003,791.59
Temporary receipts payable	97,576,945.00	38,598,081.73
Recovery of funds in escrow accounts	957,256.52	36,458,569.79
Receipts of interest income	32,491,002.22	15,705,385.93
宇星科技发展（深圳）有限公司 (Yuxing		5,925,978.14

Items	Current period cumulative	Preceding period comparative
Technology Development (Shenzhen) Co., Ltd.*), the former shareholder has bought out the normal collection of payment		
Receipts of principal of factoring financing and finance lease	192,699,970.39	
Others	40,191,716.87	11,070,136.06
Total	1,153,494,070.87	881,247,180.03

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Payments for deposits for notes, letters of credit and letters of guarantee	531,970,066.36	582,490,139.33
Operating period expenses	742,930,598.43	833,158,916.30
Security deposits	105,356,641.82	98,018,473.16
Payments for petty cash and temporary advance payment receivable	69,592,540.81	54,032,904.30
Payments for principal of factoring financing and finance lease	614,614,522.83	51,703,348.89
Temporary receipts payable	12,179,242.35	15,952,320.10
Others	4,876,929.24	96,342,070.26
Time deposits [Note]	700,000,000.00	
Funds allocated to escrow accounts	945,226.15	
Total	2,782,465,767.99	1,731,698,172.34

Note: Time deposits were held for the purpose of operating activities at the end of the period, with maturity over three months.

3. Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	5,009,700,000.00	4,739,471,000.00
Receipts of special government funds for PPP projects by project subsidiaries	67,335,291.42	121,431,966.13
Receipts of loan principal and interest from Lianjiang Green Oriental New Energy Co., Ltd.	62,836,100.61	7,522,450.41
Receipts of loan interest from Guangdong Tianshu New Energy Technology Co., Ltd.	8,092,859.98	202,541.94
Receipts of the loan interest from Shantou Zoolion Ruikang Environmental Sanitation Service Co., Ltd.	3,158,044.62	19,926.66
Receipts of futures margin	4,198,085.50	3,665,289.50
Receipts of performance compensation from the original shareholders of Guangdong Liangke Environmental Engineering Co., Ltd.		24,676,400.00
Receipts of loan principal and interest from 吉林欣雨环保工程有限公司 (Jilin Xinyu Environmental Protection Engineering Co., Ltd.*)	1,104,600.00	
Receipts of compensation from Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	839,195.26	
Receipts of loan principal and interest from Shantou Chaoyang District Zoomlion Ruikang	641,241.65	

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Items	Current period cumulative	Preceding period comparative
Environmental Sanitation Service Co., Ltd.		
Receipts of principal and interest of the agency financing of pipe network project		113,036,270.31
Receipts of call loan from Yuxing Technology Development (Shenzhen) Co., Ltd.		48,274,568.30
Receipts of loan and interest from Guangdong Liangke Environmental Engineering Co., Ltd.	2,027,999.98	11,476,130.49
Receipts of interest on loan from cooperative suppliers		152,973.34
Total	5,159,933,419.02	5,069,929,517.08

4. Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Purchase of financial products	5,009,700,000.00	4,708,470,000.00
Payments of margin for futures trading	13,498,236.44	4,810,370.37
Payments of call loans to the Environmental Sanitation Management Office of Bijiang District, Tongren City	5,930,076.27	
Payments of call loans to Lianjiang Green Oriental New Energy Co., Ltd.	7,000,000.00	
Payments of call loans to Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.		23,810,370.00
Payments of loan principal to Yuxing Technology Development (Shenzhen) Co., Ltd.		17,434,292.90
Payments of special government funds for PPP projects to project companies		14,685,800.00
Payments of loan principal to Guangdong Liangke Environmental Engineering Co., Ltd.		10,000,000.00
Payments of loan principal to cooperative suppliers		7,860,000.00
Payments of call loans to Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.		600,000.00
Total	5,036,128,312.71	4,787,670,833.27

5. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Receipts of payments for employee stock ownership plan	6,100,000.00	152,370,003.00
Receipts of call loans from 洪志光 (Hong Zhiguang)	1,780,000.00	
Receipts of call loans from 东莞市家宝园林绿化有限公司(Dongguan Jiabao Landscaping Co., Ltd.*)		6,670,000.00
Loan amounts of accounts receivable factoring with recourse right		101,147,928.04
Total	7,880,000.00	260,187,931.04

6. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Repurchase of treasury shares	8,920,597.83	99,993,195.75

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Items	Current period cumulative	Preceding period comparative
Payments for employee stock ownership plans		60,000,000.00
Factoring service fees and handling fees	6,325,532.07	509,966.47
Repayment of call loans to Dongguan Jiabao Landscaping Co., Ltd.	4,112,673.61	885,463.41
Acquisition of non-controlling interest of Shangfeng Industrial Company	18,200,000.00	
Payments of call loans to Hong Zhiguang	483,027.48	
Repayment of call loans to 李德义 (Li Deyi)		2,625,000.00
Repayment of call loans to Yuxing Technology Development (Shenzhen) Co., Ltd.		355,854.17
Total	38,041,830.99	164,369,479.80

7. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,429,820,654.73	1,391,566,165.43
Add: Provision for assets impairment loss	202,040,921.23	151,697,784.06
Depreciation of fixed assets, oil and gas assets, productive biological assets	132,977,279.08	104,334,625.06
Amortization of intangible assets	329,434,176.13	241,305,992.40
Amortization of long-term prepayments	4,479,283.29	4,168,155.52
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	1,787,925.37	2,966,334.79
Fixed assets retirement loss (Less: gains)	40,737,109.35	150,142,456.55
Losses on changes in fair value (Less: gains)	95,719,301.47	-22,408,443.66
Financial expenses (Less: gains)	101,148,109.13	81,994,703.40
Investment losses (Less: gains)	-83,480,868.78	-167,128,931.39
Decrease of deferred tax assets (Less: increase)	-17,493,252.94	-10,698,749.28
Increase of deferred tax liabilities (Less: decrease)	-41,158,220.03	-12,284,537.21
Decrease of inventories (Less: increase)	-229,881,454.67	21,070,265.60
Decrease of operating receivables (Less: increase)	-2,146,572,286.81	500,950,001.46
Increase of operating payables (Less: decrease)	1,817,968,802.17	-983,114,152.76
Others [Note]	51,186,613.03	30,188,384.05
Net cash flows from operating activities	1,688,714,091.75	1,484,750,054.02
2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3) Net changes in cash and cash equivalents:		
Cash at the end of the period	4,657,826,099.23	2,611,680,947.69
Less: Cash at the beginning of the period	2,611,680,947.69	1,719,966,631.78
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		

Supplement information	Current period cumulative	Preceding period comparative
Net increase of cash and cash equivalents	2,046,145,151.54	891,714,315.91

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

(2) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	4,657,826,099.23	2,611,680,947.69
Including: Cash on hand	147,826.76	62,621.18
Cash in bank on demand for payment	4,622,411,287.34	2,606,269,825.38
Other cash and bank balances on demand for payment	35,266,985.13	5,348,501.13
Central bank deposit on demand for payment		
Deposit in other banks		
Loans to other banks		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	4,657,826,099.23	2,611,680,947.69
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

On December 31, 2019, balance of cash and bank balances amounted to 3,160,767,624.40 yuan, while balance of cash and cash equivalents amounted to 2,611,680,947.69 yuan. The difference of 549,086,676.71 yuan included deposit for notes in amount of 477,341,190.07 yuan, deposit for letters of guarantee in amount of 70,775,730.12 yuan, deposit for migrant workers' wages in amount of 919,540.01 yuan, ETC deposit in amount of 12,500.00 yuan, and engineering escrow accounts that are not available for separate use in amount of 37,716.51 yuan, which was not cash and cash equivalents.

On December 31, 2020, balance of cash and bank balances amounted to 5,904,127,970.85 yuan, while balance of cash and cash equivalents amounted to 4,657,826,099.23 yuan. The difference of 1,246,301,871.62 yuan included deposit for notes in amount of 458,086,264.82 yuan, deposit for letters of guarantee in amount of 75,383,801.54 yuan, deposit for migrant workers' wages in amount of 922,334.53 yuan, deposit for certificate of deposits in amount of 709,048,611.10 yuan, funds frozen due to lawsuits in amount of 2,837,968.00 yuan, and engineering escrow accounts that are not available for separate use in amount of 22,891.63 yuan, which was not cash and cash equivalents.

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

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	634,225,860.32	571,366,123.95
Including: Payments for goods	586,283,659.54	414,320,078.88
Payments for acquisition of long-term assets, such as fixed assets	36,375,813.18	134,860,435.98
Payments for expenses	11,566,387.60	22,185,609.09

(V) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	1,246,301,871.62	Deposits, frozen due to litigation preservation, escrow account
Accounts receivable	103,965,922.09	Pledge

Items	Closing carrying amount	Reasons for restrictions
Receivables financing	306,145,249.74	Pledge
Long-term receivables and non-current assets due within one year	49,160,385.66	Factoring financing with recourse right
Fixed assets	551,470,379.29	Mortgage
Investment property	51,185.99	Mortgage
Intangible assets	236,472,755.88	Mortgage
100% equity of 阜南绿色东方环保有限公司 (Funan Green Oriental Environmental Protection Co., Ltd.*)	58,236,923.40	Pledge
100% equity of Shouxian Green Oriental New Energy Co., Ltd.	80,691,695.44	Pledge
100% equity of Xiantao Green Oriental Environmental Power Generation Co., Ltd.	204,935,012.39	Pledge
25% equity of Lianjiang Green Oriental New Energy Co., Ltd.	23,149,733.54	Frozen due to litigation preservation
Total	2,860,581,115.04	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			28,114,587.04
Including: USD	1,392,102.02	6.5249	9,083,326.47
EUR	1,974,427.58	8.0250	15,844,781.33
HKD	3,786,215.83	0.8416	3,186,479.24
Accounts receivable			12,817,279.25
Including: USD	1,251,837.80	6.5249	8,168,116.46
HKD	5,524,195.33	0.8416	4,649,162.79
Accounts payable			3,351,820.12
Including: USD	513,696.78	6.5249	3,351,820.12

3. Government grants

(1) Details

1) Government grants related to assets

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Special subsidies for Xiantao Waste Power Generation Project	11,389,114.20		726,531.48	10,662,582.72	Other income	Pursuant to the document numbered E Cai Jian Fa [2015] 199
Incremental tax incentives for technological transformation	9,482,800.00		948,280.00	8,534,520.00	Other income	Pursuant to the document numbered Xiang Gong Xin Tou Zi [2019] 57
Urban sewage and garbage treatment facilities and sewage pipe network engineering projects	5,351,375.15		445,536.32	4,905,838.83	Other income	Pursuant to the document numbered Fa Gai Huan Zi [2015] 431
Special funds for air	1,000,000.00		100,000.00	900,000.00	Other income	Pursuant to the

