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**綠色動力**  
DYNAGREEN

**綠色動力環保集團股份有限公司**  
**Dynagreen Environmental Protection Group Co., Ltd.\***  
*(a joint stock limited liability company incorporated in the People's Republic of China)*  
**(Stock Code: 1330)**

**2025 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors of Dynagreen Environmental Protection Group Co., Ltd. (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2025. This announcement, containing the full text of the 2025 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany the preliminary announcement of annual results. The Company’s 2025 Annual Report will be available for viewing on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.dynagreen.com.cn](http://www.dynagreen.com.cn)) in due course.

\* For identification purposes only

## Important Notice

- I. **The board of directors (the “Board”), the directors (the “Directors”) and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the annual report, guarantee that there are no false representations, misleading statements or material omissions contained in this annual report, and are jointly and severally responsible for the liabilities of the Company.**
- II. **All Directors of the Company were present at the Board meeting.**
- III. **BDO China Shu Lun Pan Certified Public Accountants LLP issued a standard unqualified audit report for the Company.**
- IV. **Cheng Suning, an officer of the Company; Yi Zhiyong, the Chief Financial Officer; and Zhao Linbin, the Chief Accountant, declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the annual report.**
- V. **Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period approved by the Board**

It is proposed to distribute a cash dividend of RMB0.22 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date for 2025. The Company did not convert capital reserve into share capital and did not issue bonus shares for the profit distribution. This proposal of profit distribution needs to be submitted to the Company’s general meeting for consideration.

**As at the end of the Reporting Period, information on the parent company’s unrecouped losses and the impact thereof on the Company’s dividend distribution and other matters**

Applicable  Not applicable

**VI. Risk statement relating to forward-looking statements**

Applicable  Not applicable

Forward-looking statements such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of investment risks.

**VII. Whether there was any appropriation of the Company’s funds for purposes other than operations by the controlling shareholder and other related parties**

No

**VIII. Whether there was any provision of guarantee to external parties in violation of the stipulated decision-making procedures**

No

**IX. Whether there were more than half of the Directors who cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company**

No

**X. Major risk alerts**

Certain risks that may exist have been described in this report in details. Please refer to the “Potential Risks” in Part VI “Discussion and Analysis of the Company’s Future Development” in Section IV “Management Discussion and Analysis” herein.

**XI. Others**

Applicable  Not applicable

The contents of this annual report are in compliance with all the requirements in relation to information to be disclosed in annual reports under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports (Amended in 2025) (《公開發行證券的公司信息披露內容與格式準則第2號—年度報告的內容與格式(2025年修訂)》), the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Amended in 2023) (《公開發行證券的公司信息披露編報規則第15號—財務報告的一般規定(2023年修訂)》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Amended in April 2025), the Guidelines No. 2 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – Business Handling (Amended in August 2025) (《上海證券交易所上市公司自律監管指南第2號—業務辦理》(2025年8月修訂)) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, this annual report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.



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# I. Definitions

In this report, the following expressions shall, unless the context otherwise requires, have the following meanings:

## Common words

The Company or Dynagreen	Dynagreen Environmental Protection Group Co., Ltd.
The Group	Dynagreen Environmental Protection Group Co., Ltd. and its subsidiaries
BSAM	Beijing State-owned Assets Management Co., Ltd.
Hong Kong Dynagreen	Dynagreen Investment Holding Company Limited (綠色動力投資控股有限公司) (formerly known as Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司))
Changzhou Company	Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力 環保熱電有限公司)
Haining Company	Haining Dynagreen Renewable Energy Co., Ltd. (海寧綠色動力再生能源有限公司)
Taizhou Company	Taizhou Dynagreen Renewable Energy Co., Ltd. (泰州綠色動力再生能源有限公司)
Wuhan Company	Wuhan Dynagreen Renewable Energy Co., Ltd. (武漢綠色動力再生能源有限公司)
Pingyang Company	Pingyang Dynagreen Renewable Energy Co., Ltd. (平陽綠色動力再生能源有限公司)
Yongjia Company	Yongjia Dynagreen Renewable Energy Co., Ltd. (永嘉綠色動力再生能源有限公司)
Rushan Company	Rushan Dynagreen Renewable Energy Co., Ltd. (乳山綠色動力再生能源有限公司)
Anshun Company	Anshun Dynagreen Renewable Energy Co., Ltd. (安順綠色動力再生能源有限公司)
Huizhou Company	Huizhou Dynagreen Environment Co., Ltd. (惠州綠色動力環保有限公司)
Jizhou Company	Tianjin Dynagreen Renewable Energy Co., Ltd. (天津綠色動力再生能源有限公司)
Jurong Company	Jurong Dynagreen Renewable Energy Co., Ltd. (句容綠色動力再生能源有限公司)
Ninghe Company	Tianjin Dynagreen Environmental Energy Co., Ltd. (天津綠動環保能源有限公司)
Bengbu Company	Bengbu Dynagreen Renewable Energy Co., Ltd. (蚌埠綠色動力再生能源有限公司)
Tongzhou Company	Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司)
Miyun Company	Beijing Dynagreen Renewable Energy Co., Ltd. (北京綠色動力再生能源有限公司)
Shantou Company	Shantou Dynagreen Renewable Energy Co., Ltd. (汕頭市綠色動力再生能源有限公 司)
Zhangqiu Company	Zhangqiu Dynagreen Renewable Energy Co., Ltd. (章丘綠色動力再生能源有限公司)
Bobai Company	Bobai Dynagreen Renewable Energy Co., Ltd. (博白綠色動力再生能源有限公司)
Hong'an Company	Hong'an Dynagreen Renewable Energy Co., Ltd. (紅安綠色動力再生能源有限公司)



## I. Definitions (Continued)

Yichun Company	Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司)
Fengcheng Company	Fengcheng Dynagreen Environmental Protection Co., Ltd. (豐城綠色動力環保有限公司)
Huizhou Phase II Company	Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司)
Yongjia Phase II Company	Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司)
Longhui Company	Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司)
Pingyao Company	Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司)
Qingdao Company	Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)
Shenzhen Jingxiu	Shenzhen Jingxiu Environmental Engineering Technology Limited Company (深圳景秀環境工程技術有限公司) (formerly known as Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司))
Dengfeng Company	Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司)
Haining Expansion Company	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司)
Shishou Company	Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司)
Guangdong Promising Company	Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司)
Guangyuan Company	Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司)
Jiamusi Company	Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司)
Zhaoqing Company	Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司)
Shulan Company	Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司)
Zhangye Company	Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司)
Yongxing Company	Yongxing Boneng Environmental Energy Co., Ltd. (永興博能環保能源有限公司)
Dongguan Company	Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司)
Jinsha Company	Guizhou Jinsha Green Energy Co., Ltd. (貴州金沙綠色能源有限公司)
Pingyang Phase II Company	Pingyang Dynagreen Environmental Energy Co., Ltd. (平陽綠動環保能源有限公司)
Jingxi Company	Baise Dynagreen Environmental Protection Co., Ltd. (百色綠動環保有限公司)
Enshi Company	Enshi Green Power Renewable Energy Co., Ltd. (恩施綠色動力再生能源有限公司)
Huludao Hazardous Waste Company	Lvyi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)
Huludao Power Generation Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司)
Huizhou Three-in-One Company	Huizhou Dynagreen Environmental Services Co., Ltd. (惠州綠色動力環境服務有限公司)
Shantou Sludge Company	Shantou Dynagreen Environmental Services Co., Ltd. (汕頭市綠色動力環境服務有限公司)



## I. Definitions (Continued)

Zhangqiu Phase II Company	Jinan Dynagreen Environmental Co., Ltd. (濟南綠動環保有限公司)
Shuozhou Company	Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (朔州綠動南山環境能源有限公司)
Laizhou Company	Laizhou Haikang Environmental Protection Energy Co., Ltd. (萊州海康環保能源有限公司)
Wuhan Transfer Company	Wuhan Dynagreen Environment Co., Ltd. (武漢綠色動力環保有限公司)
Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)
Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區欖子壟生活垃圾焚燒發電項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing (北京密雲縣垃圾綜合處理中心工程)
Jiamusi Project	a municipal waste-to-energy BOT project in Jiamusi City, Heilongjiang (黑龍江佳木斯市城市生活垃圾焚燒發電 BOT 項目)
Sihui Project	an environmental energy thermal power plant BOT project in Sihui, Guangdong (廣東四會環保能源熱力發電廠 BOT 項目)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu District, Jinan City, Shandong (山東濟南市章丘區生活垃圾焚燒發電廠)
Hong'an Project	a municipal waste-to-energy project in Hong'an County, Hubei (湖北紅安縣生活垃圾焚燒發電項目)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電 BOT 項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project in Huludao, Liaoning (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目(生活垃圾焚燒發電項目和餐廚垃圾處理項目)特許經營項目)
The Reporting Period	1 January 2025 to 31 December 2025
The end of the Reporting Period	31 December 2025



## I. Definitions (Continued)

RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Province
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Auditor	the accounting firm which provides audit services
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
Green Certificate	renewable energy green power certificate, 1 green certificate unit corresponds to 1,000kWh of renewable energy power



## II. Company Profile and Key Financial Indicators

### I. COMPANY PROFILE

Company name in Chinese	綠色動力環保集團股份有限公司
Short company name in Chinese	綠色動力
Company name in English	Dynagreen Environmental Protection Group Co., Ltd.
Short company name in English	Dynagreen
Legal representative of the Company	Cheng Suning

### II. CONTACT PERSONS AND CONTACT METHODS

	<b>Secretary to the Board/Joint company secretary</b>	<b>Joint company secretary</b>	<b>Securities Affairs Representative</b>
Name	Zhu Shuguang	Yim Lai Kiu	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	Room 1922, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8009	–	0755-36807688-8009
Facsimile	0755-33631220	–	0755-33631220
E-mail address	ir@dynagreen.com.cn	–	ir@dynagreen.com.cn

### III. BASIC INFORMATION

Registered office of the Company	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Principal place of business	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of principal place of business	518057
Principal place of business in Hong Kong	1st Floor, Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong
Company's website	www.dynagreen.com.cn
E-mail address	ir@dynagreen.com.cn

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media for disclosure of the annual report of the Company	Shanghai Securities News: www.cnstock.com Securities Times: www.stcn.com
Website of stock exchanges for publishing the annual report	SSE: www.sse.com.cn Stock Exchange: www.hkexnews.hk
Place for inspection of the annual report	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen



## II. Company Profile and Key Financial Indicators (Continued)

### V. BASIC INFORMATION OF THE COMPANY'S SHARES

#### Basic Information of the Company's Shares

Class of shares	Stock exchanges on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before the change
A Shares	Shanghai Stock Exchange	綠色動力	601330	–
H Shares	Hong Kong Stock Exchange	DYNAGREEN ENV	01330	–

### VI. OTHER RELATED INFORMATION

Auditors appointed by the Company (Domestic)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	17/F, Block A, Zhongtou International Business Center, No. 1061 Xiangmei Road, Futian District, Shenzhen
	Names of signing accountants	Qin Jinli Zhang Yinna
Sponsor institution responsible for continuous supervision during the Reporting Period	Name	China Securities Co., Ltd.
	Office address	43/F, Kaihua International Center, No. 5 Xiancun Road, Tianhe District Guangzhou City, Guangdong Province
	Name of sponsor representative authorized as signatory	Fang Chunjiang Zhao Xu
	Continuous supervision period	From 4 August 2021 to 31 December 2023 and 1 January 2024 to 30 April 2025, continuous supervision was conducted for the matters related to unused proceeds
Legal advisers appointed by the Company (Domestic)	Name	Beijing Kangda Law Firm
Legal advisers appointed by the Company (Foreign)	Name	Jingtian & Gongcheng LLP
Share registrar of the Company (Domestic)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Share registrar of the Company (Foreign)	Name	Tricor Investor Services Limited
	Office address	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Principal bankers	Name	China Merchants Bank Co., Ltd. Bank of Beijing Co., Ltd. HSBC Bank (China) Company Limited Postal Savings Bank of China Industrial and Commercial Bank of China Limited



## II. Company Profile and Key Financial Indicators (Continued)

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

#### (I) Major Accounting Data

Unit: RMB

Major accounting data	2025	2024	Increase/decrease	
			for the current period over the corresponding period last year (%)	2023
Revenue	<b>3,533,559,874.91</b>	3,398,572,272.66	3.97	3,955,548,511.61
Total profit	<b>789,918,390.84</b>	706,139,517.29	11.86	777,086,059.95
Net profit attributable to shareholders of the Company	<b>617,500,625.79</b>	585,082,147.27	5.54	629,281,357.74
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	<b>612,212,298.24</b>	578,600,321.04	5.81	617,906,499.99
Net cash flows from operating activities	<b>1,845,911,667.47</b>	1,438,470,488.62	28.32	977,677,149.93
	<b>As at the end of 2025</b>	As at the end of 2024	Increase/decrease for the end of the current period over the end of the corresponding period last year (%)	
Net assets attributable to shareholders of the Company	<b>8,266,083,685.76</b>	8,052,817,092.46	2.65	7,807,439,716.26
Total assets	<b>21,926,733,761.94</b>	21,988,772,935.44	-0.28	22,537,265,642.95

#### (II) Key financial indicators

Key financial indicators	2025	2024	Increase/decrease	
			for the current period over the corresponding period last year (%)	2023
Basic earnings per share (RMB/share)	<b>0.44</b>	0.42	4.76	0.45
Diluted earnings per share (RMB/share)	<b>0.43</b>	0.41	4.88	0.43
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	<b>0.44</b>	0.42	4.76	0.44
Weighted average return on net assets (%)	<b>7.53</b>	7.32	Increased by 0.21 percentage point	8.31
Weighted average return on net assets excluding extraordinary gain and loss (%)	<b>7.46</b>	7.24	Increased by 0.22 percentage point	8.16

#### Explanations on the major accounting information and financial indicators of the Company for the past three years before the end of the Reporting Period

Applicable     Not Applicable



## II. Company Profile and Key Financial Indicators (Continued)

### VIII. ACCOUNTING DATA DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

**(I) Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the International Accounting Standards and the Domestic Accounting Standards**

Applicable  Not Applicable

**(II) Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the Overseas Accounting Standards and the Domestic Accounting Standards**

Applicable  Not Applicable

**(III) Explanation on Difference between Overseas and Domestic Accounting Standards:**

Applicable  Not Applicable

### IX. KEY FINANCIAL INDICATORS OF 2025 BY QUARTER

Unit: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	828,204,134.70	855,669,747.90	897,947,390.13	951,738,602.18
Net profit attributable to shareholders of the Company	184,962,944.73	192,269,375.83	249,244,399.42	-8,976,094.19
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	184,254,403.87	191,533,323.22	247,208,856.54	-10,784,285.39
Net cash flows from operating activities	272,106,017.07	360,138,045.96	690,973,459.83	522,694,144.61

**Explanation on Difference between Quarterly Results and Information Disclosed in Periodic Reports**

Applicable  Not Applicable



## II. Company Profile and Key Financial Indicators (Continued)

### X. EXTRAORDINARY GAINS AND LOSSES ITEMS AND AMOUNTS

Applicable  Not Applicable

Unit: RMB

Extraordinary gains and losses items	Amount for 2025	Note (if applicable)	Amount for 2024	Amount for 2023
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	-81,883.92		3,497.54	4,308,372.32
Government grants recognised through profit or loss, except for government grants which are closely related to the Company's normal operation, comply with the provisions of national policies, are enjoyed in accordance with the defined standards, and have a continuous impact on the profit or loss of the Company	4,981,377.88		5,284,855.08	6,028,661.69
Other non-operating income and expenses besides items above	969,788.54		2,145,056.85	3,078,578.69
Other gains and losses within the definition of non-recurring gains and losses	349,634.21		264,196.41	315,883.17
Less: Effects on income tax	766,304.16		1,081,243.85	2,231,795.59
Effects on non-controlling shareholders (after tax)	164,285.00		134,535.80	124,842.53
<b>Total</b>	<b>5,288,327.55</b>		<b>6,481,826.23</b>	<b>11,374,857.75</b>

Explanations for the Company's extraordinary gain or loss item with a significant amount as not illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses, and the extraordinary gain or loss item as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses which has been defined as its recurring gain or loss items.