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Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
pollution prevention and control						document numbered Zhang Cai Zi Huan Zhi [2019] 41
The fifth batch of special funds for raising manufacturing power in Hunan Province	1,000,000.00			1,000,000.00	Other income	Pursuant to the document numbered Xiang Cai Qi Zhi [2019] 72
Xiantao sludge harmless treatment plant		17,700,000.00		17,700,000.00	Other income	Pursuant to the documents numbered Xian Fa Gai Huan Zi [2019] 116 and Xian Fa Gai Huan Zi [2019] 150
Shouxian Domestic Waste Incineration Power Plant Project		15,040,000.00	1,002,666.71	14,037,333.29	Other income	Pursuant to the documents numbered Cai Jian [2017] 569 and Huai Fa Gai Zi Huan [2016] 188
Urban and rural domestic waste transfer, kitchen waste resource utilization and harmless treatment projects		11,270,000.00	211,034.48	11,058,965.52	Other income	Pursuant to the document numbered Xian Fa Gai Huan Zi [2020] 84
No. 2 Sewage Treatment Plant and supporting pipe network projects in Daban Town, Bahrain Right Banner		7,660,000.00		7,660,000.00	Other income	Pursuant to the document numbered Chi Cai Zhi Huan [2015] 814
The second batch of awards for rental housing in the high-tech zone		5,784,474.00		5,784,474.00	Other income	Pursuant to the document numbered Zhang Zhu Zu Tong [2020] 5
The third batch of subsidies for technological transformation of industrial enterprises		2,500,000.00		2,500,000.00	Other income	Pursuant to the document numbered Zhang Gong Xin Tou Zi Fa [2020] 72
Key projects of enterprise intelligent transformation of 2018 and 2019		819,700.00	35,737.38	783,962.62	Other income	Pursuant to the document numbered Qu Wei Ban [2019] 36
Subsidies for enterprise technological transformation		1,000,000.00	142,857.14	857,142.86	Other income	Pursuant to the document numbered Zhang Gao Xin Guan Fa [2017] 33
Subtotal	28,223,289.35	61,774,174.00	3,612,643.51	86,384,819.84		

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

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

Items	Opening balance of deferred income	Increase	Amounts carried forward	Closing balance of deferred income	Amounts carried forward presented under	Remarks
						Municipal Domestic Waste Collection and Transportation System”
Special funds for green manufacturing system solution supplier projects of 2019	2,000,000.00		2,000,000.00		Other income	Pursuant to the “Green Manufacturing System Solution Supplier Project Contract” by Energy Conservation and Comprehensive Utilization Department of Ministry of Industry and Information Technology
Funds for national key R&D program projects of 2017	296,000.00	54,000.00		350,000.00	Other income	Odd subsidies
Subtotal	12,296,000.00	54,000.00	2,000,000.00	10,350,000.00		

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

Items	Amounts	Presented under	Remarks
Central manufacturing high-quality development funds	8,000,000.00	Other income	Pursuant to the document numbered Zhang Cai Qi Zhi [2020] 50
Special funds for green manufacturing system solution supplier project	8,000,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2019] 36
Subsidies for energy saving and emission reduction	4,200,000.00	Other income	Pursuant to the document numbered Xiang Cai Yu [2020] 3
Enterprise support funds	3,250,000.00	Other income	Pursuant to the document numbered Yong Mei Bao Jing [2019] 10
Subsidies for sludge disposal	2,816,166.83	Other income	Pursuant to the document numbered Shun Fu Ban Han [2010] 694
Subsidies for stabilizing employment	1,728,833.90	Other income	Pursuant to the document numbered Ren She Bu Fa [2020] 30
Special funds for raising provincial manufacturing power	1,500,000.00	Other income	Pursuant to the document numbered Xiang Cai Qi Zhi [2020] 28
Policies fiscal awards for industrial clusters, “Enterprises Using Cloud Platform”, industrial digital transformation, hidden champions corporates of 2019	1,100,000.00	Other income	Pursuant to the document numbered Qu Wei Ban [2020] 50
Special funds for scientific and technological development	700,000.00	Other income	Pursuant to the document numbered Zhe Cai Ke Jiao [2019] 48
High-level talent subsidy	666,717.85	Other income	Pursuant to the document numbered Qu Wei [2019] 52
Awards for science and technology innovation	618,000.00	Other income	Pursuant to the document numbered Yu Zheng Fa [2019] 31
Supporting funds from high-tech zone policy fulfillment	572,000.00	Other income	Pursuant to the document numbered Zhang Gao Xin Guan Fa [2019] 32
Smart car rewards	500,000.00	Other income	Pursuant to the document numbered Xiang Xin Guan Fa [2020] 22
Land use tax incentives	426,700.00	Other income	Pursuant to the document numbered Wu Zheng Mi [2015] 123
Special subsidies for innovation platform construction	400,000.00	Other income	Pursuant to the document numbered Zhang Fa Gai Chuang Gao [2020] 14
Subsidies for accreditation of high-tech enterprises	400,000.00	Other income	Pursuant to the document numbered Shun Fu Ban Fa [2017] 77
Electricity subsidy income	336,720.00	Other income	Pursuant to the document numbered Fo Gong Xin Han [2020] 969
Exemption of housing property tax and urban land use tax	277,091.73	Other income	Pursuant to document of No. 2 (2020) STA, Xiantao Taxation Office
Medical waste emergency disposal funds	260,000.00	Other income	Pursuant to the document numbered E Cai Huan Fa [2020] 20
Subsidies for competitive supporting	210,000.00	Other income	Pursuant to the document numbered Shun

Items	Amounts	Presented under	Remarks
talent projects			Ren Cai Ling Dao Ban [2020] 33
Industrial Internet Platform Construction and Application Award	200,000.00	Other income	Pursuant to the document numbered Zhang Cai Qi Zhi [2020] 42
Other odd subsidies	3,119,694.41	Other income	
Subtotal	39,281,924.72		

(2) In the current period, government grants included into profit or loss totaled 44,894,568.23 yuan.

4. Hedging

(1) Fair value hedge

In order to avoid the risk of changes in the fair value of copper held by the Company (i.e. hedged risk), the subsidiary Guangdong Weiqi Company entered into the Futures Brokerage Contract (the hedging instrument of Guangdong Weiqi Company) with 五矿经易期货有限公司 (Minmetals&Jingyi Futures Co., Ltd.*). The hedge instrument was a fair value hedge and the accounting period designated for such hedging relationship was from January 1, 2020 to future accounting periods. The subsidiary Donggang Magnet Wire Company entered into the Futures Brokerage Contract (the hedging instrument of Donggang Magnet Wire Company) with 兴业期货有限公司 (Industrial Futures Co., Ltd.*). The hedge instrument was a fair value hedge and the accounting period designated for such hedging relationship was from January 1, 2020 to future accounting periods. The Company evaluated the effectiveness of the hedges using ratio analysis method. The financial information related to the fair value hedges for the current period is as follows: the fair value of the hedging instrument of Guangdong Weiqi Company amounted to -4,793,300.00 yuan at the end of the period, while that amounted to -429,000.00 yuan at the beginning of the period, with accumulated gains on the hedged items in amount of 191,175.17 yuan; gains of the hedged items arising from the hedged risk amounted to 2,571,837.47 yuan, the floating profit of the hedged items amounted to 814,549.73 yuan at the end of the period, while that amounted to 377,138.31 yuan at the beginning of the period, with ineffective portion of 2,763,012.64 yuan included into investment income. The fair value of the hedging instrument of Donggang Magnet Wire Company amounted to -2,622,150.00 yuan at the end of the period, while that amounted to -802,750.00 yuan at the beginning of the period, with accumulated gains in amount of -3,329,996.46 yuan; gains of the hedged items arising from the hedged risk amounted to 5,953,530.28 yuan, the floating profit of the hedged items amounted to 1,804.33 yuan at the end of the period, while that amounted to 168,432.89 yuan at the beginning of the period, with ineffective portion of 2,623,533.82 yuan included into investment income.

(2) Cash flow hedge

In order to avoid the risk of changes in cash flows of copper sales contracts entered into between the Company and customers (i.e. hedged risk), the subsidiary Donggang Magnet Wire Company entered into the Futures Brokerage Contract (the hedging instrument of Donggang Magnet Wire Company) with Industrial Futures Co., Ltd., and the accounting period designated for such hedging relationship was from January 1, 2020 to future accounting periods. The Company evaluated the effectiveness of the hedge using ratio analysis method. The financial information related to the cash flow hedge for the current period is as follows: the fair value of the hedging instrument of Donggang Magnet Wire Company amounted to 0.00 yuan at the end of the period, with accumulated gains in amount of 4,282,816.45 yuan. Losses on the hedged items arising from the hedged risk amounted to 4,385,300.00 yuan

VI. Changes in the consolidation scope

(I) Changes in the consolidation scope due to other reasons

1. Entities brought into the consolidation scope

*The English names are for identification purpose only.

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
常德泽联环境服务有限公司 (Changde Zelian Environmental Service Co., Ltd. *)	Set up	March 2020	46,695,300.00	90.00
Xiantao Yinglian Environmental Technology Co., Ltd.	Set up	April 2020	1,000,000.00	100.00
Shenzhen Yinglian Environmental Industry Co., Ltd.	Set up	October 2020	2,000,000.00	100.00
Shenzhen Bao'an Yinglian City Service Co., Ltd.	Set up	May 2020	109,142,740.00	70.00
Binchuan Zhongying Environmental Service Co., Ltd.	Set up	June 2020	927,333.00	92.73
Tangyin County Yinglian Environmental Service Co., Ltd.	Set up	July 2020	5,760,000.00	100.00
Yangbi Zhongying Environmental Services Co., Ltd.	Set up	July 2020	704,682.00	70.47
Shaoyang County Zhongfeng Environmental Industry Co., Ltd.	Set up	June 2020	10,000,000.00	100.00
Foshan Shunde District Yinghe Urban Environmental Service Co., Ltd.	Set up	July 2020	1,000,000.00	100.00
Rongcheng County Yinglian Urban Environmental Service Co., Ltd.	Set up	July 2020	21,000,000.00	100.00
Xi'an Yinglian Urban Environmental Service Co., Ltd.	Set up	July 2020	2,000,000.00	100.00
永顺中峰经投环境科技有限公司 (Changde Zelian Environmental Service Co., Ltd. *)	Set up	July 2020	10,246,725.00	75.00
Xianghe Yinglian Environmental Technology Co., Ltd.	Set up	May 2020	10,000,000.00	100.00
Lanling Zoomlion Environmental Service Co., Ltd.	Set up	December 2020	2,000,000.00	100.00
Yuncheng Zhongying City Environmental Service Co., Ltd.	Set up	December 2020	1,000,000.00	100.00
Foshan Yingshun Urban Environmental Service Co., Ltd.	Set up	November 2020	7,000,000.00	70.00
Anshan Yinglian Urban Environmental Sanitation Management Co., Ltd.	Set up	October 2020	10,000,000.00	100.00
佛山盈通电工材料有限公司 (Foshan Yingtong Electrical Materials Co., Ltd. *)	Set up	October 2020	350,000,000.00	100.00
Donglan Yinglian Urban Environmental Service Co., Ltd.	Set up	January 2020	[Note]	100.00
Baise Yinglian Urban Environmental Service Co., Ltd.	Set up	January 2020	[Note]	100.00
盈峰中联(天津)环境科技有限公司 (Infore Zoomlion (Tianjin) Environmental Technology Co., Ltd. *)	Set up	December 2020	[Note]	100.00
桐柏县同盈环境卫生发展有限公司 (Tongbai County Tongying Environmental Sanitation Development Co., Ltd. *)	Set up	November 2020	[Note]	100.00
广东星舟水处理科技有限公司 (Guangdong Xingzhou Water Treatment Technology Co., Ltd. *)	Set up	September 2020	[Note]	100.00
Anhua Yingsheng Environmental Sanitation Service Co., Ltd.	Set up	April 2020	[Note]	100.00
佛山市顺德区中盈城市环境管理有限公司 (Foshan Shunde Zhongying	Set up	December 2020	[Note]	100.00