Applicable  Not applicable

### XI. COMPANIES WITH EQUITY INCENTIVE PLAN OR EMPLOYEE SHAREHOLDING PLAN MAY CHOOSE TO DISCLOSE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

Applicable  Not applicable

### XII. ITEMS MEASURED AT FAIR VALUE

Applicable  Not applicable

### XIII. OTHERS

Applicable  Not applicable



### III. Chairman's Statement

Dear Shareholders,

I, on behalf of the Board of Dynagreen Environmental Protection Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”), hereby present to the shareholders with the Group's business review for the year 2025 and its business prospects for the year 2026.

Looking back on 2025, the Chinese economy forged ahead amid profound changes, and the surging wave of green and low-carbon development has reshaped the underlying logic of development with overwhelming momentum. As a firsthand participant and builder of this great transformation, Dynagreen has always kept the “national priorities” firmly in mind, stayed true to its original mission of “creating a better living environment”, and forged ahead with unwavering resolve in respect of its core waste-to-energy business. With innovation as our oar and solid action as our sail, we have opened up a new situation amid changes, elevating the Group's development to a higher level. In the past year, the Group achieved steady growth in both revenue and net profit attributable to shareholders of the parent company, and a marked improvement in cash flow from operating activities. This performance is not only a sincere answer we present to our shareholders, but also the solid foundation that the times have bestowed upon Dynagreen for its future advancement.

Throughout the year, we deepened our focus on the core business and refined our operations. With the operational scale remaining stable, all core operating indicators trended positively. We turned 14.7296 million tons of domestic waste into valuable resources and fed 4,359.2829 million kWh of green electricity into thousands of households. What is particularly encouraging is that our steam supply volume has nearly doubled. This is not merely a leap in numbers, but a distinct hallmark of our transformation from a single power generation model to an integrated energy service provider. From Jizhou to Zhaoqing, the sparks of combined heat and power generation have gradually blazed into a prairie fire; from Changzhou to Bengbu, the paths for collaborative sludge disposal and recycling of biogas have become increasingly clear. We are now taking our diversified businesses as the brush to depict a broader value blueprint for solid waste treatment.

Throughout the year, compliance was our foundation and share served as our oar. As a public company with its A shares and H shares listed both in Shanghai and Hong Kong, we deeply understand that only by consolidating the foundation of compliance can we forge ahead steadily and far. We have proactively adapted to regulatory changes and optimized our governance structure, making compliant operation the firmest shield for us. We have reached across distances, from Beijing to Hong Kong, and conveyed the Company's value to every fellow traveller through sincere communications time and again. We remain committed to rewarding shareholders' trust with consistent and stable dividends, and uniting core talents with a long-term incentive mechanism.

Looking ahead to 2026 and even the entire “15th Five-Year” period, a broader panorama of green development is slowly unfurling. The construction of a Beautiful China has entered a pivotal stage that connects the past with the future, and a comprehensive green transition has become the main theme of economic and social development. Standing at the intersection of pollution prevention and control and renewable energy, we are entrusted with a glorious mission and embrace a vast arena.

The times call for enterprises with ambition and action. We will take scientific and technological innovation as our engine, and pursue benefits through refined operation; we will deepen our focus on combined heat and power generation and collaborative solid waste disposal to enhance the profitability of existing projects; we will embrace the digital wave to make power plants smarter; we will actively integrate into the national “dual carbon” strategy, and explore new value for existing assets through new mechanisms such as green electricity trading; we will continue to expand incrementally, and seek a new round of high-quality growth amid the wave of industry integration and overseas expansion.

The road ahead is long and arduous, yet with perseverance we shall reach our destination; with unremitting efforts, the future holds great promise. A new journey has begun. We stand ready to work hand in hand with all shareholders and partners, riding the tide of the times, with gratitude in our hearts, and with greater confidence and determination, to leave our distinctive and profound mark on the grand blueprint of building a Beautiful China.

Finally, I would like to express my sincere gratitude to all shareholders and friends from all sectors of society who have long cared for and supported the Group's development, and pay the highest respect to every employee of Dynagreen who has worked silently and diligently with dedication.

**Cheng Suning**  
Chairman

Shenzhen, the PRC  
27 March 2026



## IV. Management Discussion and Analysis

### I. Principal Operations Information of the Company during the Reporting Period

#### (I) Background and Principal Operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 31 December 2025, in respect of the municipal waste-to-energy sector, the Company had 37 projects under operation. The waste treatment capacity of the projects under operation reached 40,300 tons/day and the installed capacity was 857MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

#### (II) Major Business Model

The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: the government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company is awarded the project, the Company enters into a concession agreement with the relevant local government department and establishes a project company to conduct business. According to the concession agreement entered into with the relevant local government department, the project company is responsible for raising funds to construct and operate the entire waste-to-energy plant. The concession period is usually from 25 to 30 years. The relevant government department pays the project company a waste treatment fee at the agreed price, and the project company sells the electricity, steam or hot water generated during the waste incineration process. Upon the expiration of the concession, the Company has to transfer the relevant infrastructure to the concession grantor.

The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders. The downstream industries mainly include local government departments and power grid companies. The Company provides waste incineration treatment services to local governments to receive waste treatment fees, and provides electricity to power grid companies to receive electricity tariffs.

During the Reporting Period, there was no significant change in the Company's main business and main business model.

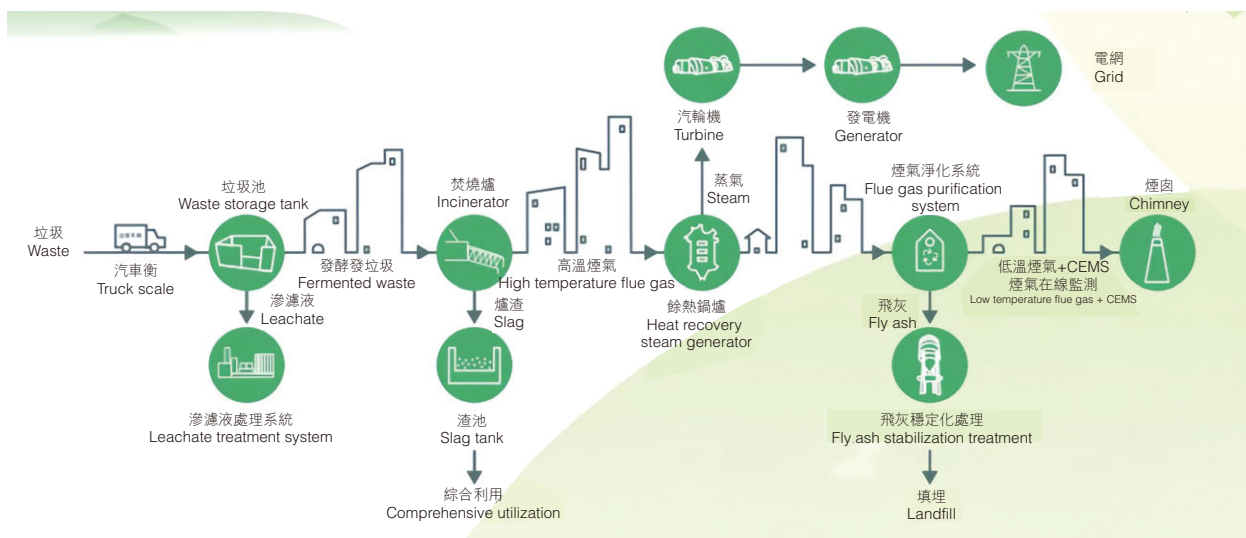
#### (III) Processes and Technologies

The core equipment of the waste incineration power generation system is incinerator. The Company mainly uses the self-developed three-drive expeller grate waste incinerator. The incinerator has a unique integrated three-stage design. Its drying and burning configuration are equipped with independent driving mechanism. It can flexibly adjust the running speed of each section according to the combustion condition, which can better control the distribution of the fire bed and achieve lower clinker ignition loss.



#### IV. Management Discussion and Analysis (Continued)

The specific process of waste incineration power plant is illustrated in the following diagram:



Explanation on increase in important non-core business during the Reporting Period

Applicable  Not Applicable

## II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

### (I) Industry Overview and Macro Policy

The municipal waste-to-energy industry is a key component of urban environmental infrastructure, an important guarantee for achieving the reduction, recycling, and harmless treatment of domestic waste, and also a significant force for promoting the comprehensive green transformation of economic and social development and advancing carbon reduction, pollution reduction, green expansion and growth in a coordinated manner. Since the “12th Five-Year” Plan period, with strong support from relevant policies, China’s domestic waste incineration capacity has grown rapidly. According to the 2024 Statistical Yearbook of Urban and Rural Construction, by the end of 2024, the domestic waste incineration capacity of cities and counties in China reached 1.1584 million tons per day. In 2024, the volume of domestic waste collected and transported in cities and counties of China was 329.3427 million tons, of which 268.0365 million tons were treated by incineration, representing an incineration treatment ratio of 81.39%, resulting in continuous enhancement of recycling level. In light of the overall goal of ecological civilization construction and against the backdrop of advancing the strategic goals of “peak carbon dioxide emissions and carbon neutrality”, the waste-to-energy industry enjoys a solid foundation. Meanwhile, the industry is also facing multiple challenges, including intensified competition, accelerated technological iteration, increasingly stringent environmental regulations, and extended accounts receivable settlement cycles.



#### IV. Management Discussion and Analysis (Continued)

At present, China's municipal waste-to-energy industry has entered a stable development stage, and is gradually shifting from scale expansion to improvement of quality and effectiveness. Improving the quality and efficiency of project operation and technological innovation have become the core endogenous drivers for the sustainable development of the industry. Enterprises in the industry have improved their comprehensive energy utilization efficiency and project economic benefits by continuously strengthening cost reduction and efficiency enhancement, actively expanding waste sources, vigorously developing co-disposal businesses such as kitchen waste and sludge treatment, and expanding non-electric businesses including heat and steam supply; meanwhile, technologies such as big data and artificial intelligence are applied to operation optimization, predictive equipment maintenance and energy efficiency management, so as to enhance project operation efficiency and management through digital and intelligent means. As the release of new domestic capacity slows down, enterprises in the industry are shifting their development focus to overseas markets, with key attention on countries along the "Belt and Road", where the attention on overseas waste-to-energy projects continues to rise.

Major policies related to the industry are as follows:

Time	Promulgating organisation	Policy	Main contents
March 2012	The National Development and Reform Commission	Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》)	For waste-to-energy projects using domestic waste as raw materials, the settlement is conducted through conversion of the volume of waste treatment received in the plants into on-grid electricity with a temporary conversion ratio of 280 kWh per ton of municipal waste, and the unified national waste-to-energy benchmark price adopted is RMB0.65 per kWh (inclusive of tax); the part that exceeds the abovementioned amount of electricity is subject to the on-grid tariff for the local coal-fired generating units.
September 2020	The Ministry of Finance, the National Development and Reform Commission, the National Energy Administration	Supplementary Notice on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》)	For biomass power generation projects, including waste-to-energy, the number of rational utilization hours in the whole life cycle is 82,500 hours; for projects included in the list of renewable energy power generation subsidy in accordance with the provisions of Cai Jian (2020) No. 5, after a biomass power generation projects has been connected to the grid for 15 years, regardless of whether the project has reached the amount of electricity entitled to full life cycle subsidies, it no longer enjoys the financial subsidy funds from the central government, and the Green Certificate will be issued to allow engagement in the Green Certificate trading.
May 2021	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development	The "14th Five-year" Development Plan for Urban Domestic Waste Classification and Treatment Facilities (《「十四五」城鎮生活垃圾分類和處理設施發展規劃》)	China will speed up the establishment of a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. By the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%.



#### IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
August 2021	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (《關於印發〈2021年生物質發電項目建設工作方案〉的通知》)	The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; The projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects.
November 2022	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development, the Ministry of Ecology and Environment, the Ministry of Finance, the People's Bank of China	The Guiding Opinions on Strengthening the Construction of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加強縣級地區生活垃圾焚燒處理設施建設指導意見》)	By 2025, a domestic waste classification and treatment system that is compatible with economic and social development will be basically formed in county-level areas across the country, and qualified county-level areas in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area will basically realize full coverage of incineration treatment capacity. Domestic waste incineration treatment facilities will be built as much as possible in the Yangtze River Economic Belt, the Yellow River Basin, key cities for domestic waste classification, "zero waste city" construction areas and other qualified county-level areas and harmless treatment of domestic waste should be achieved through landfill and other means in the county-level areas which do not meet the conditions to build incineration treatment facilities. By 2030, the supply capacity and level of domestic waste classification and treatment facilities in county-level areas across the country will be further improved, and the technology and business model of small domestic waste incineration treatment facilities will be further matured. Except for a few special areas that do not have the conditions, the nationwide county-level incineration capacity will basically meet the treatment needs.



#### IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
December 2022	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development	The Notice on Accelerating the Implementation Plan on Tackling the Shortcomings and Weaknesses of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加快補齊縣級地區生活垃圾焚燒處理設施短板弱項的實施方案》)	Evaluation and demonstration will be strengthened for domestic waste incineration treatment facilities in county-level areas, and no new domestic waste incineration treatment facilities will be built in principle in county-level areas where the annual load rate of existing incineration treatment facilities is less than 70%. In county-level areas where there is a gap in incineration capacity, if the daily volume of domestic waste is greater than 300 tons, it is necessary to accelerate the construction of domestic waste incineration treatment facilities to realize “zero landfill” of raw waste as soon as possible; in the areas with the daily volume of domestic waste in the range of 200-300 tons, the conditions for collaborative treatment of agricultural and forestry waste, livestock and poultry manure, and solid waste in parks, and economical efficiency, incineration treatment facilities can be constructed separately; in county-level areas where the daily volume of domestic waste is less than 200 tons, under the premise of ensuring the safe and effective treatment of domestic waste, the construction of incineration treatment facilities can be promoted in an orderly manner in combination with small incineration pilot projects. Within the economic radius of transportation, if the total daily volume of domestic waste in adjacent areas is greater than 300 tons, shared incineration treatment facilities can be jointly built.
February 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Matters in relation to Participation Of Green Electricity Projects Enjoying Central Subsidies in Green Electricity Trading (《關於享受中央補貼的綠電項目參與綠電交易有關事項的通知》)	It is clarified that green electricity premium and subsidies from the central government cannot be both enjoyed. For green power enjoying the national renewable energy subsidies, the premium income over the benchmark tariff of coal power implemented for the project participating in green electricity trading will offset the national renewable energy subsidies in an equivalent amount or belong to the state; if a power generation enterprise gives up subsidies, all the income from participation in green electricity trading shall belong to the power generation enterprise.



#### IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
July 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》)	The scope of application of Green Certificate is clarified, and Green Certificate will be issued to all the electricity produced by the national wind power (including distributed wind power and offshore wind power), solar power (including distributed photovoltaic power generation and photothermal power generation), conventional hydropower, biomass power generation, geothermal power generation, ocean power generation and other renewable energy power projects that have been documented, to achieve full coverage of Green Certificate.
February 2024	The National Energy Administration	Regulatory Measures for Guaranteed Full Purchase of Renewable Energy Electricity (《全額保障性收購可再生能源電量監管辦法》)	The guaranteed full purchase of renewable energy electricity by relevant members in the electricity market will be standardized and the on-grid electricity of biomass power generation projects will be effectively guaranteed in the electricity trading market.
August 2024	The State Council	Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》)	<p>The construction of urban domestic waste treatment facilities will be speed up to make up for weaknesses in respect of waste incineration treatment capacity in county-level areas. In compliance with relevant laws and regulations, environmental and safety standards, the coordinated disposal of certain solid wastes by domestic waste incineration facilities will be promoted in an orderly way.</p> <p>Investment within the central budget will be proactively arranged to support the construction of environmental infrastructures such as domestic waste incineration in county-level areas, and support the pilot small-scale incineration of domestic waste. New domestic waste-to-energy projects will be preferentially included in green electricity trading. The domestic waste charging system will be improved, and differentiated charging policies will be explored and promoted, to seek for innovative collection methods.</p> <p>The construction model of parks will be popularized and it is encouraged to construct venous industry bases in county-level areas, and carry out collaborative disposal of solid waste such as domestic waste and agricultural and forestry waste, sludge, etc., so as to realize the sharing of treatment capacity.</p>



#### IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
July 2025	The National Development and Reform Commission, the Ministry of Industry and Information Technology, the National Energy Administration	Notice on Carrying Out the Construction of Zero-Carbon Parks (《關於開展零碳園區建設的通知》)	More efforts will be exerted to strengthen the development and utilization of renewable energy in and around the parks, with support for matching and connection of non-fossil energy power generation resources between parks and surrounding areas. Regulatory resources such as energy storage will be scientifically deployed. Green power direct supply models such as direct green power connection and access of new energy to nearby incremental distribution grids should be applied based on local conditions. Parks are encouraged to participate in green certificate and green power trading, and explore hydrogen-electricity coupled development and utilization models. Parks will be promoted to actively utilize thermal energy resources such as biomass energy, nuclear energy, solar thermal energy, geothermal energy and industrial waste heat to achieve clean and low-carbon heating systems. Parks should also explore the use of hydrogen, biomass and others to replace fossil fuels and feedstock.
January 2026	The State Council	Action Plan for Comprehensive Treatment of Solid Waste (《固體廢物綜合治理行動計劃》)	<p>The harmless pretreatment of bulk industrial solid waste will be intensified to reduce the volume of storage and land filling as well as environmental pollution risks. Domestic waste treatment methods should be determined based on local conditions. The layout and construction of domestic waste incineration facilities should be rational. Co-disposal of sludge from urban sewage treatment plants and industrial solid waste is encouraged on the premise of ensuring safe and stable operation. Newly built domestic waste incineration projects shall adopt disposal routes for fly ash in parallel, to gradually reduce the volume of fly ash land filling. The structure of sludge treatment and disposal should be optimised to reduce the scale of landfilling.</p> <p>A waste treatment charging system will be implemented and waste treatment charging standards will be formulated and adjusted rationally. Local authorities are supported to improve the charging model, and explore a differentiated domestic waste treatment charging system according to waste sorting. Metered charging for non-residential kitchen waste treatment will be promoted.</p>



## IV. Management Discussion and Analysis (Continued)

### (II) Industrial Characteristics

The municipal waste-to-energy industry is characterized by policy encouragement, regional monopoly, capital intensiveness, and insignificant seasonal and periodic fluctuations. Details are as follows:

1. In recent years, with the continuous advancement of China's industrialization and urbanization, the environmental problems facing our country have become increasingly serious. The State has raised the construction in relation to ecological civilization to an unprecedented level. Energy-saving and environmental protection industry, including waste treatment, is the top of the seven strategic emerging industries of the PRC. In the context of a small per capita land area in the PRC, waste-to-energy is an important means to achieve the "reduction, recycling, and harmless treatment" of waste and improve the ecological environment. Due to the large initial investment and high operating costs of waste-to-energy business, the State has introduced preferential policies in various aspects such as on-grid tariff and tax to promote the rapid development of the waste-to-energy industry, e.g. implementation of the national unified waste-to-energy benchmarking tariff of RMB0.65 (tax inclusive) per kWh for the part that does not exceed 280 kWh per ton of municipal waste; eligible waste-to-energy projects will be eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the projects first generate operating income; VAT on tariff revenue is subject to 100% refund and VAT on waste treatment fees is subject to 70% refund.
2. The waste-to-energy projects in the PRC usually adopt the concession model, and the concession period is generally from 25 to 30 years. Under this model, the relevant government departments grant concession rights to investors or operators of waste-to-energy plants, and the grantees of concession rights enjoy the exclusive right to treat municipal waste in a certain area during the concession period.
3. The waste-to-energy industry is capital intensive. The initial investment required for the waste-to-energy project is large. The capital investment for a waste-to-energy plant with a daily treatment capacity of 1,000 tons is generally RMB400 million to RMB600 million. At the same time, the payback period of waste-to-energy projects is relatively long, generally 8-12 years.
4. The raw materials of waste-to-energy plants are municipal waste, which is directly related to the local population, and the production volume is relatively stable and subject to insignificant seasonal and periodic fluctuations.



## IV. Management Discussion and Analysis (Continued)

### III. Discussion and Analysis of Operations

#### (I) Industry Overview

For details, please refer to “II. Industry Situation of the Company during the Reporting Period” in this section.

#### (II) Business Review

For details of the Company’s main businesses, please refer to “I. Operations of the Company during the Reporting Period” in this section. During the Reporting Period, the principal businesses of the Company have no major change. The business review, the discussion and analysis of significant factors relating to results and financial position, the major risks and the future business development of the Company are set out in Section III and this section of this annual report, respectively. The above discussion is part of the Report of Directors.

In 2025, adhering to its corporate mission of “creating a better living environment”, Dynagreen focused on its core waste-to-energy business and continuously strengthened technological innovation and “quality and efficiency improvement”. With the united efforts of all employees, the Company’s development to reached a new level. During the Reporting Period, the Company’s operating projects operated stably, with all major operating indicators achieving comprehensive growth; it proactively expanded diversified businesses and continuously deepened efforts in quality improvement, cost reduction and efficiency enhancement; with the steady advancement of the layout in overseas markets and project merger and acquisition, domestic and foreign markets were expanded simultaneously; the Company continuously strengthened technological innovation and accelerated the promotion of digital transformation; through deepening green and low-carbon practices, it proactively explored carbon asset management.

In 2025, the Group recorded RMB3.534 billion in revenue, representing a year-on-year increase of 3.97% as compared to the same period last year, and RMB618 million in net profit attributable to the shareholders of the Company, representing a year-on-year increase of 5.54% as compared to the same period last year; as at 31 December 2025, the total assets of the Group amounted to RMB21,927 million and net assets attributable to the shareholders of the Company amounted to RMB8,266 million. Asset structure remained stead.

#### 1. Steady operation of projects under operation and comprehensive growth of main operating indicators

The Company has always abided by its operation philosophy of “safety, environmental protection, civilization and efficiency”, adhered to the red lines of safe production and environmental protection, and continuously improved its safety management system. In 2025, the Company set the position of safety director and established a safety supervision department. By deeply focusing on the principal business and strengthening waste sourcing efforts, further promoting the intelligent and digital transformation of projects and other measures, the Company has achieved simultaneous improvement in operational efficiency and operational quality. During the Reporting Period, on the basis of maintaining stable operation scale, all major operating indicators of the Company achieved comprehensive growth, demonstrating sound development resilience and growth momentum. Throughout 2025, the Company accumulatively treated 14.7296 million tons of municipal waste, representing a year-on-year increase of 2.41%, generated on-grid electricity of 4,359.2829 million kWh, representing a year-on-year increase of 2.31%; and supplied 1,120,500 tons of steam, representing a year-on-year increase of 98.81%.



#### IV. Management Discussion and Analysis (Continued)

##### Major operating data of the Company in each region in 2025

Region	Item	2025
East China	Waste input volume ('0,000 tons)	537.40
	Electricity generation volume ('0,000 kWh)	184,637.50
	On-grid electricity volume ('0,000 kWh)	152,404.92
North China	Waste input volume ('0,000 tons)	192.82
	Electricity generation volume ('0,000 kWh)	64,464.66
	On-grid electricity volume ('0,000 kWh)	52,551.75
South China	Waste input volume ('0,000 tons)	316.16
	Electricity generation volume ('0,000 kWh)	115,122.85
	On-grid electricity volume ('0,000 kWh)	95,563.18
Central China	Waste input volume ('0,000 tons)	223.66
	Electricity generation volume ('0,000 kWh)	93,625.55
	On-grid electricity volume ('0,000 kWh)	79,732.62
Southwest China	Waste input volume ('0,000 tons)	110.97
	Electricity generation volume ('0,000 kWh)	39,521.42
	On-grid electricity volume ('0,000 kWh)	33,465.33
Northeast China	Waste input volume ('0,000 tons)	91.95
	Electricity generation volume ('0,000 kWh)	26,636.63
	On-grid electricity volume ('0,000 kWh)	22,210.48

## 2. Continuous promotion of diversified operations and remarkable achievements in quality improvement, cost reduction and efficiency enhancement

During the Reporting Period, the Company continuously advanced its diversified operation of waste-to-energy projects and proactively expanded non-electric businesses such as heat and steam supply and sludge disposal, effectively improving the comprehensive income level of the projects. The scale of the heat and steam supply business continued to expand; during the year, Jizhou Company and Zhaoqing Company newly achieved stable external steam supply, and the mobile heat supply volume of Changzhou Company increased significantly. As at the end of the Reporting Period, the Company had a total of 13 operating projects providing external heat and steam supply. It increased efforts in developing sludge co-disposal business and carried out technological transformation of sludge co-disposal processes for Changzhou Company, Wuhan Company, Haining Expansion Company and Zhangqiu Company, resulting in significant increase in the sludge disposal volume. As at the end of the Reporting Period, a total of 13 projects of the Company had realized sludge co-disposal. In addition, the Company actively explored the high value-added utilization path of resource-based products, and successfully connected the purified biogas of Bengbu Company to the third party's gas system, which further broadened the source of income and achieved the unity of economic and environmental benefits.



## IV. Management Discussion and Analysis (Continued)

The Company strengthened refined management of operating projects, performed targeted technological transformation and digital transformation of projects, and continuously optimized the incineration system and equipment performance, effectively improving the stability of unit operation and power generation efficiency. The continuous in-depth advancement of centralized procurement management further expanded the coverage of centralized procurement, and effectively controlled the procurement costs of materials and services. It actively seized the opportunity of market interest rate and optimized the debt structure through methods such as loan replacement, to reduce the comprehensive financing cost and effectively save financial expenses.

### 3. Achievements in project mergers and acquisitions, steady advancement of overseas market layout

During the Reporting Period, the Company continuously consolidated its leading position in China's waste-to-energy sector, and proactively responded to the national "Belt and Road" initiative to steadily advance the layout of overseas markets. In the domestic market, the Company successfully acquired a waste-to-energy project in Xinmi, Henan in early 2026, which will achieve synergy with Dengfeng Project of the Company. In terms of overseas expansion, the Company focused on the Guangdong-Hong Kong-Macao Greater Bay Area and overseas markets in Southeast Asia. It reached a strategic cooperation with Asia Allied Infrastructure, established a consortium with it to complete the bidding for the Hong Kong IPARK2 waste-to-energy project, and jointly established a joint venture to participate in the bidding for the Hong Kong Northwest New Territories Waste Transfer Station Project. Meanwhile, the Company was successfully selected into the list of selected suppliers for Indonesia's environmentally friendly waste-to-energy projects, and this qualification was confirmed by Indonesia's sovereign wealth fund PT Danantara Investment Management, laying a solid foundation for the Company's in-depth development in the Southeast Asian market. In addition, the Company was successfully included in the 2025 "Belt and Road" Ecological Environment Governance Technology and Products Recommendation Catalog and was awarded the title of the first batch of "Green Brand Going Global Plan Observer Units".

### 4. Deepening digital transformation and continuous enhancement of technological innovation

During the Reporting Period, the Company continuously increased its investment and application in the field of digitalization and intelligence. Through independent innovation and open cooperation, it constantly consolidated and enhanced its core technological competitiveness, injecting strong momentum into the high-quality development of its businesses.