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Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
Urban Environmental Management Co., Ltd.*)				
Qixian Tongying Environmental Sanitation Service Co., Ltd.	Set up	November 2020	[Note]	100.00
Lai'an Zhongfeng Environmental Technology Co., Ltd.	Set up	July 2020	[Note]	100.00
Zhaoyuan County Jincheng Environmental Sanitation Management Service Co., Ltd.	Set up	July 2020	[Note]	100.00
Ji'an Zhongfeng Environmental Technology Co., Ltd.	Set up	September 2020	[Note]	100.00
Heze Yingsheng Environmental Sanitation Service Co., Ltd.	Set up	October 2020	[Note]	100.00
Luannan County Yinglian Environmental Management Co., Ltd.	Set up	November 2020	[Note]	100.00
Guangxi Guiping Yinghe Environmental Sanitation Management Co., Ltd.	Set up	November 2020	[Note]	100.00
Shennongjia Forest Area Yinghe Environmental Sanitation Management Co., Ltd.	Set up	November 2020	[Note]	100.00
重庆中盈环境卫生服务有限公司 (Chongqing Zhongying Environmental Sanitation Service Co., Ltd.*)	Set up	December 2020	[Note]	100.00
仁寿盈联城乡环卫服务有限公司 (Renshou Yinglian Urban and Rural Sanitation Service Co., Ltd.*)	Set up	December 2020	[Note]	100.00
Liucheng County Yinglian Environmental Sanitation Management Co., Ltd.	Set up	December 2020	[Note]	100.00
嵊州市盈合环境卫生管理有限公司 (Shengzhou Yinghe Environmental Sanitation Management Co., Ltd.*)	Set up	October 2020	[Note]	100.00
嵊州市中联环境工程有限公司 (Shengzhou Zoomlion Environmental Engineering Co., Ltd.*)	Set up	November 2020	[Note]	100.00
佛山市联胜环境卫生服务有限公司 (Foshan Liansheng Environmental Sanitation Service Co., Ltd.*)	Set up	September 2020	[Note]	100.00
Heping County Hesheng Environmental Sanitation Service Co., Ltd.	Set up	August 2020	[Note]	100.00
Foshan Shunde District Lianying Environmental Development Co., Ltd.	Set up	October 2020	[Note]	100.00
Suqian Lianying City Service Co., Ltd.	Set up	November 2020	[Note]	100.00
寿县联胜环境卫生管理有限公司 (Shouxian Liansheng Environmental Sanitation Management Co., Ltd.*)	Set up	December 2020	[Note]	100.00
枣庄市中盈城市环境服务有限公司 (Zaozhuang Zhongying Urban Environmental Service Co., Ltd.*)	Set up	February 2020	[Note]	100.00

Note: As of December 31, 2020, these companies' registered capitals have not been contributed.

2. Entities excluded from the consolidation scope

*The English names are for identification purpose only.

Entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Leiyang Zhongfeng Environmental Industry Co., Ltd.	Cancelled	December 2020		2,071,976.28
深圳盈峰环境网络技术有限公司 (Shenzhen Infore Environmental Network Technology Co., Ltd. *)	Cancelled	August 2020		118,157.09

VII. Interest in other entities**(I) Interest in significant subsidiaries****1. Significant subsidiaries****(1) Basis information**

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shangfeng Industrial Company	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Electrical material manufacturing and others	60.20		Business combination not under common control
Guangdong Weiqi Company	Foshan, Guangdong	Foshan, Guangdong	Electrical material manufacturing and others		75.00	Business combination under common control
Anhui Weiqi Electrical Materials Co., Ltd.	Wuhu, Anhui	Wuhu, Anhui	Electrical material manufacturing and others		100.00	Set up
Donggang Magnet Wire Company	Donggang, Liaoning	Donggang, Liaoning	Electrical material manufacturing and others		100.00	Business combination not under common control
Green Oriental Company	Shenzhen, Guangdong	Shenzhen, Guangdong	Environmental monitoring and solid waste treatment	70.00		Business combination not under common control
Funan Green Oriental Environmental Protection Co., Ltd.	Funan, Anhui	Funan, Anhui	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Xiantao Green Oriental Environmental Power Generation Co., Ltd.	Xiantao, Hubei	Xiantao, Hubei	Environmental monitoring and solid waste treatment		100.00	Business combination not under common control
Shouxian Green Oriental 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	Set up
Infore Technology Company	Foshan, Guangdong	Foshan, Guangdong	Environmental monitoring and solid waste treatment	100.00		Set up
Foshan Yingfeng Environmental Water Treatment 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 Company	Changsha, Hunan	Changsha, Hunan	Smart sanitation	100.00		Business combination under common control
Changsha Zoomlion Changgao Environmental	Changsha, Hunan	Changsha, Hunan	Smart sanitation	90.00	10.00	Set up

Industry Co., Ltd.						
Fujian Nan'an Yingfeng Urban Environmental Service Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Smart sanitation		80.00	Set up
Zhangjiajie Zoomlion Environmental Industry Co., Ltd.	Zhangjiajie, Hunan	Zhangjiajie, Hunan	Smart sanitation		90.00	Set up
Cili County Zoomlion Huabao Environmental Industry Co., Ltd.	Cili, Hunan	Cili, Hunan	Smart sanitation		85.00	Set up
Hanshou Zoomlion Environmental Industry Co., Ltd.	Hanshou, Hunan	Hanshou, Hunan	Smart sanitation		90.00	Set up
Longhui County Zoomlion Environmental Industry Co., Ltd.	Longhui, Hunan	Longhui, Hunan	Smart sanitation		100.00	Set up
醴陵中峰环境产业有限责任公司 (Liling Zhongfeng Environmental Industry Co., Ltd. *)	Liling, Hunan	Liling, Hunan	Smart sanitation		100.00	Set up
Shimen Zoomlion Environmental Industry Co., Ltd.	Shimen, Hunan	Shimen, Hunan	Smart sanitation		90.00	Set up
宁波盈峰融资租赁有限公司 (Ningbo Infore Finance Lease Co., Ltd. *)	Ningbo, Zhejiang	Ningbo, Zhejiang	Finance lease		100.00	Set up

2. Significant not wholly-owned subsidiaries

Subsidiaries	Holding proportion of non-controlling shareholders (%)	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Guangdong Weiqi Company	25	6,083,040.07		67,575,011.83

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guangdong Weiqi Company	433,372,224.98	85,726,672.38	519,098,897.36	259,725,267.47		259,725,267.47

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guangdong Weiqi Company	436,465,690.56	94,815,722.49	531,281,413.05	296,239,943.42		296,239,943.42

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities

*The English names are for identification purpose only.

Guangdong Weiqi Company	1,119,172,392.43	24,332,160.26	24,332,160.26	24,352,206.53
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(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Guangdong Weiqi Company	1,250,644,588.56	27,841,937.54	27,841,937.54	98,988,759.59

(II) Transactions resulting in changes in subsidiaries' equity but without losing control

1. Changes in subsidiaries' equity

Subsidiaries	Date of change	Holding proportion before change (%)	Holding proportion after change (%)
Shangfeng Industrial Company	January 2020	55.00	60.20
Xiantao Yinghe Environmental Protection Co., Ltd.	January 2020	65.99	80.58
Jilin Zhongfeng Oasis Environmental Development Co., Ltd.	February 2020	80.00	51.00

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

Items	Shangfeng Industrial Company	Xiantao Yinghe Environmental Protection Co., Ltd.	Jilin Zhongfeng Oasis Environmental Development Co., Ltd.
Acquisition costs/ Disposal considerations			
Cash	18,200,000.00		
Total acquisition costs/disposal considerations	18,200,000.00		
Less: Share in subsidiaries' net assets based on acquired/ disposed net assets proportion	15,974,569.03	-903,021.70	314,024.80
Balance	2,225,430.97	-903,021.70	314,024.80
Including: Capital reserve adjusted	2,225,430.97	-903,021.70	314,024.80
Surplus reserve adjusted			
Undistributed profit adjusted			

(III) Interest in joint venture or associates

1. Aggregated financial information of insignificant associates

Items	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Associates		
Total carrying amount of investments	318,243,332.69	303,292,231.01
Proportionate shares in the following items	41,578,662.81	33,697,177.55
Net profit	41,578,662.81	33,697,177.55
Other comprehensive income		
Total comprehensive income	41,578,662.81	33,697,177.55

VIII. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial

instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) Significant financial difficulty of the debtor;
- 2) A breach of binding clause of contract;
- 3) It is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 4, 5, 9, 10, and 12 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 levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31 2020, 8.26% (December 31, 2019: 5.82%) of the total accounts receivable was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,574,411,035.90	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
Subtotal	11,731,900,822.01	12,351,173,226.51	9,587,875,570.54	381,064,457.83	2,382,233,198.14

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	2,337,071,230.78	2,447,954,423.08	1,714,831,705.17	448,059,975.95	285,062,741.96
Held-for-trading financial liabilities	866,300.00	866,300.00	866,300.00		
Notes payable	2,941,694,181.14	2,941,694,181.14	2,941,694,181.14		

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Accounts payable	2,486,177,851.99	2,486,177,851.99	2,486,177,851.99		
Other payables	374,873,715.69	374,873,715.69	374,873,715.69		
Long-term payables	188,400,523.49	188,400,523.49			188,400,523.49
Subtotal	8,329,083,803.09	8,439,966,995.39	7,518,443,753.99	448,059,975.95	473,463,265.45

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2020, balance of borrowings with interest accrued at floating interest rate totaled 778,840,801.41 yuan (December 31, 2019: 985,872,246.35 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company is mainly operated in mainland China, whose main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to section V (IV) 2 of notes to financial statements for details in foreign currency financial assets and liabilities at the end of the period.

IX. Fair value disclosure**(I) Details of fair value of assets and liabilities at fair value at the balance sheet date**

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial assets	128,017,735.11			128,017,735.11
(1) Financial assets classified as at fair value through profit or loss	128,017,735.11			128,017,735.11
Debt instrument investments				
Equity instrument investments	127,192,985.11			127,192,985.11
Derivative financial assets	824,750.00			824,750.00
2. Receivables financing			520,429,874.86	520,429,874.86
3. Other equity instrument investments			26,070,000.00	26,070,000.00
Total assets at recurring fair value measurement	128,017,735.11		546,499,874.86	674,517,609.97

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
4. Held-for-trading liabilities	810,300.00			810,300.00
Derivative financial liabilities	810,300.00			810,300.00
Total liabilities at recurring fair value measurement	810,300.00			810,300.00

(II) Basis for determining level 1 fair value at recurring and non-recurring fair measurement

It is based on the quoted prices of the identical assets in the active market on the balance sheet date.

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

There is no quotation in an active market and its fair value cannot be reliably measured. Cost represents the best estimate of fair value, so cost represents fair value.

X. Related party relationships and transactions**(I) Related party relationships****1. Parent company****(1) Details**

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Infore Holding Group Co., Ltd.	Foshan, Guangdong	Industrial investment	4 billion	43.55 [Note]	43.55

Note: Infore Holding Group Co., Ltd. (hereinafter referred to as Infore Holding) directly holds 11.37% of the Company's equity, and indirectly holds 32.18% of the Company's equity through its wholly-owned subsidiary 宁波盈峰资产管理有限公司 (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 Holding.

2. Please refer to section VII Interest in other entities in notes to financial statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to section VII of notes to financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Associates	Relationships with the Company
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Associate of the Company
Guangdong Shunkong Environmental Investment Co., Ltd.	Associate of the Company
Guangdong Tianshu New Energy Technology Co., Ltd.	Associate of the Company
Lianjiang Green Oriental New Energy Co., Ltd.	Associate of the Company's subsidiary Green Oriental Company
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company

*The English name is for identification purpose only.