The Company systematically planned and steadily implemented the digital transformation of its waste-to-energy projects. Tongzhou Project, as a pilot demonstration project, won high recognition from industry experts for its intelligent application achievements, and its relevant technical scheme was included in the Comprehensive Review and Technical Solutions of the Development of China's Domestic Waste Incineration Industry (《中國生活垃圾焚燒行業發展綜述及技術解決方案》). On this basis, a number of projects of the Company, including Wuhan Project, Haining Expansion Project, Huizhou Phase II Project and Zhangqiu Project, simultaneously launched digital and intelligent technological transformation. In particular, Wuhan Project and Haining Expansion Project completed system commissioning and entered the trial operation stage in the year.



#### IV. Management Discussion and Analysis (Continued)

In terms of technological research and development, the Company continuously carried out technological research around energy efficiency, pollution control and recycling. A number of research and development achievements entered the engineering application stage, with simultaneous manifestation of economic and social benefits. “A Method and System for Intelligently Controlling the Thermal Load of Furnace-feeding Waste by Waste Crane” developed by the Company obtained national invention patent authorization and was put into trial operation in Tongzhou Project; the technology of integrated ultra-low emission of waste incineration flue gas as independently developed by the Company entered the trial operation stage; the first small multi-functional waste incinerator (200 tons per day) as independently developed by the Company successfully passed trial production and cold commissioning, and was installed and applied in domestic waste incineration projects; the sludge co-processing technology has been put into operation in Changzhou Project, Wuhan Project and Zhangqiu Project, with remarkable economic benefits; the automatic clogging removal robot for the grid of the leachate collection tank of waste storage tank was put into operation in Zhangqiu Phase II Project and Pingyang Phase II Project; the coke cleaning robot underwent on-site tests in Pingyang Project at the end of the year; the technology for reduction of waste incineration fly ash at source as independently developed by the Company was under test in Dengfeng Project.

The Company proactively expanded industry-university-research cooperation and established stable cooperative relations with top universities, scientific research institutions and industrial chain partners. It participated in the construction of the subject “Regional Multi-source Solid Waste Big Data and Circular Utilization Path Optimization Technology”, a national key research and development program, and the Company’s Huiyang Environmental Park was awarded the title of “Application Demonstration Base”. As at the end of 2025, the Company has accumulatively obtained 85 patents, of which 60 patents are still in valid period (including 18 invention patents).

#### 5. Practicing green development and promotion of realization of green asset value

During the Reporting Period, as a proactive response to the national strategy of peak carbon dioxide emissions and carbon neutrality, the Company deeply integrated the concept of green development into the entire process of production and operation, and systematically promoted the coordinated efficiency of pollution reduction and carbon reduction. The Company is committed to achieving the unity of environmental, social and economic benefits. The Company continued to deepen green development and constantly promoted trading of renewable energy. In 2025, the Company had accumulatively applied for more than 368,000 Green Certificates and sold 407,900 Green Certificates, achieving enhancement of environmental and economic benefits. The Company continuously improved its carbon management system, proactively participated in the development of carbon market mechanisms, and conducted in-depth discussions with the Beijing Green Exchange on mechanisms for waste-to-energy enterprises to participate in carbon emission reduction and carbon capture. As of the end of the Reporting Period, 10 key projects of the Group, including Tongzhou Project, Huizhou Project, Wuhan Project and Haining Project, had been successfully included in the Green Project Library of Beijing Green Exchange, laying a solid foundation for the subsequent development and value realization of carbon assets.



#### IV. Management Discussion and Analysis (Continued)

### IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

✓ Applicable    □ Not Applicable

During the Reporting Period, there was no material change in the core competitiveness of the Company.

#### (I) Focused market layout spanning across the whole country

Since its establishment, the Company has adopted a proactive strategy in market development and strives to develop various regional markets. Its projects are distributed in an extensive geographical area, with a market network covering over 20 provinces/municipalities/autonomous regions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. The Company is in a leading position in the industry in terms of the number of projects and waste treatment capacity. The broad market layout reflects the Company's ability to develop projects and conduct operation management in different regions, laying a solid market foundation for the Company to continuously expand its leading edge during the industry consolidation period, and also helps to reduce the impact of local unfavorable factors of local areas on the overall layout.





## IV. Management Discussion and Analysis (Continued)

### (II) Extensive industry experience

The Company is among the first companies to explore industrial applications for waste treatment in the PRC, and is also one of the earliest enterprises to focus on upgrading and further developing advanced waste-to-energy technologies in the PRC. Since its establishment, the Company has accumulated extensive experience in project investment, construction and operation management and has full-life-cycle management experience from the early planning to the later operation of projects. A number of waste-to-energy projects invested and constructed by the Company have become industry benchmarks. The Changzhou Project was recognised by China Association of Environmental Protection Industry (中國環境保護產業協會) as a “National Model Project for Use of Environmental Protection Technologies” (使用環保技術的國家模範項目) in 2013. Huizhou Project and Haining Expansion Project were successively awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and the “National Quality Project Award” (國家優質工程獎). Tongzhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and “Luban Prize” (魯班獎) in 2020. Due to its consistent and sound performance, the Company has been recognised as the “Top 10 Most Influential Solid Waste Enterprises” for sixteen consecutive years. Over two decades of deep engagement in the industry has not only forged the Company’s influential brand image and made it a trusted partner of customers, but also laid a solid foundation for the Company to seize industry development opportunities and achieve its strategic development goals.

### (III) Leading professional technology

The Company has always placed technological innovation at the core of its strategy. Through sustained technological innovation, the Company has enhanced the efficiency of waste-to-energy projects. The “multiple drive expeller grate waste incinerator” technology independently developed by the Company is a leading incineration technology in the industry and was granted an invention patent by the state. The technology is compatible with the characteristics of the municipal waste in the PRC with an edge in performance, was selected by the Ministry of Housing and Urban-Rural Development as a core technology to promote for use during the “11th Five-Year Plan” period, and was successfully listed in the 2019 Directory of Key Environmental Protection Practical Technologies and Demonstration Projects (《2019年重點環境保護實用技術及示範工程名錄》) by China Association of Environmental Protection Industry (中國環境保護產業協會). “A multiple drive expeller grate waste incinerator with an online warning and control system of dioxin” independently developed by the Company was awarded the second prize for technical progress for 2019 by China Environmental Protection Industry Association; the multiple drive expeller grate waste incinerator and dioxin online warning and control technology won the first prize of scientific and technological progress and the second prize of scientific and technological application of China Association of Urban Environmental Sanitation in 2022, respectively; the digital smart domestic waste incineration technology and application project won the first prize of scientific and technological progress granted by China Association of Urban Environmental Sanitation in 2024; “Key Technology for Mixed Burning of High Water Content Sludge in Incinerators with Preheating and Reinjection” won the second prize of the 2025 Science and Technology Progress Award by the All-China Environment Federation. With leading professional technology, the Company can provide customers with better environmental protection services, maintain a competitive edge in the waste-to-energy field, lead the development of the industry and make positive contributions to the construction of ecological civilization.

## IV. Management Discussion and Analysis (Continued)

### (IV) Experienced management team

The management team of the Company has been engaged in market development, technology development and project construction and operation of waste-to-energy plants over the years. The management team has nearly 20 years of experience in cooperation and in-depth understanding of the industry. Under the guidance of the management team, the project construction and operation team can adopt targeted strategies for the changes in the waste treatment technology and management and operation of waste-to-energy plants in a timely manner to continuously improve quality, reduce costs and increase efficiency, while the marketing team can actively develop potential regional markets according to the future development planning of the Company to continue to expand market share. Such an experienced team of the Company helps to enhance the operating efficiency and warrants the quality of the projects to consolidate the leading position in the industry.

## V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2025, the Company achieved an revenue of RMB3,533,559,874.91 and net profit of RMB604,534,073.14. As at 31 December 2025, the Company's total assets and total liabilities amounted to RMB21,926,733,761.94 and RMB13,254,405,508.93 respectively. The total equity amounted to RMB8,672,328,253.01 and the gearing ratio (calculated as total liabilities over total assets) was 60.45%, and the net asset value per share attributable to the shareholders of the parent company was RMB5.93.

### (I) Analysis of main businesses

#### 1. Analysis of changes in relevant items in income statement and cash flow statement

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Revenue	<b>3,533,559,874.91</b>	3,398,572,272.66	3.97
Operating cost	<b>1,884,532,911.03</b>	1,854,415,615.88	1.62
Selling expenses	<b>1,049,893.07</b>	1,315,666.37	-20.20
Administrative expenses	<b>247,170,228.19</b>	232,864,434.58	6.14
Finance costs	<b>381,644,563.24</b>	447,553,539.09	-14.73
Research and development expenditure	<b>7,850,075.11</b>	7,097,412.89	10.60
Net cash flow generated from operating activities	<b>1,845,911,667.47</b>	1,438,470,488.62	28.32
Net cash flow generated from investing activities	<b>-258,390,144.75</b>	-357,166,567.06	N/A
Net cash flow generated from financing activities	<b>-912,470,448.89</b>	-1,246,045,791.12	N/A
Losses on asset impairment	<b>-204,907,223.47</b>	-126,501,452.00	N/A

Explanation on changes in revenue:

Mainly due to an increase in on-grid electricity, sludge treatment volume and heat supply volume, leading to an increase in tariff income, garbage disposal income and heat supply income.



#### IV. Management Discussion and Analysis (Continued)

Explanation on changes in operating cost:	Minor changes.
Explanation on changes in selling expenses:	Minor changes in amount.
Explanation on changes in administrative expenses:	Mainly attributable to an increase in employee benefits arising from changes in salary levels and the bases of social insurance and housing fund, as well as the initial recognition of equity incentive expenses.
Explanation on changes in finance costs:	Mainly due to a decrease in the average balance of borrowings and the decline in borrowing interest rates, resulting in a decrease in interest expenses.
Explanation on changes in research and development expenditure:	Minor changes in amount.
Explanation on changes in net cash flow generated from operating activities:	Mainly due to an increase in heat supply income and cash collections during the period, as well as a year-on-year increase in collections of receivables from National Subsidies and garbage disposal fees as compared with the same period last year, an increase in cash received from the sale of goods and provision of services, and a decrease in construction expenditure of PPP projects included in cash outflow from operating activities as a result of a decrease in the investment in construction during the period as compared with the same period last year.
Explanation on changes in net cash flow generated from investing activities:	Mainly due to a decrease in the investment in construction during the period as compared with the same period last year and a decrease in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets.
Explanation on changes in net cash flow generated from financing activities:	Mainly attributable to an increase in cash received from contributions for restricted shares and the issuance of medium-term notes during the period.
Explanation on changes in losses on asset impairment:	Mainly due to an increase in provision for losses on asset impairment of Huludao Hazardous Waste Company.

Detailed explanation on material changes in the business type, profit composition or profit source of the Company in the period

Applicable     Not Applicable



## IV. Management Discussion and Analysis (Continued)

### 2. Analysis of the revenue and costs

✓ Applicable     Not Applicable

During the Reporting Period, the Company achieved an revenue of RMB3,533,559,874.91 (corresponding period in 2024: RMB3,398,572,272.66), representing an increase of 3.97% as compared to the corresponding period in 2024, mainly due to the increase in on-grid electricity volume, sludge treatment volume and heat supply, leading to an year-on-year increase in tariff income, waste treatment income and heat supply income.

#### *Gross profit and gross profit margin*

During the Reporting Period, the gross profit of the Company increased by 6.79% to RMB1,649,026,963.88 (corresponding period in 2024: RMB1,544,156,656.78) and the gross profit margin was 46.67% (corresponding period in 2024: 45.44%). The increase in gross profit margin was mainly due to that in 2025, the Group expanded its sludge treatment and heat supply businesses, while reducing costs through centralized procurement and refined management, resulting in a year-on-year increase in revenue of 3.97% which was higher than the increase in operating costs of 1.62%.

#### *Total profit*

During the Reporting Period, the total profit of the Company amounted to RMB789,918,390.84, representing an increase of RMB83,778,873.55 as compared to corresponding period in 2024, mainly due to an increase in gross profit.

(1). Performance of main businesses by segment, product, region and sales model

Unit: RMB

By segment	Revenue	Operating cost	Gross profit margin (%)	Main businesses by segment		
				Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Environmental protection service	3,533,559,874.91	1,884,532,911.03	46.67	3.97	1.62	1.23



#### IV. Management Discussion and Analysis (Continued)

Main businesses by product						
By product	Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Solid waste treatment	3,533,559,874.91	1,884,532,911.03	46.67	3.97	1.62	1.23

Main businesses by region						
By region	Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
East China	1,222,430,654.68	660,255,455.25	45.99	-1.36	2.96	-2.26
South China	890,587,966.16	451,097,278.91	49.35	7.73	6.40	0.64
North China	454,825,656.62	232,709,129.80	48.84	7.89	-6.54	7.90
Central China	525,973,511.29	261,114,361.72	50.36	5.76	-5.88	6.14
Southwest China	260,550,718.70	140,096,788.36	46.23	7.93	14.57	-3.12
Others	179,191,367.46	139,259,896.99	22.28	4.01	-0.86	3.81

Explanation on the main businesses by segment, product, region and sales model

Environmental protection services mainly refer to the construction and operation of waste-to-energy projects, solid waste treatment mainly refers to the operation of waste incineration power generation projects.

- (2). Analysis of production and sales  
 Applicable     Not Applicable
- (3). Performance of material procurement and sales contracts  
 Applicable     Not Applicable



#### IV. Management Discussion and Analysis (Continued)

##### (4). Cost analysis table

Unit: RMB

By segment	Item relating to cost composition	Amount in the current period	Particulars by segment				Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	
Environmental protection service	Staff cost	391,682,363.94	20.78	384,465,154.13	20.73	1.88	Minor changes
Environmental protection service	Environmental protection fee	235,471,071.47	12.49	256,765,448.66	13.85	-8.29	Mainly due to a decrease in the unit price of certain environmental protection consumables through centralized procurement and a decrease in unit consumption through refined management
Environmental protection service	Amortization of intangible assets	492,308,827.04	26.12	486,450,720.57	26.23	1.20	Minor changes
Environmental protection service	Material fee	289,790,743.56	15.38	340,343,324.97	18.35	-14.85	Mainly due to the lower procurement costs as a result of centralized procurement and reduced unit diesel consumption through refined management, resulting in a year-on-year decrease in fuel costs such as diesel
Environmental protection service	Overhaul and other maintenance costs	218,205,123.44	11.58	135,486,566.52	7.31	61.05	Mainly due to an increase in overhaul projects and corresponding higher overhaul expenses as compared with the last year



#### IV. Management Discussion and Analysis (Continued)

By product	Item relating to cost composition	Amount in the current period	Particulars by product			Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)		
Solid waste treatment	Staff cost	391,682,363.94	20.78	384,465,154.13	20.73	1.88	Minor changes
Solid waste treatment	Environmental protection fee	235,471,071.47	12.49	256,765,448.66	13.85	-8.29	Mainly due to a decrease in the unit price of certain environmental protection consumables through centralized procurement and a decrease in unit consumption through refined management
Solid waste treatment	Amortization of intangible assets	492,308,827.04	26.13	486,450,720.57	26.23	1.20	Minor changes
Solid waste treatment	Material fee	289,790,743.56	15.38	340,343,324.97	18.35	-14.85	Mainly due to the lower procurement costs as a result of centralized procurement and reduced unit diesel consumption through refined management, resulting in a year-on-year decrease in fuel costs such as diesel
Solid waste treatment	Overhaul and other maintenance costs	218,205,123.44	11.58	135,486,566.52	7.31	61.05	Mainly due to an increase in overhaul projects and corresponding higher overhaul expenses as compared with the last year

Description of other situations of cost analysis

Nil



#### IV. Management Discussion and Analysis (Continued)

- (5). Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period  
 Applicable  Not Applicable
- (6). Significant changes in or adjustments to the Company's business, products or services during the Reporting Period  
 Applicable  Not Applicable
- (7). Major customers and suppliers of the Company  
Customers or suppliers under the control of the same controller shall be presented on a consolidated basis as a single customer or supplier, except for those actually controlled by the same state-owned asset management authority.