Associates	Relationships with the Company
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Associate of the Company's subsidiary Zoomlion Environmental Company
Chongqing Sanfeng Urban Environmental Service Co., Ltd. [Note]	Associate of the Company's subsidiary Zoomlion Environmental Company
内蒙古蒙联运达环保技术有限公司 (Inner Mongolia Mongolia Lianyunda Environmental Technology Co., Ltd.)*	Associate of the Company's subsidiary Zoomlion Environmental Company
Guangdong Liangke Environmental Engineering Co., Ltd.	Associate of 广东盈峰环境投资有限公司 (Guangdong Infore Environmental Investment Co., Ltd.)*

Note: Zoomlion Environmental Company 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.

4. Other related parties of the Company

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 actual controller
Zoomlion Heavy Industry Co., Ltd.	Shareholders holding more than 5% of the Company's shares
弘创(深圳)投资中心(有限合伙) (Hongchuang (Shenzhen) Investment Center (Limited Partnership))*	Shareholders holding more than 5% of the Company's shares
广东盈峰材料技术股份有限公司 (Guangdong Infore Material Technology Co., Ltd.)*	Controlled by the actual controller
佛山市顺德区盈海投资有限公司 (Foshan Shunde District Yinghai Investment Co., Ltd.)*	Controlled by the actual controller
LADURNER SRL [Note 1]	Controlled by the actual controller
广东盈峰母婴商业有限公司 (Guangdong Yingfeng Maternal and Child Business Co., Ltd.)*	Controlled by the actual controller
北京华录蓝火体育产业发展有限公司 (Beijing Hualu Lanhuo Sports Industry Development Co., Ltd.)*	Controlled by the actual controller
美的集团股份有限公司 (Midea Group Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的电器股份有限公司 (Guangdong Midea Electric Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的环境电器制造有限公司 (Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的制冷设备有限公司 (Guangdong Midea Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的商用空调设备有限公司 (Guangdong Midea Commercial Air Conditioning Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的暖通设备有限公司 (Guangdong Midea HVAC Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市顺德区美的洗涤电器制造有限公司 (Foshan Shunde District Midea Washing Appliance Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
芜湖美的生活电器制造有限公司 (Wuhu Midea Life Electric Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
威灵(芜湖)电机制造有限公司 (Welling (Wuhu) Motor Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
芜湖威灵电机销售有限公司 (Wuhu Welling Motor Sales Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市顺德区美的电热电器制造有限公司 (Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
安徽美芝精密制造有限公司 (Anhui Meizhi Precision Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
安徽美芝制冷设备有限公司 (Anhui Meizhi Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller

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Related parties	Relationships with the Company
佛山市威特包装有限公司 (Foshan Weite Packing Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市威灵洗涤电机制造有限公司 (Foshan Welling Washing Motor Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的厨房电器制造有限公司 (Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美芝精密制造有限公司 (Guangdong Meizhi Precision Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美芝制冷设备有限公司 (Guangdong Meizhi Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
广东威灵电机制造有限公司 (Guangdong Welling Motor Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
安得智联科技股份有限公司 (Ande Zhilian Technology Co., Ltd.)*	Controlled by immediate family of the actual controller
淮安威灵电机制造有限公司 (Huaian Welling Motor Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市顺德区美的酒店管理有限公司 (Foshan Shunde District Midea Hotel Management Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市顺德区美的饮水机制造有限公司 (Foshan Shunde District Midea Drinking Machine Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
芜湖美的厨卫电器制造有限公司 (Wuhu Midea Kitchen Appliance Manufacturing Co., Ltd.)*	Controlled by immediate family of the actual controller
芜湖美智空调设备有限公司 (Wuhu Meizhi Air Conditioning Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
广东美的集团芜湖制冷设备有限公司 (Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
浙江美芝压缩机有限公司 (Zhejiang Meizhi Compressor Co., Ltd.)*	Controlled by immediate family of the actual controller
重庆美的制冷设备有限公司 (Chongqing Midea Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市顺德区美融新材料有限公司 (Foshan Shunde District Meirong New Material Co., Ltd.)*	Controlled by immediate family of the actual controller
合肥华凌股份有限公司 (Hefei Hualing Co., Ltd.)*	Controlled by immediate family of the actual controller
江苏美的清洁电器股份有限公司 (Jiangsu Midea Clean Electric Co., Ltd.)*	Controlled by immediate family of the actual controller
广州华凌制冷设备有限公司 (Guangzhou Hualing Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
佛山市美的开利制冷设备有限公司 (Foshan Midea Carrier Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
合肥美的电冰箱有限公司 (Hefei Midea Refrigerator Co., Ltd.)*	Controlled by immediate family of the actual controller
重庆美的通用制冷设备有限公司 (Chongqing Midea General Refrigeration Equipment Co., Ltd.)*	Controlled by immediate family of the actual controller
无锡小天鹅股份有限公司 (Wuxi Little Swan Co., Ltd.)*	Controlled by immediate family of the actual controller
合肥美的洗衣机有限公司 (Hefei Midea Washing Machine Co., Ltd.)*	Controlled by immediate family of the actual controller
美的集团电子商务有限公司 (Midea Group E-Commerce Co., Ltd.)*	Controlled by immediate family of the actual controller
芜湖安得智联科技有限公司 (Wuhu Ande Zhilian Technology Co., Ltd.)*	Controlled by immediate family of the actual controller
无锡飞翎电子有限公司 (Wuxi Feiling Electronics Co., Ltd.)*	Controlled by immediate family of the actual controller
Yuxing Technology Development (Shenzhen) Co., Ltd. [Note 2]	Former subsidiary of the Company
长沙中联恒通机械有限公司 (Changsha Zhonglian Hengtong Machinery Co., Ltd.)*	Associate of the Company's shareholder Zoomlion Heavy Industry Co., Ltd.
黔西锦江环卫服务有限公司 (Qianxi Jinjiang Sanitation Service Co., Ltd.)*	Investee of the Company's subsidiary Zoomlion Environmental Company

Note 1: Before June 2019, it was controlled by the same actual controller, and it was still disclosed as a related party one year after its

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disposal. Transactions with it from January to June 2020 were disclosed.

Note 2: The Company disposed 100% of the subsidiary Yuxing Technology Development (Shenzhen) Co., Ltd.'s share in September 2019, and it was still disclosed as a related party one year after its disposal. Transactions with it from January to August 2020 were disclosed.

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving of services

(1) Details

1) Purchase of goods and receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Material	5,948,329.20	3,418,241.97
Guangdong Shunkong Environmental Investment Co., Ltd.	Service	10,324,040.41	7,723,035.46
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Material	18,420,246.29	3,982,301.82
Guangdong Tianshu New Energy Technology Co., Ltd.	Material	2,040,930.62	
Guangdong Liangke Environmental Engineering Co., Ltd.	Service		1,415,094.34
Zoomlion Heavy Industry Co., Ltd.	Material	212,902,937.86	208,325,953.30
Foshan Weite Packing Co., Ltd.	Material	50,126.30	51,465.69
Foshan Welling Washing Motor Manufacturing Co., Ltd.	Material		7,200.00
Guangdong Welling Motor Manufacturing Co., Ltd.	Material	1,514.00	
Ande Zhilian Technology Co., Ltd.	Service	344,789.17	
Foshan Shunde District Midea Hotel Management Co., Ltd.	Service	258,969.00	65,508.00
Yuxing Technology Development (Shenzhen) Co., Ltd.	Material and service	414,119,447.57	228,783,858.22
Subtotal		664,411,330.42	453,772,658.80

2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	Service		91,160.75
Guangdong Shunkong Environmental Investment Co., Ltd.	Goods and service	8,436,283.18	22,360,176.98
Lianjiang Green Oriental New Energy Co., Ltd.	Goods and service	1,669,383.77	1,763,895.97
Guangdong Tianshu New Energy Technology Co., Ltd.	Goods	4,308,486.19	
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	31,087.18	12,158,397.68
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	Goods	17,093,774.87	11,384,001.77
Chongqing Sanfeng Urban Environmental Service Co., Ltd.	Goods	3,717,248.06	3,762,327.43
Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	Goods	132,075.47	
Inner Mongolia Mongolia Lianyunda Environmental Technology Co., Ltd.	Goods		-844,827.59
Guangdong Liangke Environmental Engineering Co., Ltd.	Goods	9,651,047.83	

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Zoomlion Heavy Industry Co., Ltd.	Goods	1,001,779.94	10,534,763.41
Guangdong Infore Material Technology Co., Ltd.	Goods	894,188.70	453,471.47
LADURNER SRL	Goods	4,419,762.20	5,812,437.88
Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	Goods and service	68,920,672.88	59,426,197.53
Guangdong Midea Refrigeration Equipment Co., Ltd.	Service		1,504,970.07
Foshan Shunde District Midea Washing Appliance Manufacturing Co., Ltd.	Goods		2,840,516.48
Welling (Wuhu) Motor Manufacturing Co., Ltd.	Goods	248,644.59	973,186.35
Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	Goods and service	23,433,965.27	22,863,885.23
Anhui Meizhi Precision Manufacturing Co., Ltd.	Goods	190,736,216.24	259,848,632.72
Anhui Meizhi Refrigeration Equipment Co., Ltd.	Goods	37,768,536.63	45,386,587.27
Foshan Welling Washing Motor Manufacturing Co., Ltd.	Goods	63,898,185.18	71,171,715.09
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Goods	63,378,147.84	44,663,668.66
Guangdong Meizhi Precision Manufacturing Co., Ltd.	Goods	242,552,390.47	327,518,187.49
Guangdong Meizhi Refrigeration Equipment Co., Ltd.	Goods and service	254,151,014.66	330,934,494.51
Guangdong Welling Motor Manufacturing Co., Ltd.	Goods	1,079,224.79	4,001,223.29
Huaian Welling Motor Manufacturing Co., Ltd.	Goods	118.88	72.19
Foshan Shunde District Midea Drinking Machine Manufacturing Co., Ltd.	Service		25,689.66
Wuhu Midea Kitchen Appliance Manufacturing Co., Ltd.	Service		2,502,691.27
Wuhu Meizhi Air Conditioning Equipment Co., Ltd.	Service		403,047.67
Chongqing Midea Refrigeration Equipment Co., Ltd.	Service		
Foshan Shunde District Meirong New Material Co., Ltd.	Service		1,595,876.81
Hefei Hualing Co., Ltd.	Service		1,614,683.33
Jiangsu Midea Clean Electric Co., Ltd.	Goods	16,626,060.13	12,279,806.71
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	Service		379.16
Wuxi Little Swan Co., Ltd.	Service	279,151.44	3,520,028.24
Chongqing Midea General Refrigeration Equipment Co., Ltd.	Service		1,006,896.56
Yuxing Technology Development (Shenzhen) Co., Ltd.	Goods	98,913,778.68	64,147,137.70
Wuxi Feiling Electronics Co., Ltd.	Goods	1,517,067.01	
Qianxi Jinjiang Sanitation Service Co., Ltd.	Goods	940.20	
Subtotal		1,114,859,232.28	1,325,705,379.74

2. Related party leases

The Company as the lessee

Lessors	Types of asset leased	Lease expenses for current period	Lease expenses for the preceding period
Foshan Shunde District Yinghai Investment Co., Ltd.	Office building and parking lot	1,258,927.15	1,167,587.99
Zoomlion Heavy Industry Co., Ltd.	Transport facilities		94,159.30

Guangdong Yingfeng Maternal and Child Business Co., Ltd.	Office building	83,620.76	
Beijing Hualu Lanhuo Sports Industry Development Co., Ltd.	Office building	161,872.36	

3. Related party guarantees

The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature	Remarks
Infore Holding	20,000,000.00	04/28/2020	04/27/2021	No	[Note]
	10,000,000.00	04/28/2020	04/27/2021	No	
	20,000,000.00	03/05/2020	03/04/2021	No	
	20,000,000.00	03/12/2020	03/11/2021	No	
	30,000,000.00	03/18/2020	03/17/2021	No	
Subtotal	100,000,000.00				

Note: These guaranteed loans were also provided with mortgaged guarantee by the Company's sub-subsidiary Guangdong Weiqi Company with its buildings and structures with cost of 43,561,911.28 yuan and net value of 18,221,115.63 yuan, and its land use right with cost of 21,913,812.79 yuan and net value of 14,015,261.42 yuan.