Explanation on consolidated presentation of information on the following customers and suppliers on the basis of same control  
Not Applicable

- A. Major customers and suppliers of the Company  
 Applicable  Not Applicable

The customers of the Company mainly comprise the municipal administrative authorities of the local governments and power grid companies. Pursuant to the "Concession Agreement" entered into between the Group and the municipal administrative authorities of the local governments, the Company provides waste treatment service to the municipal administrative authorities and receives waste treatment fee. The amount of processed waste is measured with the equipment monitored by both parties, and the waste treatment standards are in line with the relevant technical and emission standards. The "Concession Agreement" stipulates the waste treatment fee, which will be reviewed and adjusted on a regular basis, and settled monthly or every several months. The Company is dedicated to provide quality and professional waste treatment service to municipal administrative authorities of the local governments, so as to improve urban environment and establish a brand image.

Pursuant to the "Electricity Sale and Purchase Agreement" entered into by the Company and power grid companies, the Company sells the electricity it generated (net of those for self-consumption) to the power grid companies and receives sales revenue. The unit price of electricity is price set by the National Development and Reform Commission. The on-grid electricity is measured by electric meters approved by both parties and the fee will be settled monthly or every several months.

The Company mainly procures various kinds of equipment, construction and installation services and consumables. The Company maintains a database of suppliers and, in accordance with the procurement procedures and policies it established, selects suppliers publicly based on their merits through bidding and other procedures as permitted by laws. The Company will enter into procurement contracts with the selected suppliers and make payment according to the time the suppliers provide products or services. The Company values the relationship with suppliers and has established long term cooperation with them based on the principles of "fairness and mutual benefits".



#### IV. Management Discussion and Analysis (Continued)

Sales to the Group's five largest customers amounted to RMB967.242 million, accounting for 27.27% of the total sales for the year, in which sales to related parties was RMB0, accounting for 0% of the total sales for the year.

Purchases from the Group's five largest suppliers amounted to RMB111.1184 million, accounting for 8.49% of the total purchases for the year, in which purchases from related parties was RMB0, accounting for 0% of the total purchases for the year.

- B. Circumstances in which the proportion of sales to a single customer exceeded 50% of the total sales, there were new customers among the top 5 customers, or the Company was heavily dependent on a small number of customers

Applicable  Not Applicable

Circumstances in which the proportion of procurement from a single supplier exceeded 50% of the total sales, there were new suppliers among the top 5 suppliers, or the Company was heavily dependent on a small number of suppliers

Applicable  Not Applicable



#### IV. Management Discussion and Analysis (Continued)

- C. Delisting risk warning or other risk warnings imposed on the shares of the Company during the Reporting Period

Top five sales customers

Applicable  Not Applicable

Top five suppliers

Applicable  Not Applicable

- D. Income from trading business of the Company during the Reporting Period

Applicable  Not Applicable

Top five sales customers with the trading business accounting for over 10% of revenue

Applicable  Not Applicable

Top five suppliers with the trading business accounting for over 10% of revenue

Applicable  Not Applicable

Other Explanation:

None of the Directors or any of their close associates or any substantial shareholders of the Company (which, to the best knowledge of the Directors, own 5% or above of the Company's issued share capital) had any beneficial interest in the Company's five largest customers and five largest suppliers.

### 3. Expenses

Applicable  Not Applicable

(1) *Administrative expenses*

During the Reporting Period, the administrative expenses of the Company amounted to RMB247,170,228.19 (corresponding period in 2024: RMB232,864,434.58), representing a year-on-year increase of 6.14%, which accounted for approximately 6.99% (corresponding period in 2024: 6.85%) of the revenue of Company, mainly due to an increase in employee benefits arising from changes in salary levels and the bases of social insurance and housing fund, as well as the initial recognition of equity incentive expenses.

(2) *Finance costs*

During the Reporting Period, the finance costs for the Company amounted to RMB381,644,563.24, representing a decrease of approximately RMB65,908,975.85 or 14.73% over the previous year, mainly due to a decrease in the average balance of borrowings and the decline in borrowing interest rates, resulting in a decrease in interest expenses.



#### IV. Management Discussion and Analysis (Continued)

(3) *Income tax expenses*

During the Reporting Period, the income tax expenses of the Group amounted to RMB185,384,317.70 (corresponding period in 2024: RMB105,396,153.29), accounting for approximately 23.47% (corresponding period in 2024: 14.93%) of total profit of the Group. The increase in proportion of income tax expenses to total profits was mainly attributable to a decrease in income tax credits for energy-saving, water-saving and environmental protection special equipment acquired during the period, as well as the transition of certain project companies from the tax exemption period to the 50% reduction period and the expiration of tax incentives for certain project companies, resulting in a year-on-year increase in income tax expenses for the period; and that Hong Kong Dynagreen was classified as an overseas registered Chinese-controlled resident enterprise at the end of 2024. Accordingly, no deferred income tax expense was recognised on the undistributed profits of its subsidiaries in the period. In 2024, deferred income tax expense recognised in prior years was reversed. In addition, the reversal of impairment losses recognised in 2024 on the increment of intangible assets arising from the acquisition of Huludao Hazardous Waste Company to deferred income tax expense resulted in a year-on-year increase in deferred income tax expense.

#### 4. R&D investment

(1). *Table of R&D investment*

✓ Applicable     Not Applicable

Unit: RMB

Expense-type research and development expenses for the current period	7,850,075.11
Capitalised research and development expenses for the current period	0
<b>Total R&amp;D expenditures</b>	<b>7,850,075.11</b>
Proportion of total research and development expenses to the revenue (%)	0.22
Percentage of capitalised R&D investment (%)	0

(2). *Table of R&D staff*

✓ Applicable     Not Applicable

Number of R&D staff	12
Percentage of R&D staffs to the total staffs of the Company (%)	0.36

#### Educational structure of R&D staff

Category of educational structure	Number of staff
Doctor	0
Master	1
Bachelor	7
Junior college	4
High school and below	0



#### IV. Management Discussion and Analysis (Continued)

Category of age structure	Age structure of R&D staff	Number of staff
Under 30 (excluding 30)		1
30-40 (including 30, excluding 40)		0
40-50 (including 40, excluding 50)		5
50-60 (including 50, excluding 60)		6
60 and above		0
 (3). <i>Explanation</i>		
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable		
 (4). <i>Reasons for material changes in the composition of R&amp;D staff and the impact on the future development of the Company</i>		
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable		

#### 5. Cash flows

Applicable     Not Applicable

Item	From the beginning of the year to the end of the reporting period (January to December)	Corresponding period last year	Amount of change	Change (%)	Main reason
Cash received from sale of goods, rendering of services	3,786,742,965.03	3,332,180,504.57	454,562,460.46	13.64	Mainly due to an increase in heat supply income and cash collections during the period, as well as a year-on-year increase in collections of receivables from National Subsidies and garbage disposal fees as compared with the same period last year,
Cash paid from sale of goods, rendering of services	1,007,064,087.90	973,308,507.21	33,755,580.69	3.47	Mainly due to a year-on-year increase in overhaul expenses during the period
Other cash payments related to the construction of PPP projects	57,929,343.96	137,724,359.79	-79,795,015.83	-57.94	A decrease in investment in Construction during the period
Cash paid to and for employees	538,121,560.75	541,147,329.71	-3,025,768.96	-0.56	Minor changes
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	261,284,433.20	370,135,830.21	-108,851,397.01	-29.41	A decrease in investment in Construction during the period
Cash received from borrowings	2,364,931,396.89	3,942,104,400.05	-1,577,173,003.16	-40.01	A decrease in bank borrowings in the period
Cash paid for repayment of loans	3,140,125,461.09	4,453,243,766.41	-1,313,118,305.32	-29.49	A decrease in repayment of bank borrowings in the period
Cash paid for distribution of dividends and profit or payment of interests	731,526,474.22	731,473,022.92	53,451.30	0.01	Minor changes



## IV. Management Discussion and Analysis (Continued)

### (II) Explanation of major changes in profit due to non-main operations

Applicable  Not Applicable

### (III) Analysis of assets and liabilities

Applicable  Not Applicable

#### 1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Cash at bank and on hand	1,543,476,291.84	7.04	867,810,323.28	3.95	77.86	Mainly due to that the net outflow from investment activities and financing activities during the period was less than the net inflow from operating activities
Accounts receivable	2,622,655,844.03	11.96	2,512,178,004.57	11.42	4.40	Mainly due to an increase in receivable balance of garbage disposal fees due to higher revenue and the extended settlement cycle of such fees for multiple projects during the period; in addition, the collection of National Subsidies improved, resulting in a decrease in the balance of receivables from National Subsidies during the period
Contract assets	482,813,621.23	2.20	370,964,094.96	1.69	30.15	Mainly due to an increase in the accumulated balance of receivables from national renewable energy subsidies as certain operating projects have not yet been included in the catalogue of national renewable energy subsidies
Intangible assets	10,195,237,883.09	46.50	10,659,570,149.67	48.48	-4.36	Mainly due to the completion of construction projects and no new construction projects added during the period, resulting in a decrease in the closing balance due to amortisation of intangible assets



#### IV. Management Discussion and Analysis (Continued)

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Other non-current assets	6,373,567,093.74	29.07	6,651,544,469.90	30.25	-4.18	Firstly, construction projects were completed and no new construction projects were added during the period. The balance of other non-current assets recognised in respect of construction expenditures corresponding to the guaranteed garbage disposal fees under the concession period decreased due to amortization; secondly, as output tax was generated from project operations and no new construction projects were added, the amount of input tax carry-forward decreased, resulting in a decrease in input tax deductible over more than one year
Short-term borrowings	293,188,903.61	1.34	545,805,404.65	2.48	-46.28	Mainly due to the fact that the amount of short-term borrowings repaid exceeded the amount of new borrowings
Accounts payable	522,488,062.31	2.38	661,561,718.22	3.01	-21.02	Mainly due to a decrease in construction investment and successive final payments for projects
Current portion of non-current liabilities	883,247,351.44	4.03	1,108,768,938.92	5.04	-20.34	Mainly due to a decrease in long-term borrowings due within one year
Long-term borrowings	7,246,754,307.83	33.05	7,528,412,016.81	34.24	-3.74	Mainly due to adjustment of debt structure and an increase in medium-term notes issued to replace bank borrowings
Bonds payable	2,915,661,242.30	13.30	2,354,143,208.17	10.71	23.85	Mainly due to an increase in medium-term notes in the period

Other explanation:

Nil

#### 2. Overseas assets

Applicable  Not Applicable

(1). Asset size

Including: overseas assets 17,707,553.39 (Unit: RMB), accounting for 0.08% of total assets.

(2). Explanation on the relatively high proportion of overseas assets

Applicable  Not Applicable



#### IV. Management Discussion and Analysis (Continued)

### 3. Assets with restrictive ownership title or right of use as at the end of the Reporting Period

Applicable  Not Applicable

Item	Carrying amount at the end of the period (RMB)	Carrying amount at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	634,500.00	0	Litigation freezing and deposits
Other non-current assets	3,825,627,809.80	4,154,508,984.18	Used for pledged borrowings
Intangible assets	4,760,823,554.92	5,901,317,945.15	Used for pledged borrowings
Accounts receivable	1,716,111,131.49	1,733,445,921.40	Used for pledged borrowings
Contract assets	295,649,290.39	297,894,159.93	Used for pledged borrowings
Total	10,598,846,286.60	12,087,167,010.66	

### 4. Other explanation

Applicable  Not Applicable

(1) *Financial resources and liquidity*

The Company adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 31 December 2025, the Company had cash and cash equivalents of approximately RMB1,542,841,791.84, representing an increase of RMB675,031,468.56 as compared to RMB867,810,323.28 at the end of 2024. The vast majority of the Group's cash and cash equivalents are held in Renminbi. As at 31 December 2025, the Company's gearing ratio decreased from 61.21% at the end of 2024 to 60.45%.

(2) *Capital management*

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can provide returns for its shareholders while maintaining reasonable capital structure to reduce capital costs. The Company makes use of its gearing ratio for the management of capital structure. The ratio is defined as total liabilities divided by total assets. In 2025, the Company's strategy remained unchanged from 2024. As at 31 December 2025 and 31 December 2024, the gearing ratios of the Company were 60.45% and 61.21%, respectively.



#### IV. Management Discussion and Analysis (Continued)

(3) *Loans and pledge of assets*

As at 31 December 2025, the Company had total outstanding borrowings of RMB8,369,870,399.78, representing a decrease of RMB775,194,064.20 as compared to RMB9,145,064,463.98 at the end of 2024. The borrowings included pledged loans of RMB5,949,887,817.06 and unpledged loans of RMB2,419,982,582.72. The Company's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Company's borrowings were at floating rates. As at 31 December 2025, the Company had composite banking credit facilities in the amount of RMB14.405 billion, of which RMB2.503 billion had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Company currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Company's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated to occur. Certain receivables and operating rights in connection with the Company's service concession arrangements (including intangible assets, other non-current assets, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to RMB10,598,211,786.60 as at 31 December 2025.

(4) *Contingent liabilities*

The Company has issued financial guarantees to banks in respect of the banking credit facilities granted to certain subsidiaries. The Board of the Company does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2025 and 31 December 2024 under the guarantees was the credit facility drawn down by the subsidiaries of RMB6,204,469,824.08 and RMB6,893,302,079.34, respectively.

(5) *Commitments*

As at 31 December 2025 and 31 December 2024, the Company's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Company's financial statements were RMB0 and RMB0, respectively.

#### **(IV) Analysis of industrial operation information**

Applicable    Not Applicable

For details, please refer to "I. Operations of the Company during the Reporting Period" in this section of this report and the contents below.



#### IV. Management Discussion and Analysis (Continued)

##### 1. Solid waste treatment

Project name	Place	Type of solid waste	Total investment	Designed capacity	Capacity utilization rate	Date of operation commencement	Term of concession rights	Criteria for waste treatment fees
Tongzhou Project	Tongzhou, Beijing	Municipal waste	1,240,000,000	2,250 tons/day	84%	August 2018	27 years	RMB152/ton
Shantou Project	Shantou, Guangdong	Municipal waste	1,040,000,000	2,250 tons/day	105%	March 2019 (phase I) September 2020 (phase II)	30 years	RMB90/ton
Huizhou Phase II Project	Huizhou, Guangdong	Municipal waste	1,790,000,000	3,400 tons/day	83%	May 2020 (phase I) August 2021 (phase II)	29 years	RMB74.3/ton

Note: Unless otherwise specified, the term of the concession rights includes the construction period, the same applies below.

##### 2. Power generation business

Project name	Installed power (MW)	Electricity generation volume in 2025 ('0,000 kWh)	On-grid tariff (RMB/kWh)	Subsidy policy	Term of concession rights
Tongzhou Project	50	26,256.35	0.65	Note	27 years
Shantou Project	60	32,942.72	0.65	Note	30 years
Huizhou Phase II Project	85	35,089.20	0.65	Note	29 years

Note: According to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》(發改價格[2012]801號)), for waste-to-energy projects using municipal waste as raw materials, the portion not exceeding on-grid electricity of 280 kWh per ton of municipal waste implements a national waste-to-energy benchmark on-grid price of RMB0.65 per kWh (inclusive of tax). The portion of waste-to-energy benchmark price exceeding on-grid benchmark tariff of local desulfurization coal-fired electricity generation units is subject to two-tier sharing. Of which, the local provincial power grid bears at a rate of RMB0.1 per kWh, being the “provincial subsidies”; while the remaining portion is included in the nationally collected additional subsidies for renewable energy tariff, being the “national subsidies”.



## IV. Management Discussion and Analysis (Continued)

### 3. Equipment

Project name	Incineration equipment	Power equipment	Flue gas treatment system
Tongzhou Project	3X750 expeller grate waste incinerator	2X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device, bag filter and SCR denitration in SNCR furnace
Shantou Project	3X750 expeller grate waste incinerator	1X35MW+1X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device and bag filter in SNCR furnace
Huizhou Phase II Project	4X850 expeller grate waste incinerator	1X40MW+1X45MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device, bag filter and SCR + wet denitration in SNCR furnace

### 4. Market share

According to the latest information disclosed in the 2024 Statistical Yearbook of China Urban and Rural Construction, the waste incineration capacity in cities and counties nationwide was 268,036,500 tons in 2024. In 2024, the Company's waste incineration treatment was 14,382,400 tons, accounting for 5.37% of the total treatment amount.

## (V) Investment analysis

### Overall analysis of external equity investments

Applicable  Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change (%)
13,900,000.00	37,500,000.00	-62.93

1. *Material equity investments*  
 Applicable  Not Applicable
2. *Material non-equity investments*  
 Applicable  Not Applicable



#### IV. Management Discussion and Analysis (Continued)

3. *Financial assets measured at fair value*

Applicable  Not Applicable

Investment in securities

Applicable  Not Applicable

Explanation on investment in securities

Applicable  Not Applicable

Investment in private equity funds

Applicable  Not Applicable

Investment in derivatives

Applicable  Not Applicable

4. *Specific progress of major asset restructuring and integration during the Reporting Period*

Applicable  Not Applicable

5. *Details of future material investment or capital assets plan*

As at 31 December 2025, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the Company had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability. Please refer to previous announcements for the expected funding sources.

#### **(VI) Material disposal of assets and equity**

Applicable  Not Applicable



#### IV. Management Discussion and Analysis (Continued)

### (VII) Analysis of major controlling and companies invested by the Company

Applicable  Not Applicable

Major subsidiaries and invested companies affecting over 10% of net profit of the Company

Applicable  Not Applicable

RMB'0,000

Name of company	Company type	Principal business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Tongzhou Company	Subsidiary	Waste treatment and power generation	37,500	141,998.32	56,592.69	20,699.57	12,052.02	9,038.21
Shantou Company	Subsidiary	Waste treatment and power generation	21,000	113,468.91	36,351.47	20,084.11	4,236.02	3,756.48
Haining Expansion Company	Subsidiary	Waste treatment and power generation	39,000	109,929.81	52,883.59	18,063.48	6,836.34	5,901.30
Huizhou Phase II Company	Subsidiary	Waste treatment and power generation	45,000	147,703.96	77,493.33	29,690.01	15,811.84	13,842.98
Wuhan Company	Subsidiary	Waste treatment and power generation	27,948.428	115,686.25	47,367.52	21,844.23	10,273.45	9,423.57

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.48% of the total assets of the Company, the total assets of Shantou Company represented 5.17% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.01% of the total assets of the Company, the total assets of Huizhou Phase II Company represented 6.74% of the total assets of the Company, and the total assets of Wuhan Company represented 5.28% of the total assets of the Company. For the performance of each of the above investments during the Reporting Period, please refer to "Net profit" and "Operating profit" in the above table; for the Company's discussion on the investment strategies for the above investments, please refer to "5. Details of future material investment or capital assets plans" under "(V) Investment analysis" in the section.

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### (VIII) Structured entities controlled by the Company

Applicable  Not Applicable



## VI. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

### (I) Industry pattern and trends

Applicable    Not Applicable

Under the guidance of the strategic goal of ecological civilization construction, waste-to-energy industry, as a significant force for realizing the reduction, recycling and harmless treatment of domestic waste, has developed rapidly with the support of a series of policies, and its treatment capacity has been significantly improved. At present, the industry has shifted from scale expansion to a stable development period centered on high-quality development, and its growth driver has transformed from incremental expansion to refined operation, quality improvement and efficiency enhancement of existing projects. The phasing out of national subsidies and the increasingly stringent environmental emission standards have also put forward higher requirements on enterprises' technological and management capabilities. Enterprises in the industry continue to strengthen cost reduction and efficiency improvement. The comprehensive energy utilization efficiency and project economic benefits have been enhanced by proactively expanding waste sources, vigorously developing synergistic disposal of kitchen waste and sludge, etc. and strengthening non-electric businesses including heat and steam supply; at the same time, technologies such as big data and artificial intelligence are used to improve project operation efficiency and management level. With the slowdown in the release rate of new domestic production capacity, enterprises in the industry are shifting their development focus to the overseas market, focusing on countries and markets along the "Belt and Road", and the attention on overseas waste-to-energy projects continues to rise.

In July 2023, the National Development and Reform Commission, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》), which comprehensively revised and improved China's green certificate system and clearly included biomass power generation (including waste-to-energy) in the scope of green certificate issuance. In March 2025, five departments including the National Development and Reform Commission issued the Opinions on Promoting the High-Quality Development of the Renewable Energy Green Electricity Certificate Market (《關於促進可再生能源綠色電力證書市場高質量發展的意見》), which clarified the phased development goals of the green certificate market and comprehensive stimulation of the demand for green electricity consumption from the perspectives of stabilizing market supply, stimulating consumer demand, improving the trading mechanism, expanding application scenarios, and promoting going global of application. Driven by policy guidance, the demand for green certificate consumption has been continuously released. Waste-to-energy enterprises can obtain incremental income by selling green certificate, which is conducive to profit compensation for waste-to-energy projects for which the National Subsidies have expired.

In May 2025, the National Development and Reform Commission and the National Energy Administration issued the Notice on Matters Concerning the Orderly Promotion of the Development of Direct Green Power Supply (《關於有序推動綠電直連發展有關事項的通知》), which allowed new energy projects including biomass power generation to supply green power to a single electricity user through direct connection lines without directly connecting to the public power grid. In June 2025, the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the National Energy Administration jointly issued the Notice on Carrying Out the Construction of Zero-Carbon Parks (《關於開展零碳園區建設的通知》), encouraging zero-carbon parks to promote direct green power supply models direct green power connection and access of new energy to nearby grids based on local conditions, which provides an opportunity to explore new business models for waste-to-energy projects.



## IV. Management Discussion and Analysis (Continued)

The Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》) clearly proposes continuous and in-depth promotion of the tough battle against pollution, and implementation of comprehensive governance action for solid waste. In January 2026, the State Council issued the Action Plan for Comprehensive Treatment of Solid Waste (《固體廢物綜合治理行動計劃》), which made systematic arrangements in terms of reduction at source, classified management, standardized disposal, and risk prevention and control, and emphasized improving the level of recycling of solid waste and development of a circular economy. The plan proposed enhancement of policy guarantees, improvement of charging system, implementation of a waste disposal charging system, and reasonable formulation and adjustment of metered charging for non-residential kitchen waste treatment, to further improve the market mechanism for the sustainable development of the industry. With the improvement of the domestic waste disposal charging system, a sustainable development business model of “producer-pay” will be gradually established, to enhance the stability and predictability of the industry’s cash flow and reduce dependence on financial subsidies.

Looking ahead, driven by policy guidance and market competition, the waste-to-energy industry will continue to evolve towards the direction of “quality improvement and efficiency enhancement, diversified coordination, green circulation, and intelligent operation”, etc. The waste-to-energy industry will continue to play a pillar role in urban environmental infrastructure, and make positive contributions to further advancing the tough battle against pollution, promoting the development of circular economy and serving the national strategic goals of “peak carbon dioxide emissions and carbon neutrality”.

### (II) Development strategy of the Company

Applicable    Not Applicable

With serving national strategies as its fundamental orientation and high-quality development as its primary task, the Company will unswervingly strengthen, optimize and expand its core waste-to-energy business. It will continue to promote quality improvement, cost reduction and efficiency enhancement and deepen refined operation to drive diversified business development, thus to consolidate the foundation for high-quality development; and strengthen technological innovation to enhance the Company’s core competitiveness; it will also promote investment and mergers and acquisitions in a planned way to consolidate the leading position in the industry; and actively expand into overseas markets to deeply integrate into the global green development landscape and elevate the Company’s international influence, striving to become a world-class environmental protection industry group with a prominent core business, leading technologies, efficient management and an excellent brand.



## IV. Management Discussion and Analysis (Continued)

### (III) Business plan

Applicable  Not Applicable

The year 2026 is the first year for the implementation of the “15th Five-Year” strategic development plan. The Company, closely focusing on industry development trends and macro-policy orientations, will continuously deepen technological innovation, proactively promote mergers and acquisitions and restructuring, and accelerate the development of overseas markets. Multiple measures will be taken to strengthen quality improvement, consumption reduction and efficiency enhancement. The Company will strive to expand non-electric businesses such as heat and steam supply and sludge disposal, promote the “digital” construction of projects, and strengthen the collection of accounts receivable. It will continue to strengthen, optimize and expand its core business, proactively explore new relevant businesses in the energy conservation and environmental protection field, and cultivate new growth drivers, to inject new momentum into the high-quality development of the Company.

### (IV) Potential risks

Applicable  Not Applicable

#### 1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》) (發改價格[2012]801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity for settlement based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Supplementary Notice on Relevant Matters on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Cai Jian (2020) No. 426) (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》) (財建[2020]426號), noting that subsidies for biomass power generation projects by the National Renewable Energy Fund will cover only the first 82,500 hours or 15 years after the project is put into operation. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發的通知》) (發改能源[2021]1190號), proposing to divide the biomass power generation projects subsidized by the central government in 2021 into non-competitive allocation projects and competitive allocation projects. The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are noncompetitive configuration projects; the projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects. The change of national renewable energy tariff subsidy policy may have adverse effects on the Company’s profitability and cash flow.



## IV. Management Discussion and Analysis (Continued)

The Company will pay close attention to policy developments and convey our desire to maintain policy stability through industry organizations. The Company will develop heating business according to local conditions and expand the source of income. When negotiating a franchise agreement, the Company will supplement corresponding terms, through which, if there is a major change in the external policy, the loss can be compensated by raising the garbage disposal fees.

### 2. Risk of environmental protection policies

The waste-to-energy business conducted by the Company is strictly regulated by the environmental protection departments at all levels in the country. In recent years, the environmental pollution problems have become increasingly prominent in the PRC. On the one hand, the government has introduced favourable policies to support the rapid development of the environmental protection industry, and on the other hand, it has also strengthened the supervision on the environmental protection industry. The Company operates in strict compliance with the relevant requirements of the environmental protection departments. As the government has been raising the environmental protection standards, the Company's investment in environmental protection will correspondingly increase, which may adversely affect the operations, profitability and cash flows of the Company. The Company will increase power generation through technology research and development, facility renovation and improvement of operation management to offset the adverse impact of rising costs in environmental protection.

### 3. Risk of tax policies

The Company and its subsidiaries rely on the government's policies in respect of the environmental protection industries to enjoy tax incentives for certain taxes such as corporate income tax and value-added tax. From 2024 to 2025, the Company enjoyed total tax incentives of RMB181,101,000 and RMB191,589,700 respectively, accounting for 25.65% and 24.25% of the total profit of the Company for the year. If the country reduces the tax incentives for the environmental protection industries in the future, the operations, profitability and cash flows of the Company may be adversely affected.

The Company will pay close attention to policy developments and convey our desire to maintain policy stability through industry organizations. When negotiating a concession agreement, the Company will supplement corresponding terms that if there is a major change in the external policy, the loss can be compensated by raising the garbage disposal fees.

### 4. Risk of delayed settlement of accounts receivable

Since the Company's main customers are local government departments and enterprises under state-owned power grid companies with good credit standing, the default probability of accounts receivable is small. However, with the expansion of the Company's business scale and increase in pressure on financial payments of government, the extension of settlement cycle of the national renewable energy subsidies and the waste treatment fees in certain areas, the Company's accounts receivable may continue to increase. If the accounts receivable cannot be collected in time, it may adversely affect the Company's cash flow and operating results.

The Company focuses on establishing a harmonious relationship with customers, strengthening communication with customers, and assigning the responsibilities of projects in relation to collection of accounts receivable in order to promote timely collection of accounts receivable.