4. Call loans between related parties

Related parties	Amount	Commencement date	Maturity date	Remarks
Call loans to related parties				
Lianjiang Green Oriental New Energy Co., Ltd.	50,800,000.00	01/06/2019	01/05/2023	[Note 1]
	9,818,680.83	01/06/2019	01/05/2023	
	4,000,000.00	09/28/2020	09/30/2023	
	3,000,000.00	12/14/2020	09/30/2023	
Guangdong Liangke Environmental Engineering Co., Ltd.	21,000,000.00	04/30/2019	12/31/2021	[Note 2]
	9,229,600.00	04/30/2019	12/31/2021	
Guangdong Tianshu New Energy Technology Co., Ltd.	3,440,000.00	05/18/2018	05/20/2020	[Note 3]
	1,000,000.00	09/17/2018	05/20/2020	
	1,500,000.00	09/26/2018	05/20/2020	
	1,500,000.00	10/17/2018	05/20/2020	
Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	23,810,370.00	12/30/2019	08/10/2024	[Note 4]
	1,200,000.00	09/04/2018		[Note 5]
Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	600,000.00	04/18/2019	04/17/2020	[Note 6]
Yuxing Technology Development (Shenzhen) Co., Ltd.	273,210,601.26	09/01/2019	08/31/2020	[Note 7]
Subtotal	404,109,252.09			

Note 1: According to the "Loan Contract" signed by its subsidiary Green Oriental Company and Lianjiang Green Oriental New Energy Co., Ltd., at the beginning of the period, Green Oriental Company has already lent 60,618,680.83 yuan to Lianjiang Green Oriental New Energy Co., Ltd., which shall pay capital occupation fee of 3,687,559.22 yuan at the beginning of the period. In the current period, Green Oriental Company lent another 7,000,000.00 yuan and additional capital occupation fee of 4,626,763.85 yuan shall be collected. In the current period, Green Oriental Company received payment of principal of 60,000,000.00 yuan and capital

occupation fee of 2,836,100.61 yuan. As of December 31, 2020, outstanding principal due from Lianjiang Green Oriental New Energy Co., Ltd. is 7,618,680.83 yuan and capital occupation fee is 5,478,222.46 yuan.

Note 2: 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 30,229,600.00 yuan to Guangdong Liangke Environmental Engineering Co., Ltd., which shall pay capital occupation fee of 180,833.33 yuan at the beginning of the period. In the current period, the Company shall collect additional capital occupation fee of 2,012,499.98 yuan, while actually received payment of principal of 229,600.00 yuan and capital occupation fee of 2,027,999.98 yuan. As of December 31, 2020, outstanding principal due from Guangdong Liangke Environmental Engineering Co., Ltd. is 30,000,000.00 yuan and capital occupation fee is 165,333.33 yuan.

Note 3: According to the “Loan Agreement” signed between the Company and Guangdong Tianshu New Energy Technology Co., Ltd., at the beginning of the period, the Company has already lent 7,440,000.00 yuan to Guangdong Tianshu New Energy Technology Co., Ltd., which shall pay capital occupation fee of 490,316.65 yuan at the beginning of the period. In the current period, the Company shall collect additional capital occupation fee of 162,543.33 yuan, while actually received payment of principal of 7,440,000.00 yuan and capital occupation fee of 652,859.98 yuan. As of December 31, 2020, all outstanding principal and interest due from Guangdong Tianshu New Energy Technology Co., Ltd. have been collected.

Note 4: 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 23,810,370.00 yuan 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 1,268,991.32 yuan, while actually received payment of principal of 1,810,000.00 yuan and capital occupation fee of 1,268,991.32 yuan. As of December 31, 2020, outstanding principal due from Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. is 22,000,370.00 yuan.

Note 5: According to the “Loan Agreement” signed between Zoomlion Environmental Company and Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., at the beginning of the period, Zoomlion Environmental Company has already lent 1,200,000.00 yuan to Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., which shall pay capital occupation fee of 79,053.30 yuan at the beginning of the period. In the current period, Zoomlion Environmental Company shall collect additional capital occupation fee of 59,779.78 yuan, while actually received payment of capital occupation fee of 79,053.30 yuan. As of December 31, 2020, outstanding principal due from Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. is 1,200,000.00 yuan and capital occupation fee is 59,779.78 yuan.

Note 6: According to the “Loan Agreement” signed between Zoomlion Environmental Company and Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., at the beginning of the period, Zoomlion Environmental Company has already lent 600,000.00 yuan to Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., which shall pay capital occupation fee of 20,989.17 yuan at the beginning of the period. In the current period, Zoomlion Environmental Company shall collect additional capital occupation fee of 20,252.48 yuan, while actually received payment of principal of 600,000.00 yuan and capital occupation fee of 41,241.65 yuan. As of December 31, 2020, all outstanding principal and interest due from Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd. have been collected.

Note 7: According to the “Loan Agreement” signed between Ningbo Infore Finance Lease Co., Ltd. and Yuxing Technology Development (Shenzhen) Co., Ltd., at the beginning of the period, Ningbo Infore Finance Lease Co., Ltd. has already lent 276,647,986.57 yuan to Yuxing Technology Development (Shenzhen) Co., Ltd., which shall pay capital occupation fee of 8,409,591.52 yuan at the beginning of the period. In the current period from January to August, Ningbo Infore Finance Lease Co., Ltd. shall collect additional capital occupation fee of 10,965,866.40 yuan. From January to August, Ningbo Infore Finance Lease Co., Ltd. received payment of principal of 35,855,292.53 yuan and capital occupation fee of 911,532.68 yuan. As of August 31, 2020, outstanding principal due from Yuxing Technology Development (Shenzhen) Co., Ltd. is 240,792,694.04 yuan and capital occupation fee is 18,463,925.24 yuan.

5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	11,767,886.08	10,096,571.00

6. Related financial services

As of December 31, 2020, the amount of bank deposits deposited by Zoomlion Environmental Company in the Finance Company of Zoomlion Heavy Industry Co., Ltd. is 4,434,637.47 yuan (recorded under cash and bank balances). The non-bank financial institutions of Zoomlion Environmental Company provide commercial factoring financial services to Zoomlion Environmental Company, which recognized factoring service and handling fee of 20,636,013.40 yuan 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 229,507,615.04 yuan (excluding tax).

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

Since June 1, 2017, the sanitation business of Zoomlion Heavy Industry Co., Ltd. was merged into Zoomlion Environmental Company. In order to continue the implementation of the sales contract originally signed in the name of Zoomlion Heavy Industry Co., Ltd., Zoomlion Environmental Company invoiced Zoomlion Heavy Industry Co., Ltd., which will then issue the same amount invoice to end customers. The tax-excluded amount of income on such transactions in 2020 is 37,870,525.69 yuan. Zoomlion Environmental Company related such transactions directly to end customers.

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Guangdong Shunkong Environmental Investment Co., Ltd.	14,326,635.42	956,013.54	5,168,127.94	258,406.40
	Guangdong Tianshu New Energy Technology Co., Ltd.	9,839,076.38	294,006.22		
	Lianjiang Green Oriental New Energy Co., Ltd.	86,391.50	23,172.40		
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	1,804.00	90.20	2,523.00	126.15
	Chongqing Sanfeng Urban Environmental Service Co., Ltd.	3,309,480.00	165,474.00	279,850.00	13,992.50
	Guangdong Liangke Environmental Engineering Co., Ltd.	9,830,000.00	491,500.00		
	Zoomlion Heavy Industry Co., Ltd.	365,661.93	18,283.10	772,991.75	58,955.78
	Guangdong Infore Material Technology Co., Ltd.	181,291.59		50,326.30	
	LADURNER SRL			10,504,733.59	759,851.47
	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		16,866,404.93	
	Guangdong Midea Refrigeration Equipment Co., Ltd.	42,819.11	42,819.11	42,819.11	42,819.11
Guangdong Midea Commercial Air Conditioning Equipment Co., Ltd.	33,413.42	33,413.42	33,413.42	33,413.42	

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	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		8,859,696.30	
	Anhui Meizhi Precision Manufacturing Co., Ltd.	48,419,022.58		54,724,604.98	
	Anhui Meizhi Refrigeration Equipment Co., Ltd.	11,682,642.93		7,620,106.21	
	Foshan Welling Washing Motor Manufacturing Co., Ltd.	15,452,106.60		19,552,917.35	
	Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	31,207,585.83		21,735,966.80	
	Guangdong Meizhi Precision Manufacturing Co., Ltd.	44,672,031.52		65,072,912.51	
	Guangdong Meizhi Refrigeration Equipment Co., Ltd.	50,376,967.95		73,530,555.63	
	Guangdong Welling Motor Manufacturing Co., Ltd.	166,891.19		333,923.14	
	Jiangsu Midea Clean Electric Co., Ltd.	6,206,937.40		3,989,605.22	
	Wuxi Little Swan Co., Ltd.			308,054.33	
	Changsha Zhonglian Hengtong Machinery Co., Ltd.	850,000.00	42,500.00	4,899,631.10	489,963.11
	Yuxing Technology Development (Shenzhen) Co., Ltd.			285,057,578.09	8,551,727.34
	Wuxi Feiling Electronics Co., Ltd.	504,880.89			
Subtotal		276,906,400.56	2,163,532.49	579,503,002.20	10,305,515.78
Notes receivable	Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.			250,128.00	
Subtotal				250,128.00	
Receivables financing	Zoomlion Heavy Industry Co., Ltd.	1,586,000.00		2,000,000.00	
	Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	100,000.00		3,445,502.58	
	Guangdong Midea Environmental Electrical Manufacturing Co., Ltd.	5,485,875.67			
	Guangdong Midea Refrigeration Equipment Co., Ltd.			200,000.00	
	Guangdong Midea Commercial Air Conditioning Equipment Co., Ltd.			50,000.00	
	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		293,275.50	
	Welling (Wuhu) Motor Manufacturing Co., Ltd.			138,789.45	
	Wuhu Welling Motor Sales Co., Ltd.	284,225.20		38,349.24	
	Foshan Shunde District Midea Electric Heating Appliance Manufacturing Co., Ltd.	1,818,137.80			
	Anhui Meizhi Precision Manufacturing Co., Ltd.			22,533,500.00	
	Anhui Meizhi Refrigeration Equipment Co., Ltd.			4,800,000.00	
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	13,342,437.82		6,929,001.57		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Guangdong Meizhi Precision Manufacturing Co., Ltd.			5,000,000.00	
	Guangdong Meizhi Refrigeration Equipment Co., Ltd.	3,744,419.06		50,000.00	
	Guangdong Welling Motor Manufacturing Co., Ltd.			387,466.11	
	Wuhu Midea Kitchen Appliance Manufacturing Co., Ltd.	189,549.75		1,152,106.74	
	Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	350,000.00		3,327,378.95	
	Zhejiang Meizhi Compressor Co., Ltd.	1,012,405.60		626,848.50	
	Chongqing Midea Refrigeration Equipment Co., Ltd.	2,980,000.00		150,000.00	
	Jiangsu Midea Clean Electric Co., Ltd.	435,471.31		4,700,000.00	
	Foshan Midea Carrier Refrigeration Equipment Co., Ltd.	146,934.55			
	Hefei Midea Refrigerator Co., Ltd.	17,315,354.30		988,216.94	
	Wuxi Little Swan Co., Ltd.			1,779,475.49	
	Hefei Midea Washing Machine Co., Ltd.	4,555,382.40		500,000.00	
	Midea Group E-Commerce Co., Ltd.			5,000,000.00	
Subtotal		56,178,724.34		64,089,911.07	
Advances paid	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.			3,315,588.08	
	Zoomlion Heavy Industry Co., Ltd.	3,954,000.00			
Subtotal		3,954,000.00		3,315,588.08	
Other receivables	Guangdong Shunkong Environmental Investment Co., Ltd.	1,730,000.00	519,000.00	1,730,000.00	173,000.00
	Lianjiang Green Oriental New Energy Co., Ltd.	13,048,263.59	1,633,347.22	3,792,918.14	639,645.91
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	1,259,779.98	332,233.34	1,279,053.30	123,952.67
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.			620,989.19	31,049.46
	Guangdong Liangke Environmental Engineering Co., Ltd.	30,165,333.33	6,395,734.82	30,410,433.33	2,004,384.19
	Zoomlion Heavy Industry Co., Ltd.	60,964.27	3,048.21	264,300.00	13,215.00
	Foshan Shunde District Yinghai Investment Co., Ltd.	205,228.40	4,104.57	205,228.40	
	Welling (Wuhu) Motor Manufacturing Co., Ltd.			24,655.19	19,724.15
Subtotal		46,469,569.57	8,887,468.16	38,327,577.55	3,004,971.38
Long-term receivables and non-current assets due within one year	Guangdong Tianshu New Energy Technology Co., Ltd.	11,736,792.59	176,051.89		
	Lianjiang Green Oriental New Energy Co., Ltd.			60,618,680.83	3,030,934.04
	Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	25,456,370.00	865,973.60	37,789,740.00	1,413,279.60
	Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation Service Co., Ltd.	22,377,360.00	1,491,761.00	13,876,120.00	815,002.00