## IV. Management Discussion and Analysis (Continued)

### 5. Risk of negative public perceptions on waste-to-energy business

The public may have a negative perception on waste-to-energy business. The public may be worried that the construction and operation of the projects may cause secondary pollution to the surrounding environment. With regards to this, the NDRC added a social stability risk assessment procedure in the project approval procedures, and the Ministry of Ecology and Environment also strengthened the requirements for environmental impact assessment and further regulated the environmental impact assessment hearings and public investigation procedures. The “Not in My Back Yard” effect and the strict regulatory policies of the government intensify the difficulty of project site selection, leading to an increase in project preparation time and costs. If the negative public perceptions on waste-to-energy business are further aggravated in the future, the profitability of the Company may be adversely affected as a result of increased difficulty of operation.

The Company will discharge pollutants strictly according to environmental protection standards and will publish emission data to public. The Group will organize community residents to visit the waste-to-energy plants operated by the Group to provide the public with a deeper understanding of waste-to-energy business.

### 6. Risk of unstable supply and calorific value of municipal solid waste

The operating efficiency of a waste-to-energy plant depends on the supply and calorific value of municipal solid waste. Municipal solid waste is mainly transported by the local government to the waste-to-energy plant of the Company by land transportation. The supply is mainly affected by the local waste collection system and the size of local population. If the local government lacks or fails to establish a complete waste collection and delivery system on time, it will not be able to supply the Company with consistent and stable supply of municipal solid waste, which may result in insufficient capacity utilisation of the Company. The waste classification being promoted will also affect the waste supply. In addition, the calorific value of waste will also affect the amount of electricity generated by waste-to-energy plants. If the calorific value of municipal solid waste is low, the amount of electricity generated cannot be guaranteed. Therefore, the instability of the supply and calorific value of municipal solid waste may affect the operational efficiency of the waste-to-energy plants of the Company, which will adversely affect the operations and profitability of the Company.

Before signing concession agreements, the Company conducts a full evaluation and analysis of the quantity and calorific value of the wastes provided by the government to ensure that wastes are provided in accordance with the quantity and quality reasonably agreed in the concession agreement. In the case of insufficient quantity of garbage and insufficient calorific value, the Company will actively search for domestic garbage and pollution-free combustion material in the garbage supply area and surrounding areas. In addition, as agreed in the concession agreement, if the amount of garbage is lower than the guaranteed value, the government will pay the fee at the guaranteed value to the Company.



#### IV. Management Discussion and Analysis (Continued)

##### **7. Risk of cost overruns and delays in the construction of the BOT projects of the Company**

The cost and progress of the project construction are affected by a number of unfavourable factors, including price fluctuations in construction materials, equipment and components, shortages in the supply of equipment, materials or manpower, strikes and labour disputes, unexpected engineering, design, environmental or geological issues, impact of supporting infrastructure facilities, unexpected increase in costs, the “Not in My Back Yard” effect and others. These factors may be beyond the control of the Company, which may lead to cost overruns and delays in the construction of the BOT projects of the Company, which may in turn result in the Company’s failure to achieve the expected returns and adversely affect the operations and financial conditions of the Company.

The Company pays attention to the establishment of a harmonious relationship with the government agencies related to the project and urges the government to complete all legal procedures and ancillary infrastructure facilities of the project. The Company clearly stipulated in the concession agreement that if the project construction conditions are not reached, or the project is suspended, the construction period is delayed, and the cost is increased due to the reasons caused by the government, then the government should compensate the project investors accordingly. In addition, the Company selects suppliers meticulously, demands the construction units to keep a high level of attention to project construction, increases investment in personnel and equipment, and forms a strong project management team.

##### **8. Risk of substandard performance in environmental protection**

In the course of project construction and operation, the Company may be subject to environmental pollution risks such as air pollution, noise pollution, harmful substances, sewage and solid waste discharge. Although the Company has adopted measures such as waste gas purification, waste water and solid waste treatment and noise prevention to avoid or minimize the potential adverse impact of its projects on the environment, environmental pollution risks may still exist due to equipment failures or human errors in the actual production and operation processes of the project companies, which may adversely affect the operations, brand reputation and profitability of the Company.

The Company attaches great importance to environmental protection compliance, starting with corporate culture, management system, financial budget as well as supervision and assessment to ensure that the Company’s emissions meet the standards.

#### **(V) Others**

Applicable     Not Applicable



## VII. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE RULES, NATIONAL SECRETS OR SPECIAL REASONS

Applicable  Not Applicable

## VIII. OTHER DISCLOSURE

### (I) Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the Group's total comprehensive income attributable to the shareholders of the Company was RMB617,500,625.79 (corresponding period in 2024: RMB585,082,147.27). The increase was mainly due to an increase in net profit.

### (II) Foreign exchange risks and exchange gains and losses

The functional currency of the Company is Renminbi while a portion of funds is in the form of bank deposits denominated in Hong Kong dollars. Therefore, it may be subject to the risks of exchange rate fluctuations of the Renminbi and Hong Kong dollars. Apart from the above, most of the assets and transactions of the Company are denominated in Renminbi, and the Company mainly settles its operating expenses in the PRC with income generated in Renminbi, thus the Company is not exposed to any significant foreign exchange risks. The Company currently has no hedging policy with respect to the foreign exchange risks.

### (III) Use of proceeds

For details of the use of proceeds during the Reporting Period, please refer to "XIV. Progress of use of proceeds" under "VI. Significant Events".



## IV. Management Discussion and Analysis (Continued)

### (IV) Final dividend

The Board proposed to pay a dividend of RMB0.22 (before tax) per share for the year ended 31 December 2025 (“**2025 Final Dividend**”), totaling approximately RMB314,728,600. According to the Articles of Association of the Company, the dividend shall be denominated and declared in Renminbi. The proposed Final Dividend is subject to approval by shareholders at the forthcoming annual general meeting (“**AGM**”). Dividend on domestic shares of the Company will be paid in Renminbi while dividend on H shares will be paid in Hong Kong dollars. The exchange rate shall be the average central parity rate of the applicable foreign exchange rate announced by the People’s Bank of China for the seven days before and including the date of the AGM. The payment of 2025 Final Dividend is subject to the consideration and approval by shareholders at the AGM, which is expected to be paid by 3 July 2026. Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Announcement of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (SAT Announcement [2019] No. 35) (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For the individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)). Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.



## IV. Management Discussion and Analysis (Continued)

### (V) AGM

The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated on the Articles of Association and the Stock Exchange Listing Rules when appropriate.

### (VI) Closure of register of members

In order to determine the shareholders entitled to the 2025 Final Dividend, the register of holders of H shares of the Company will be closed from Thursday, 11 June 2026 to Tuesday, 16 June 2026, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the 2025 Final Dividend (subject to approval by shareholders at the AGM), all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Wednesday, 10 June 2026, being the last share registration date.

### (VII) Professional tax advice recommended

If the shareholders of the Company have any doubt about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

### (VIII) Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC (the jurisdiction in which the Company was established) which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

### (IX) Fixed assets

Details of movements in the fixed assets of the Company during the Reporting Period are set out in Note V(XII) to the financial statements.

### (X) Reserve

Details of movements in the reserve of the Company during the Reporting Period are set out in the consolidated statement of changes in equity in the financial statements of this report.

### (XI) Distributable reserve

During the Reporting Period, the Company's reserve available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to RMB2,002,792,733.28. In addition, none of the Company's share premium account is available for distribution as dividends by way of capitalization issues.

### (XII) Permitted indemnity provision

The Company did not have any arrangement with a term providing for indemnity against liability incurred by the Director during their tenure as such. During the Reporting Period, the Company has taken out liability insurance for the Directors and senior management.



## IV. Management Discussion and Analysis (Continued)

### **(XIII) Charitable donation**

During the Reporting Period, the Company did not make any charitable donation.

### **(XIV) Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

### **(XV) Equity-linked agreement**

During the Reporting Period, the Company did not enter into any equity-linked agreements.

### **(XVI) Competing business**

During the Reporting Period, none of the Directors, chief executive or the shareholders of the Company or their respective associates engage in or are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company.

### **(XVII) Remuneration for Directors and five highest paid employees**

Details of the emoluments for Directors and five highest paid employees are set out in Note XII(IV).

During the Reporting Period, no Director waived or agreed to waive any emoluments.

### **(XVIII) Change of auditor**

In view of the recent public information and considering the Company's existing business situation and the demand for audit services, the Board meeting held on 30 October 2024 resolved to propose the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as new auditor of the Company for the year 2024. The general meeting of the Company held on 20 December 2024 passed the above proposed appointment. PricewaterhouseCoopers Zhong Tian LLP resigned as the auditor of the Company with effect from 30 October 2024.

Save as disclosed above, the Company did not change its auditors in the past three years.

### **(XIX) Significant events after the Reporting Period**

For significant events after the Reporting Period, please refer to IX Financial Report Note to 2025 financial statements – XIV. Events after the Balance Sheet Date.



#### IV. Management Discussion and Analysis (Continued)

### **(XX) Quality improvement, efficiency enhancement and focus on returns**

As a proactive response to the Initiative on Carrying Out the Special Action of “Quality Improvement, Efficiency Enhancement and Focus on Returns” for Companies Listed on the Shanghai Stock Exchange of the Shanghai Stock Exchange, the Company disclosed the Special Action of “Quality Improvement, Efficiency Enhancement and Focus on Returns” for 2024 in July 2024. In 2025, the Company focused on improving the quality and efficiency of its projects under operation, with a steady increase in profitability. It has proactively expanded waste disposal business and proceeded with co-processing of sludge, leading to a steady improvement in capacity utilization; the Company has vigorously expanded its steam supply business, with cumulative steam supply of 1,120,500 tons in 2025, representing a year-on-year increase of 98.81%; it has realized the purification and sales of biogas from leachate; the expanded scope of centralized procurement reduced the procurement costs of environmental protection consumables and spare parts; through optimizing refined management, the usage of environmental protection consumables and auxiliary fuels was reduced; it has proactively expanded financing channels and strived to reduce the Company’s finance costs through methods such as loan replacement; the Company has continued to strengthen the research and development of waste-to-energy related technologies and promote the digital transformation of projects. Without new projects put into production, the Company achieved revenue of RMB3.534 billion throughout the year, representing a year-on-year increase of 3.97%, and net profit attributable to the shareholders of the Company of RMB618 million, representing a year-on-year increase of 5.54%.

The Company attaches great importance to cash returns to investors. In August 2024, it disclosed the Shareholders’ Return Plan for the Next Three Years (2024-2026). The plan clearly states that on the premise of meeting the cash dividend conditions and ensuring the Company’s normal operation and long-term development, the profit distributed in cash by the Company each year in the next three years shall be no less than 40%, 45% and 50% of the distributable profit realized in the current year respectively, so as to stabilize investors’ return expectations. The Company distributed cash dividends in a total amount of RMB454 million in 2025, accounting for 73.53% of the net profit attributable to shareholders of the Company in 2025, to truly share the development results with shareholders.

In terms of investor relations management, the Company attaches great importance to two-way communication with investors. During the Reporting Period, it maintained high-frequency communication with investors through channels such as holding performance briefings, attending strategy meetings of securities dealers, receiving investor research visits, SSE e-Interaction, and hotline calls, to proactively answer investors’ questions and earnestly listen to investors’ reasonable suggestions, so as to continuously improve the transparency of corporate governance.

In the future, the Company will continue to implement the various requirements under the action plan of “Quality Improvement, Efficiency Enhancement and Focus on Returns”, and continuously improve the quality of operation and the level of returns to shareholders.

**Chairman: Cheng Suning**

27 March 2026



## V. Corporate Governance, Environment and Society

### I. CORPORATE GOVERNANCE

Applicable  Not applicable

As a company listed on both the SSE and the Stock Exchange, the Company strictly complies with the requirements of laws, regulations and normative documents of the places where its shares are listed, operates in a standardized manner, and continuously improves its corporate governance structure and institutional system.

In accordance with the requirements of laws, regulations and normative documents such as the Company Law, the Securities Law, and the Code of Corporate Governance for Listed Companies, the Company has established a sound corporate governance structure consisting of the general meeting, the Board and the management. It has formulated a series of corporate governance rules and systems including the Articles of Association, the Rules of Procedure for General Meeting, the Rules of Procedure for the Board, the Working System for Independent Directors, the Working Rules for the General Manager, and the Working Rules for the Secretary of the Board, forming a corporate governance mechanism with clear powers and responsibilities, standardized operation, coordinated operation and effective checks and balances. Under the Board, the Company has set up four special committees, i.e. the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, to assist the Board in performing its decision-making and supervision functions.

During the Reporting Period, in accordance with relevant laws and regulations and based on the Company's actual conditions, the Company revised the Articles of Association, the Rules of Procedure for General Meeting, the Rules of Procedure for the Board, the Working Rules of the Audit and Risk Management Committee of the Board, the Working Rules of the Remuneration and Appraisal Committee of the Board, the Working Rules of the Nomination Committee of the Board, and the Measures for Implementation of the Term System and Contractual Management of Management Members, and completed the reform of the supervisory committee; after the abolition of the supervisory committee, the Audit and Risk Management Committee took over the original responsibilities of the supervisory committee, further optimizing the Company's corporate governance structure, strengthening the supervision function, and promoting the continuous improvement of the Company's corporate governance level.

During the Reporting Period, the Company was not aware of any insider trading of the shares of the Company by taking advantage of inside information by the persons with insider information, and no investigation was conducted by regulatory authorities against insider trading of shares by the persons with insider information.