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Subtotal		59,570,522.59	2,533,786.49	112,284,540.83	5,259,215.64

2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	1,701,531.98	726,844.36
	Guangdong Shunkong Environmental Investment Co., Ltd.	937,079.65	
	Guangdong Tianshu New Energy Technology Co., Ltd.	867,574.51	
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	162,901.47	
	Guangdong Liangke Environmental Engineering Co., Ltd.	2,776,000.50	4,517,490.21
	Zoomlion Heavy Industry Co., Ltd.	117,954,922.58	102,010,448.89
	Midea Group Co., Ltd.	587,507.93	587,507.93
	Foshan Weite Packing Co., Ltd.	44,581.00	17,155.96
	Foshan Welling Washing Motor Manufacturing Co., Ltd.	9,160.00	
	Foshan Shunde District Midea Hotel Management Co., Ltd.		44,874.00
	Changsha Zhonglian Hengtong Machinery Co., Ltd.	602,880.40	
	Yuxing Technology Development (Shenzhen) Co., Ltd.		53,047,681.79
	Wuhu Ande Zhilian Technology Co., Ltd.	26,257.78	
Subtotal		125,670,397.80	160,952,003.14
Notes payable	Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	3,977,532.00	1,513,120.00
	Guangdong Tianshu New Energy Technology Co., Ltd.	2,096,770.00	
	Changsha Cowa Zoomlion Intelligent Technology Co., Ltd.	1,712,500.00	
	Zoomlion Heavy Industry Co., Ltd.	131,784,307.87	161,557,616.20
	Yuxing Technology Development (Shenzhen) Co., Ltd.		40,918,701.26
Subtotal		139,571,109.87	203,989,437.46
Contract liabilities	Lianjiang Green Oriental New Energy Co., Ltd.	956,067.99	
	Guangdong Liangke Environmental Engineering Co., Ltd.	15,610.67	
	Zoomlion Heavy Industry Co., Ltd.	3,857,629.05	
Subtotal		4,829,307.71	
Advances received	Lianjiang Green Oriental New Energy Co., Ltd.		2,508,650.53
	湖北中联重科工程起重机械有限公司 (Hubei Zoomlion Engineering Hoisting Machinery Co., Ltd. *)		2,000.00
Subtotal			2,510,650.53
Other payables	Zoomlion Heavy Industry Co., Ltd. [Note]	49,328,337.00	135,707,394.06
	绿色东方投资控股有限公司 (Green Oriental Investment Holdings Co., Ltd. *)	21,875,000.00	21,875,000.00
	广东美的物业管理股份有限公司 (Guangdong	5,000.00	5,000.00

*The English names are for identification purpose only.

Items	Related parties	Closing balance	Opening balance
	Midea Property Management Co., Ltd.*)		
	浙江上风风能有限公司 (Zhejiang Shangfeng Wind Energy Co., Ltd.*)		14.30
	Changsha Zhonglian Hengtong Machinery Co., Ltd.	7,500.00	7,500.00
	Yuxing Technology Development (Shenzhen) Co., Ltd.		1,285,934.67
Subtotal		71,215,837.00	158,880,843.03

Note: It is the other payables and unpaid factoring service fees caused by the factoring business of accounts receivable with recourse right.

XI. Share-based payment

(I) Overall information

1. Details

Total equity instruments granted in current period	
Total equity instruments vested in current period	
Total equity instruments retired in current period	
The range of exercise prices of stock options outstanding at the end of the period and the remaining contractual life	Phase II stock options: the exercise price is 9.15 yuan 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 II has due and expired, the second period of phase II is in the exercise period, and the third period of phase II is still in the waiting period. Phase III stock options: the exercise price is 6.34 yuan/share; after 12 months from the date of grant, if the exercise conditions are met, the incentive targets can exercise by three installments respectively at 30%, 30%, 40% within the next 36 months; as of the report date, the first period of phase III has expired due to failure in meeting the performance indicators, and the second and the third periods of phase III are 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	

2. Other remarks

(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 Persons 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 targets is 65.09 million, accounting for approximately 2.06% of the Company's total share capital of 3,163.0621 million shares when the incentive plan is signed. If each stock option meets the exercise conditions after 12 months from the grant date, the incentive targets exercise the option by three installments at 30%, 30%, and 40% at the exercise price of 6.45 yuan per share within the next 36 months.

On April 23, 2020, according to the "Proposal on Adjusting the Incentive Targets and the Number of Options Exercised in Phase II and Phase III Stock Option Incentive Plans" deliberated and approved by the fourth meeting of the ninth session of the Board of

Directors and the third meeting of the ninth session of the Board of Supervisors, 5 employees who resigned due to personal reasons were identified by the Company's Board of Directors as no longer suitable for incentives. According to the provisions of the "Phase III Stock Option Incentive Plan (Draft)", their first, second, and third installments of stock options, a total of 1.28 million, were cancelled. After the adjustments, the incentive targets of phase III stock option incentive plan have been adjusted from the original 249 to 244, and the number of locked stock options granted has been adjusted from 65.09 million to 63.81 million.

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 1.10 yuan (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 6.45 yuan per share to 6.34 yuan per share.

According to the "Proposal on Revising the Performance Appraisal Indicators of Phase III Stock Option Incentive Plan" deliberated and approved by the sixth meeting of the ninth session of the Board of Directors on August 20, 2020, it is agreed to revise the performance appraisal indicators of phase III stock option incentive plan.

(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 Targets" 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 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 targets 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 targets exercise the option by three installments at 30%, 30%, and 40% at the exercise price of 9.36 yuan per share within the next 36 months.

According to the "Proposal on Adjusting the Equity Incentive Plan Exercise Price, Incentive Targets and Number of Options" 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 targets, and other relevant reasons, it is agreed to adjust the equity incentive targets, the number of options, and the exercise price. After adjustment, the incentive targets 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 9.36 yuan/share to 9.26 yuan/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 targets, 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 targets must be exercised 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 cancelled by the Company.”, the Company cancelled the 5,475,000 stock options granted but not exercised in the first exercise period of the phase II stock option incentive plan for the 81 incentive targets 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 1.10 yuan (tax included) per 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 9.26 yuan per share to 9.15 yuan per share.

(3) The decision-making procedures and approval status of the Company’s phase I stock option incentive plan

According to the “Proposal on the ‘Stock Option Incentive Plan (Draft)’ and Its Summary” deliberated and approved by the Company’s third extraordinary shareholder’s general meeting of 2016 on March 9, 2016, the Company intends to implement stock option incentive plans for some of the Company’s middle and senior managers and core technical (business) backbones. The total number of stock options granted to incentive targets is 5.44 million, accounting for approximately 1.12% of the Company’s total share capital of 484.9244 million shares when the incentive plan is signed.

As in 2016 cash dividend was distributed at 0.398874 yuan (tax included) for every 10 shares and capital reserve was transferred to share capital, the number of unexercised options of the stock option incentive plan will be adjusted to 7,427,028, and the exercise price will be adjusted from 12.49 yuan/share to 8.31 yuan/share.

According to the “Proposal on Adjusting the Number of Stock Options, Exercise Prices and Incentive Targets of the Company’s Phase I Stock Option Incentive Plan” deliberated and approved by the 15th meeting of the eighth session of the Board of Directors on April 20, 2018, due to the implementation of the 2016 equity distribution plan, as well as the resignation of some incentive targets, and failure in meeting performance indicators, it is agreed to adjust the equity incentive targets, the number of options, and the exercise price. After adjustment, the incentive targets were adjusted from 55 to 51, and the number of locked stock options granted was adjusted to 6,923,501, and the exercise price was adjusted from 12.49 yuan/share to 8.31 yuan/share.

According to the “Proposal on the Cancellation of Certain Stock Options which Have Been Expired but Not Exercised” deliberated and approved by the 27th meeting of the eighth session of the Board of Directors on April 17, 2019, the Company cancelled the 2,967,197 stock options granted but not exercised in the second exercise period of the phase I stock option incentive plan for the 51 incentive targets.

According to the “Proposal on Matters Related to the Third Exercise Period of the Company’s Phase I Stock Option Incentive Plan” deliberated and approved by the 30th meeting of the eighth session of the Company’s Board of Directors on August 27, 2019, in view of the fact that conditions of the third exercise period of phase I stock option incentive plan have been fulfilled, the Company’s phase I stock option incentive plan has determined and passed the assessment for a total of 40 incentive targets, and 3,021,177 options will be exercised during the third exercise period.

As of the end of the third exercise period (that is, March 10, 2020), there are still 3,021,177 stock options that have not been

exercised. According to the provisions of the phase I stock option incentive plan, “the incentive targets must be exercised 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 cancelled by the Company.”, the Company cancelled the 3,021,177 stock options granted but not exercised in the third exercise period of the phase I stock option incentive plan for the 40 incentive targets mentioned above. After the completion of the cancellation, the Company’s phase I stock option incentive plan has been completed.

(II) Equity-settled share-based payment

1. Details

Determination method for grant-date fair value of equity instruments	Stock options: Fair value of the stock options at the grant date was determined according to the Black-Scholes option pricing model
Determination method for the number of equity instruments expected to vest	It is expected that all incentive targets still with the Company by then will fully exercise their rights
Reasons for significant difference between the estimates in current period and preceding period	None
Capital reserve accumulated due to equity-settled share-based payment	49,094,842.72
Total expenses incurred due to equity-settled share-based payment	13,624,937.21

XII. Commitments and contingencies

(I) Significant commitments

As of the balance sheet date, the Company has no significant commitments to be disclosed.

(II) Contingencies

1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

(1) On November 19, 2018, Green Oriental Investment Holdings Co., Ltd., the former shareholder of the Company’s 70%-controlled subsidiary Green Oriental Company, filed a civil complaint with the People’s Court of Shenzhen Qianhai Cooperation Zone, requesting the Company and its sub-subsidiary 深圳市绿色方舟投资有限公司 (Shenzhen Green Ark Investment Co., Ltd.*) to pay 21,875,000 yuan and interest thereof for the 25% equity acquisition of Lianjiang Green Oriental New Energy Co., Ltd. in 2016, and therefore applied for freezing the 25% equity of Lianjiang Green Oriental 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 sub-subsidiary Shenzhen Green Ark Investment Co., Ltd. shall pay 21,875,000 yuan and interest thereof for the 25% equity acquisition of Lianjiang Green Oriental New Energy Co., Ltd. in 2016 to Green Oriental Investment Holdings Co., Ltd. On July 12, 2019, Shenzhen Green Ark Investment Co., Ltd. filed a civil appeal petition to Shenzhen Intermediate People’s Court, requesting to revoke the Civil Judgment [2018] Yue 0391 Min Chu No. 4117 in accordance with the law, and to dismiss all the claims made by Green Oriental Investment Holdings Co., Ltd.

According to the civil appeal and the case report issued by 广东广信君达律师事务所(Guangdong Guangxin Junda Law Firm*) on March 30, 2021, the Company and its lawyers believe that: First, the first instance court was unclear on facts, and has applied to the wrong law provisions. It has not correctly understand the Cooperation Framework Agreement and the Equity Transfer Contract, nor the relationship between the Company, Shenzhen Green Ark Investment Co., Ltd., Green Oriental Investment Holdings Co., Ltd., and Mr. 郑维先 (Zheng Weixian) in the acquisition of Green Oriental Company; second, for the equity transfer of Lianjiang Green Oriental New Energy Co., Ltd., Green Oriental Company assisted Green Oriental Investment Holdings Co., Ltd. in fulfilling its capital contribution obligations, and has the right to demand that the capital contribution be offset with the equity transfer payment; Third, Green Oriental Investment Holdings Co., Ltd.’s action of using the court as a tool for transferring property should not be

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supported and protected by law. Therefore, the Company and its sub-subsidiary Shenzhen Green Ark Investment Co., Ltd. as parties to the same transaction, have the right to exercise the right of defense to refuse to pay the above-mentioned equity transfer payment. As of the date of issuance of these financial statements, the second instance of this case is still under trial.

(2) In November 2018, due to the fact that Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian failed to fulfill the performance indicators agreed on the “Cooperation Framework Agreement of Shenzhen Green Oriental Environmental Protection Co., Ltd.” and the relevant supplementary agreement, the Company filed a lawsuit to Foshan Intermediate People’s Court, requesting Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian to pay the Company 125,538,200 yuan as compensation. The Company claimed that the related debts occurred during the duration of the marriage relationship between Zheng Weixian and 任喆 (Ren Zhe), and further claimed that the debts belonged to the joint debts of the spouse, and required Ren Zhe to bear joint liabilities for the above-mentioned compensation. At the same time, the Company applied for property preservation in litigation. In May 2020, the Company applied to Foshan Intermediate People’s Court to change the litigation request to require Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian to compensate the Company for various losses totaling 164,560,620 yuan, and to require Ren Zhe to bear joint liabilities for the above debts. On January 13, 2021, Foshan Intermediate People’s Court made a judgment of first instance, ordering Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian to compensate the Company for various losses totaling 163,460,620 yuan, and ordering the Company has a priority right of compensation for the 30% equity of Green Oriental Company held by Green Oriental Investment Holdings Co., Ltd. within the extent of 200 million yuan due to the debts assumed by Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian in this case. Later, Green Oriental Investment Holdings Co., Ltd. and Zheng Weixian filed an appeal to Guangdong Provincial Higher People’s Court. As of the date of issuance of this report, the Company has not received the notice of the second instance hearing.

2. Certain customers of the Company use finance lease services provided by banks to finance their purchase. According to the arrangement of the agreement, the Company provides guarantees for such transactions. If customers default, the Company will be required to compensate the bank 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, 2020, the Company’s maximum exposure to these guarantees is 21,859,801.75 yuan.

3. 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, 2020, the Company’s maximum exposure to these guarantees is 24,295,580.00 yuan.

XIII. Events after the balance sheet date

(I) Significant non-adjusted events

Pursuant to the “Proposal on Transferring the 51% of the Company’s Controlling Right over Subsidiary through Public Listing” deliberated and approved by the 11th extraordinary meeting of the ninth session of the Board of Directors on January 29, 2021 and the first extraordinary shareholders’ general meeting of 2021 on February 24, 2021, the Company is agreed to transfer 51% of the controlling right in Foshan Yingtong Electrical Materials Co., Ltd. to the transferee 广东赢合企业管理有限公司 (Guangdong Yinghe Enterprise Management Co., Ltd.*) at the consideration of 255 million yuan.

(II) Profit distribution after the balance sheet date

According to the 2020 Profit Distribution Plan deliberated and approved by the 13th meeting of the ninth session of the Board of Directors on April 22, 2021, the Company intends to distribute cash dividends of 0.12 yuan (tax included) per share based on the

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existing total share capital of 3,163,080,346.00 shares, a total of 379,569,641.52 yuan.

XIV. Other significant events

(I) Segment information

1. Identification basis for reportable segments

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

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

The Company identified reportable segments based on products. It evaluates the operating performance of electrotechnical equipment manufacturing, ventilation equipment manufacturing and environmental integrated industry respectively.

2. Financial information of reportable segments

Products segment

Items	Ventilation equipment and electrotechnical equipment manufacturing	Environmental integrated industry	Financial services	Inter-segment offsetting	Total
Revenue from main operations	3,452,359,441.20	11,001,494,213.74	17,971,932.25	198,612,351.83	14,273,213,235.36
Cost of main operations	2,980,218,989.45	7,935,625,872.82	5,073,767.91	200,121,239.69	10,720,797,390.49
Total assets	24,723,177,484.84	20,815,358,907.74	964,343,472.47	16,392,342,874.17	30,110,536,990.88
Total liabilities	4,445,743,062.23	13,214,561,495.46	603,449,139.06	5,424,236,887.77	12,839,516,808.98

(II) Public issuance of convertible bonds with A share convertible rights and the projects in which the raised funds invest

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, the Company issued publicly convertible bonds of 1,476,189,600 yuan, with a total issuance of 14,761,896 sheets, and a term of 6 years. The coupon rate of the convertible bonds issued this time is 0.20% in the first year, 0.50% in the second year, 0.80% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Interest of the convertible corporate bonds is paid once a year, and principal and the last year's interest are paid at maturity. The Company will redeem all convertible bonds not converted by investors at the 110% of the par value (including the last year's interest) within 5 trading days upon maturity of the convertible bonds issued this time.

The duration of the convertible bonds issued this time is 6 years from the date of issuance, that is, from November 4, 2020 to November 3, 2026. The initial conversion price of the convertible bonds issued this time is 8.31 yuan/share; the conversion period of the convertible bonds issued this time starts from the first trading day (May 10, 2021) six months after the issuance ends on November 10, 2020 to the maturity date of the convertible bonds (November 3, 2026).

The total amount of funds raised from the public issuance of convertible bonds is 1,476,189,600 yuan. The net proceeds after deducting related issuance expenses are intended to be used in the following projects:

No.	Projects	Total investments (in ,000)	Intended investment from the raised fund (in ,000)
1	Smart sanitation comprehensive configuration center	1,966,836.40	1,296,384.90

No.	Projects	Total investments (in ,000)	Intended investment from the raised fund (in ,000)
2	Supplementing the working capital	176,189.60	160,951.30
	Total	2,143,026.00	1,457,336.20

On November 4, 2020, the Company actually issued 14,761,896 sheets of convertible corporate bonds, each with a par value of 100 yuan, issued at par value, with a total issuance of 1,476,189,600 yuan and issuance costs of 18,853,400 yuan (excluding tax). The debt and equity components of the convertible bonds are split as follows:

Items	Debt component	Equity component	Total
Total issuance	1,205,796,393.83	270,393,206.17	1,476,189,600.00
Issuance costs	15,400,041.31	3,453,374.52	18,853,415.83
Net issuance at the issuance date	1,190,396,352.52	266,939,831.65	1,457,336,184.17
Current period amortization	9,069,757.08		9,069,757.08
Closing balance	1,199,466,109.60	266,939,831.65	1,466,405,941.25

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

1. As of December 31, 2020, the Company's controlling shareholder, actual controller and persons acting in concert held a total of 1,441,121,828 shares of the Company, accounting for 45.56% of the Company's total share capital, of which 932,367,969 shares were pledged, accounting for 64.70% of its holdings of the Company, and 29.48% 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 Holding	中国建设银行股份有限公司(China Construction Bank Corporation Limited*), Foshan Branch	100,000,000	11/28/2019	12/31/2023	Financing
		11,786,321	07/24/2020	12/31/2023	Supplementing the working capital
		46,831,044	07/24/2020	12/31/2023	Supplementing the working capital
	中信证券股份有限公司 (CITIC Securities Co., Ltd. *)	100,000,000	07/10/2020	Till owner of pledged collateral completes the termination procedures	Providing guarantee for exchangeable corporate bonds for share swaps or repayment of principal and interest
Subtotal		258,617,365			
Ningbo Infore Asset Management Co., Ltd.	中国民生银行股份有限公司 (China Minsheng Banking Corporation Limited*), Hong Kong Branch	610,798,429	10/14/2020	09/23/2021	Financing for M&A
He Jianfeng	China Construction Bank Corporation Limited, Shunde Branch	51,228,846	07/24/2020	12/31/2023	Supplementing the working capital
	China Construction Bank Corporation Limited, Shunde Branch	11,723,329	07/24/2020	12/31/2023	Supplementing the working capital
Subtotal		62,952,175			
Total		932,367,969			

XV. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Other receivables

*The English names are for identification purpose only.

(1) Details

Items	Closing balance	Opening balance
Dividend receivable	50,000,000.00	116,089,770.73
Other receivables	3,045,331,754.24	2,426,827,344.30
Total	3,095,331,754.24	2,542,917,115.03

(2) Dividend receivable

1) Details

Items	Closing balance	Opening balance
Donggang Magnet Wire Company	50,000,000.00	50,000,000.00
Shangfeng Industrial Company		66,089,770.73
Subtotal	50,000,000.00	116,089,770.73

2) Significant balance with age over one year

Items	Closing balance	Ages	Reasons for balances	Whether impaired and judgment basis
Donggang Magnet Wire Company	50,000,000.00	1-2 years	Capital arrangement of the subsidiary	Not impaired based on expected losses
Subtotal	50,000,000.00			

(3) Other receivables

1) Details

① Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	3,052,349,446.28	100.00	7,017,692.04	0.23	3,045,331,754.24
Subtotal	3,052,349,446.28	100.00	7,017,692.04	0.23	3,045,331,754.24

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	2,430,614,901.70	100.00	3,787,557.40	0.16	2,426,827,344.30
Subtotal	2,430,614,901.70	100.00	3,787,557.40	0.16	2,426,827,344.30

② Other receivables with provision made using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
1-180 days	3,016,068,113.67		
180 days - 1 year	3,781,914.69	75,638.29	2.00
1-2 years	14,486,498.17	1,448,649.82	10.00
2-3 years	17,833,863.75	5,350,159.13	30.00
Over 5 years	179,056.00	143,244.80	80.00
Subtotal	3,052,349,446.28	7,017,692.04	0.23

2) Changes in provision for bad debts

① Details

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	279,102.55	3,371,210.05	137,244.80	3,787,557.40
Opening balance in current period				
--Transferred to phase II	-279,102.55	279,102.55		
--Transferred to phase III		-3,371,210.05	3,371,210.05	
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	75,638.29	1,169,547.27	8,484,949.08	9,730,134.64
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period			6,500,000.00	6,500,000.00
Other changes				
Closing balance	75,638.29	1,448,649.82	5,493,403.93	7,017,692.04

3) Other receivables written off in current period

Other receivables actually written off in current period totaled 6,500,000.00 yuan.

4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Security deposits	452,729.40	500,020.26
Call loans	30,165,333.33	41,548,535.29
Temporary advance payment receivable	3,021,731,383.55	2,346,859,836.64
Equity transfer payments		41,706,509.51
Subtotal	3,052,349,446.28	2,430,614,901.70

5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
No. 1	Temporary advance payment receivable	598,182,205.25	1-180 days	19.60	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
No. 2	Temporary advance payment receivable	388,384,258.49	1-180 days	12.72	
No. 3	Temporary advance payment receivable	379,225,521.77	1-180 days	12.42	
No. 4	Temporary advance payment receivable	345,945,509.17	1-180 days	11.33	
No. 5	Temporary advance payment receivable	281,276,824.34	1-180 days	9.22	
Subtotal		1,993,014,319.02		65.29	

2. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	16,490,166,786.49		16,490,166,786.49	16,457,034,334.03		16,457,034,334.03
Investments in associates and joint ventures	204,174,912.87		204,174,912.87	180,046,856.31		180,046,856.31
Total	16,694,341,699.36		16,694,341,699.36	16,637,081,190.34		16,637,081,190.34

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Xiantao Yinghe Environmental Protection Co., Ltd.	44,340,000.00	59,414,840.00		103,754,840.00		
Shangfeng Industrial Company	181,276,112.84	18,647,202.02		199,923,314.86		
Donggang Magnet Wire Company [Note]	181,900,523.46		181,900,523.46			
Guangdong Weiqi Company [Note]	122,351,660.90		122,351,660.90			
Anhui Weiqi Electrical Materials Co., Ltd. [Note]	100,468,524.92		100,468,524.92			
Changsha Zhongbiao Environmental Industry Co., Ltd.	5,000,000.00	270,000.00		5,270,000.00		
Infore Zoomlion City Environmental Service Co., Ltd.	15,300,000.00			15,300,000.00		
盈峰环境水务投资有限公司 (Infore Water Environment Investment Co., Ltd.*)	113,055,998.06			113,055,998.06		
Zoomlion Environmental Company	15,250,344,307.78	4,102,207.11		15,254,446,514.89		
Green Oriental Company	189,216,316.02	1,096,177.90		190,312,493.92		

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Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Infore Technology Company	123,192,918.10	4,681,279.47		127,874,197.57		
Foshan Shunde Huaqingyuan Environmental Protection Co., Ltd.	279,997.29	626,455.24		906,452.53		
Ningbo Infore Finance Lease Co., Ltd	7,307,974.66	349,015,000.00		356,322,974.66		
Guangdong Infore Environmental Investment Co., Ltd.	100,000,000.00			100,000,000.00		
巴林右旗盈峰环境水务有限公司 (Bahrain Right Banner Infore Water Environment Co., Ltd. *)	23,000,000.00			23,000,000.00		
Subtotal	16,457,034,334.03	437,853,161.74	404,720,709.28	16,490,166,786.49		

Note: In November 2020, the Company transferred all equities of Guangdong Weiqi Company, Donggang Magnet Wire Company and Anhui Weiqi Electrical Materials Co., Ltd. to the sub-subsidiary Foshan Yingtong Electrical Materials Co., Ltd.

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Guangdong Shunkong Environmental Investment Co., Ltd.	154,058,623.77			27,447,000.00	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.	25,988,232.54	839,195.26 [Note 1]		2,735,747.26	
Guangdong Tianshu New Energy Technology Co., Ltd. [Note 2]					
Total	180,046,856.31	839,195.26		30,182,747.26	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Associates						
Guangdong Shunkong Environmental Investment Co., Ltd.		6,893,885.96			174,611,737.81	
Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.					29,563,175.06	
Guangdong Tianshu New Energy Technology Co., Ltd.						
Total		6,893,885.96			204,174,912.87	

Note 1: Please refer to section V (1) 13 of notes to financial statements for details.

Note 2: Please refer to section V (1) 13 of notes to financial statements for details.

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

1. Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	7,213,284.07	4,157,985.26	33,915,501.26	28,584,116.83
Total	7,213,284.07	4,157,985.26	33,915,501.26	28,584,116.83

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	30,182,747.26	117,730,792.60
Investment income from disposal of long-term equity investments	-104,720,709.28	76,458,323.18
Investment income from financial instruments	22,152,496.14	12,454,322.89
Including: Financial assets designated as at fair value through profit or loss	11,250,397.44	9,673,130.57
Financial assets classified as at fair value through profit or loss	10,487,138.70	2,400,812.32
Other equity instrument investments	414,960.00	380,380.00
Gains on disposal of financial assets classified as at fair value through profit or loss	27,094.77	
Shareholder performance compensation	839,195.26	24,676,400.00
Total	-51,519,175.85	231,319,838.67

XVI. Other supplementary information

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss

(1) Details

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-42,036,810.26	Gains on disposal of long-term equity investments amounted to 488,224.46 yuan, gains on disposal of fixed assets amounted to -1,787,925.37 yuan, gains on scrapping of fixed assets amounted to -11,767,441.22 yuan, and gains on scrapping of intangible assets amounted to -28,969,668.13 yuan
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality	621,422.30	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	42,047,479.15	
Fund possession charge from non-financial entities and included in profit or loss	22,117,071.89	4,578,541.63 yuan from Lianjiang Green Oriental New Energy Co., Ltd., 2,012,499.98 yuan from Guangdong Liangke Environmental Engineering Co., Ltd., 1,328,771.30 yuan from Shantou Zoomlion Ruikang Environmental Sanitation Service Co., Ltd., 264,600.00 yuan from Jilin Xinyu Environmental Protection Engineering Co., Ltd., 162,543.33 yuan from Guangdong Tianshu New Energy Technology Co., Ltd., and 20,252.48 yuan from Shantou Chaoyang District Zoomlion Ruikang Environmental Sanitation

Items	Amount	Remarks
		Service Co., Ltd., excluding VAT for the above call loans amounting to 178,515.17 yuan; amortization of realized finance income from equity transfer payments received in installment of Yuxing Technology Development (Shenzhen) Co., Ltd. amounted to 13,928,378.34 yuan
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Gains on non-cash assets exchange		
Gains on assets consigned to the third party for investment or management	23,771,715.03	Investment income from financial products amounted to 23,771,715.03 yuan
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring		
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains on changes in fair value of financial assets and liabilities at fair value through profit or loss and investment income from disposal of financial assets and liabilities at fair value through profit or loss, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	-90,608,285.06	Changes in fair value of financial assets amounted to -89,949,855.53 yuan, investment income from ineffective portion of closed hedges amounted to 5,117,398.33 yuan, changes in fair value of ineffective portion of outstanding hedges amounted to -5,769,445.94 yuan, and handling fees for futures transactions amounted to -6,381.92 yuan
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements on taxation, accounting, etc.		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-7,514,468.68	
Other profit or loss satisfying the definition of non-recurring profit or loss	839,195.26	Compensation for performance commitment of Tengine Innovation (Beijing) Monitoring Instrument Co., Ltd.
Subtotal	-50,762,680.37	
Less: Enterprise income tax affected	-8,391,224.21	
Non-controlling interest affected (after tax)	3,371,490.83	
Net non-recurring profit or loss attributable to shareholders of the parent company	-45,742,946.99	

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

Items	Amount	Reasons
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Items	Amount	Reasons
VAT refund	28,804,978.15	Government grants that closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards
Subsidy for sludge disposal	2,816,166.83	

(II) RONA and EPS

1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	8.62	0.44	0.44
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	8.90	0.45	0.45

2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative	
Net profit attributable to shareholders of ordinary shares	A	1,386,476,099.73	
Non-recurring profit or loss	B	-45,742,946.99	
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	1,432,219,046.72	
Opening balance of net assets attributable to shareholders of ordinary shares	D	15,514,697,715.97	
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E		
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F		
Net assets attributable to shareholders of ordinary shares decreased due to cash dividends appropriation	G	347,936,836.06	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	7	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase	I	8,920,597.83	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	J	3	
Others	Net assets attributable to shareholders of ordinary shares increased due to amortization of share-based payments in the current period	K1	12,859,488.20
	Number of months counting from the next month when other net assets were increased to the end of the reporting period	L1	6
	Net assets increased due to the issuing of convertible bonds	K2	266,939,831.65
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L2	1
	Net assets increased due to the acquisition of non-controlling interest of the subsidiary Shangfeng Industrial Company	K3	-2,225,430.97
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L3	11
	Net assets increased due to the equity disposal of the sub-subsidiary Jilin Zhongfeng Oasis Environmental Development Co., Ltd. but without losing control	K4	-314,024.80
	Number of months counting from the next month when other net assets were increased or decreased to	L4	11

Items	Symbols	Current period cumulative
the end of the reporting period		
Transfer of repurchased shares to stock incentive plan in the preceding period	K5	98,394,255.36
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L5	7
Net assets increased due to the acquisition of non-controlling interest of Xiantao Yinghe Environmental Protection Co., Ltd.	K6	903,021.70
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L6	4
Net assets decreased due to the dividend distribution of the sub-subsidiary Songyuan Zoomlion Xinyu Environmental Service Co., Ltd.	K7	180,000.00
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L7	8
Effect of profits or losses of copper futures on other comprehensive income	K8	-479,437.51
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	L8	6
Number of months in the reporting period	M	12
Weighted average net assets	$L = D + A/2 + E \times F/M - G \times H/M + I \times J/M + K \times L/M$	16,086,427,295.05
Weighted average RONA	$M = A/L$	8.62%
Weighted average RONA after deducting non-recurring profit or loss	$N = C/L$	8.90%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,386,476,099.73
Non-recurring profit or loss	B	-45,742,946.99
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C = A - B$	1,432,219,046.72
Opening balance of total shares	D	3,147,735,938
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to transfer of repurchased shares to employee stock ownership plan	F	15,326,208
Number of months counting from the next month when the share was increased to the end of the reporting period	G	7
Number of shares decreased due to share repurchase	H	1,137,524
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	3
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L = D + E + F \times G/K - H \times I/K - J$	3,156,391,845
Basic EPS	$M = A/L$	0.44
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	0.45

(2) Calculation process of diluted EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,386,476,099.73
Net profit affected by dilutive potential ordinary shares	B	9,069,757.08
Diluted net profit attributable to shareholders of ordinary shares	$C=A-B$	1,395,545,856.81
Non-recurring profit or loss	D	-45,742,946.99
Diluted net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$E=C-D$	1,441,288,803.80
Weighted average of outstanding ordinary shares	F	3,156,391,845
Weighted average of ordinary shares increased due to warrant, share options, convertible bonds, etc.	G	22,295,943
Weighted average of diluted outstanding ordinary shares	$H=F+G$	3,178,687,788
Diluted EPS	$M=C/H$	0.44
Diluted EPS after deducting non-recurring profit or loss	$N=E/H$	0.45

Part XIII Documents Available for Reference

(I) The financial statements signed and stamped by the Company's legal representative, Chief Financial Officer and head of the accounting department.

(II) The original copy of the Independent Auditor's Report signed and stamped by the certified public accountants and stamped by the CPA firm.

(III) All the originals of the Company's announcements and documents that were disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.

The originals or legally valid copies of the documents above are lodged in the Company and the Shenzhen Stock Exchange, which are available to all investors.