Does corporate governance significantly deviate from laws, administrative regulations and relevant CSRC provisions on governance of listed companies? If so, please explain the reason

Applicable  Not applicable



## II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION, BUSINESS, ETC., AND THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS THAT AFFECT THE COMPANY'S INDEPENDENCE

Applicable  Not applicable

Engagement in the business which is the same or similar to that of the Company by the controlling shareholder, beneficial controller or other units under their control, the impact of horizontal competition or major changes in horizontal competition on the Company, the resolution measures that have been taken, the progress of the resolution and the follow-up resolution plan

Applicable  Not applicable

## III. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the “**CG Code**”)\* in Appendix C1 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the year ended 31 December 2025, save as disclosed in “VIII. Chairman and General Manager” in this section, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

\* *The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.*



## V. Corporate Governance, Environment and Society (Continued)

### IV. DIRECTORS AND SENIOR MANAGEMENT

#### (I) Information on the Change of Shareholdings and on the Remuneration of Current Directors and Senior Management, and of Directors and Senior Management Resigned during the Reporting Period

✓ Applicable    □ Not applicable

Unit: share

Name	Position	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/decrease in shareholding during the year	Reason for change in shareholding during the year	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from the related parties of the Company
Cheng Suning	Chairman	Male	41	2025-10-15	2027-09-19	-	1,000,000	1,000,000	Implementation of equity incentive	83.56	No
	Director			2025-05-16	2027-09-19						
	General Manager			2025-02-24	2027-09-19						
Qiao Dewei	Chairman (Resigned)	Male	59	2012-04-11	2025-4-11	-	-	-	25.58	No	
Zhao Zhixiong	Director	Male	59	2024-06-21	2027-09-19	-	-	-	-	-	Yes
Liu Shuguang	Director (Resigned)	Male	57	2012-04-11	2025-04-10	-	-	-	-	-	Yes
Hu Tianhe	Director	Male	34	2024-09-20	2027-09-19	-	-	-	-	-	Yes
Yan Chunxu	Director	Male	53	2024-09-20	2027-09-19	-	-	-	-	-	Yes
Hu Yong	Director	Male	43	2025-05-16	2027-09-19	-	-	-	-	-	Yes
Hu Shengyong	Director	Male	56	2014-11-07	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No
Zhou Beihai	Independent Director	Male	62	2021-11-10	2027-09-19	-	-	-	-	8.00	No
Ouyang Jiejiao	Independent Director	Female	53	2024-04-29	2027-09-19	-	-	-	-	11.06	No
Zheng Zhiming	Independent Director	Male	59	2024-09-20	2027-09-19	-	-	-	-	8.00	No
Xi Qiang	Deputy General Manager	Male	47	2019-10-10	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No



## V. Corporate Governance, Environment and Society (Continued)

Name	Position	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/decrease in shareholding during the year	Reason for change in shareholding during the year	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from the related parties of the Company
Hao Jingli	Deputy General Manager	Male	58	2019-10-10	2027-09-19	3,000	653,000	650,000	Implementation of equity incentive	65.12	No
Zhang Yong	Deputy General Manager	Male	54	2017-01-01	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No
Huang Jianzhong	Deputy General Manager	Male	59	2012-04-11	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No
Zhu Shuguang	Deputy General Manager and Secretary to the Board	Male	50	2017-01-01	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No
Zhang Wei	Chief engineer	Male	58	2019-10-10	2027-09-19	-	650,000	650,000	Implementation of equity incentive	64.78	No
Yi Zhiyong	Chief Financial Officer	Male	51	2021-03-31	2027-09-19	-	650,000	650,000	Implementation of equity incentive	65.12	No
Liu Lin	General manager assistant	Male	43	2023-12-20	2027-09-19	85,900	735,900	650,000	Implementation of equity incentive	61.88	No
Pi Siwei	General counsel and security director	Male	54	2023-12-20	2027-09-19	-	650,000	650,000	Implementation of equity incentive	61.41	No
Total	/	/	/	/	/	88,900	7,588,900	7,500,000	/	780.11	/

Note: The total pre-tax remuneration of the Company's executive Directors and senior management disclosed above includes the pensions and housing provident fund paid by the Company. The annual remuneration assessment of the Company's executive Directors and senior management is subject to consideration, and will be separately disclosed upon approval. The above total pre-tax remuneration received from the Company during the Reporting Period does not include the performance remuneration for 2025.



## V. Corporate Governance, Environment and Society (Continued)

Name	Major Working Experience
Cheng Suning	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zhao Zhixiong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Hu Tianhe	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Yan Chunxu	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Hu Yong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Hu Shengyong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zhou Beihai	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Ouyang Jiejiao	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zheng Zhiming	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Xi Qiang	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Hao Jingli	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zhang Yong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Huang Jianzhong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zhu Shuguang	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Zhang Wei	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Yi Zhiyong	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Liu Lin	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section
Pi Siwei	For details, please refer to “(II) 1. Resume of Current Directors and Senior Management” in this section

Other explanations

Applicable  Not applicable



## (II) Information on the positions of current Directors and senior management, and of Directors and senior management resigned during the Reporting Period

### 1. Resume of Directors and Senior Management during the Reporting Period

#### (1) Directors

Mr. CHENG Suning (成蘇寧), aged 41, has served as the General Manager of the Company since February 2025, as an executive Director and acting chairman (legal representative) of the Company since May 2025, and as the chairman and legal representative of the Company and acting general manager since October 2025. From April 2013 to April 2018, Mr. Cheng served as project director, project manager and senior project manager of the Urban Functions and Social Utilities Investment Department of Beijing State-owned Assets Management Co., Ltd.. From April 2018 to November 2020, Mr. Cheng was the deputy general manager of the Urban Functions and Social Utilities Investment Department of Beijing State-owned Assets Management Co. Ltd.. From November 2020 to February 2023, Mr. Cheng was the department manager of the Urban Functional Industry Investment Department (formerly known as the general manager of the Urban Functional and Social Utilities Investment Department) of Beijing State-owned Assets Management Co. Ltd.. From February 2023 to February 2025, Mr. Cheng was the department manager of the Financial Services Department (formerly known as the department manager of the Financial Industry Investment Department) of Beijing State-owned Assets Management Co. Ltd.. From October 2018 to May 2023, he concurrently served as a director of Dynagreen Environmental Protection Group Co., Ltd. From December 2023 to April 2025, Mr. Cheng served as a director of Bank of Beijing Limited (a company listed on the Shanghai Stock Exchange (stock code: 601169)). Mr. Cheng graduated from the University of Illinois at Chicago with a master's degree in Business Administration specializing in finance. Mr. Cheng is the chairman of the Strategy Committee of the Company.

Mr. ZHAO Zhixiong (趙志雄), aged 59, has served as a non-executive director of the Company since June 2024. From July 1988 to October 1999, Mr. Zhao successively served as an assistant engineer, an engineer and the deputy director of the Civil Engineering Institute of North China Municipal Engineering Design & Research Institute\* (中國市政工程華北設計研究院); from October 1999 to August 2001, he served as the general manager of Beijing Zhongji Hengye Real Estate Development Co., Ltd.\* (北京中基恒業房地產開發有限公司); from August 2001 to April 2002, he served as the executive deputy general manager of Beijing Yongda Real Estate Development Co., Ltd.\* (北京永達房地產開發有限公司); from April 2002 to December 2003, he served as the deputy general manager of Beijing Liangxiang Higher Education Park Real Estate Development Co., Ltd.\* (北京良鄉高教園區房地產開發有限公司); from December 2003 to September 2007, he successively served as the deputy general manager and the executive deputy general manager of the National Swimming Center Project Branch of Beijing State-owned Assets Management Co., Ltd.; from September 2007 to December 2013, he successively served as a director and general manager and an executive director and general manager of Beijing National Aquatics Center Company Ltd.\* (北京國家游泳中心有限責任公司); from December 2013 to November 2021, he successively served as an executive deputy general manager, a director, general manager and chairman of Beijing Science Park Development (Group) Co., Ltd.\* (北京科技園建設(集團)股份有限公司); from November 2021 to July 2022, he served as the executive deputy director of the Office of the Winter Olympics Work Leadership Group of Beijing State-owned Assets Management Co., Ltd.; from July 2022 to April 2024, he successively served as the executive deputy general manager, a director and executive deputy general manager of Beijing National Speedskating Stadium Management Corporation Limited\* (北京國家速滑館經營有限責任公司); he has been a designated director or supervisor assigned to investee companies of Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) since April 2024. Mr. ZHAO Zhixiong graduated from Tianjin University with a bachelor's degree. Mr. ZHAO is a member of the Audit and Risk Management Committee of the Company.



## V. Corporate Governance, Environment and Society (Continued)

Mr. HU Tianhe (胡天河), aged 34, has served as a non-executive Director of the Company since September 2024. From July 2019 to March 2023, he successively served as analyst and senior analyst of the Industrial Investment Department of Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司); he has been the investment manager of the Industrial Investment Department of Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司) since March 2023. Mr. HU graduated from Tsinghua University with a master's degree.

Mr. YAN Chunxu (燕春旭), aged 53, has served as a non-executive Director of the Company since September 2024. From April 2002 to June 2006, he served as the branch president of Bank of Hebei; from July 2006 to March 2009, he served as the deputy general manager of Hebei Branch of Zhongkezhong Holdings Group (中科智控股集團); from April 2009 to June 2012, he served as the regional general manager of Hebei of Fullerton Financial Holding (富登金控); from July 2012 to June 2015, he served as the vice president of JHT Group (金匯通集團); from July 2015 to July 2017, he served as the senior director of Lufax (Shijiazhuang) (a member of Shijiazhuang Party Committee of Ping An Group); and he has been the investment manager of the product investment department of Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司) since August 2017. Mr. YAN graduated from Tianjin University with a bachelor's degree. Mr. YAN is a member of the Remuneration and Appraisal Committee of the Company.

Mr. Hu Yong, aged 43, has served as a non-executive Director of the Company since May 2025. He was an assistant manager of KPMG Huazhen LLP from September 2008 to July 2011, a senior manager of risk and compliance department of Tianjin Yufeng Equity Investment Management Co.\* (天津裕豐股權投資管理有限公司) from July 2011 to July 2015, the general manager of risk and compliance management department of Shenzhen Jingxin Jialong Investment Management Co.\* (深圳京信嘉隆投資管理有限公司) from August 2015 to July 2018. Since July 2018, he has been the manager of assets management department of Beijing Industrial Developing Investment Management Co., Ltd.\* (北京工業發展投資管理有限公司) which is a subsidiary of BSAM, the controlling Shareholder of the Company. Since June 2021, he has been a director of BAIC BluePark New Energy Technology Co., Ltd.\* (北汽藍谷新能源科技股份有限公司), a company listed on the Shanghai Stock Exchange with stock code: 600733. Mr. Hu Yong graduated from Beijing International Studies University and obtained his master's degree. Mr. Hu is a member of the Strategy Committee of the Company.

Mr. HU Shengyong (胡聲泳), aged 56, has served as an executive Director and the Chief Financial Officer of the Company since November 2014, and resigned as the Chief Financial Officer of the Company in March 2021. Mr. HU worked at the finance department of Wuhan Zhengxin State-owned Assets Management Company (武漢正信國有資產經營有限公司) ("Zhengxin Company") from August 1996 to November 2000; he served as the chief accountant at Wuhan Unity Laser Co., Ltd. (武漢團結鐳射股份有限公司) from November 2000 to May 2001 and served as director of the general office of the chief financial officer and a manager of Department of Auditors of Zhengxin Company from May 2001 to March 2004; Mr. HU served as the president assistant as well as the general manager of the Audit Department of Wuhan Securities (武漢證券公司) from April 2004 to September 2005, and served as the general manager of the Central China Region of Sunrise Environmental Protection Group (晨興環保集團公司華中區) from September 2005 to August 2008; between August 2008 and January 2010, Mr. HU served as the president assistant of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company); from January 2010 to April 2012, Mr. HU served as the Chief Financial Officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company); from April 2012 to December 2013, Mr. HU concurrently served as the Secretary of the Board of the Company; Mr. HU served as the Chief Financial Officer of the Company from April 2012 to March 2021; since March 2021, Mr. HU has served as the deputy secretary of the Party committee of the Company. Mr. HU graduated from China University of Geosciences (中國地質大學) with an Engineering Bachelor's degree majoring in Economic Management Engineering. Mr. HU qualified as a senior accountant, the certificate of which was issued by Senior Evaluation Committee of Accounting Profession of Hubei Province (湖北省會計專業高級評委會) in March 2003. Mr. Hu is a member of the Nomination Committee of the Company.



## V. Corporate Governance, Environment and Society (Continued)

Mr. ZHOU Beihai (周北海), aged 62, has served as an independent non-executive Director of the Company since November 2021. Mr. ZHOU Beihai carried out research on solid waste landfill technology at the University of Fukuoka in Japan from March 1992 to March 1994, and conducted research on photocatalysis water treatment technology at Saitama University in Japan from January 1995 to March 1995. He served as the director of the Registration and Management Centre for the solid waste under the State Administration of Environmental Protection (國家環保總局固體廢物登記管理中心) from October 1996 to August 2001, and served as the senior diplomatic officer of science and technology at the Chinese Embassy in Japan from September 2001 to December 2004. Mr. ZHOU Beihai served as the professor at the School of Energy and Environmental Engineering of University of Science and Technology Beijing from January 2005 to June 2023. He has served as an independent director of Yunnan Water Investment Co., Limited (雲南水務投資股份有限公司) (06839.HK) since October 2020. Mr. Zhou graduated with a doctoral degree from Tsinghua University. Mr. Zhou is the chairman of the Nomination Committee and a member of the Remuneration and Appraisal Committee and the Strategy Committee.

Ms. OUYANG Jiejiao (歐陽戒驕), aged 53, has served as an independent non-executive Director of the Company since April 2024. Ms. OUYANG is a member of the Association of Chartered Certified Accountants. From November 2014 to September 2017, she served as the investor relations manager, deputy chief financial officer and chief financial officer of NNK Group Limited (03773.HK); from September 2017 to November 2019, she served as the chief financial officer of IDT International Limited (00167.HK); and from January 2020 to December 2022, she served as the deputy general manager of Leader Ship Technology Co., Ltd. Since August 2023, she has been working at Daodaoquan Grain and Oil Co., Ltd. (002852.SZ) at the rank of deputy general manager, mainly responsible for financial management and investment and financing related matters. Ms. OUYANG graduated from Cheung Kong Graduate School of Business with a master's degree in July 2022. Ms. OUYANG is the chairman of the Audit and Risk Management Committee and a member of the Nomination Committee of the Company.

Mr. ZHENG Zhiming (鄭志明), aged 59, has served as an independent non-executive Director of the Company since September 2024. From February 1989 to March 1999, he worked in Renmin North Sub-branch and Futian Sub-branch of Shenzhen Branch of Agricultural Bank of China, and successively served as a counter teller, accountant, credit auditor, deputy director of office, director of office, director of asset management department, and credit audit specialist; from April 1999 to April 2008, he successively served as the director of the business department, the director of the comprehensive management department and the assistant to the branch president of Shennan Subbranch of Shenzhen Commercial Bank; from January 2009 to August 2012, he served as a full-time lawyer of Guangdong Weiqiang Law Firm (廣東偉強律師事務所); from September 2012 to December 2015, he served as a full-time lawyer and partner of Guangdong Haibu Attorneys-At-Law (廣東海埠律師事務所). He has been the chief lawyer of Guangdong Fanggen Law Firm (廣東方根律師事務所) since December 2015. He has served as an independent director of Huizhou Renxin New Material Co., Ltd. (stock code: 301395) since November 2023. Mr. ZHENG graduated from Shenzhen University with a bachelor's degree. Mr. ZHENG is the chairman of the Remuneration and Appraisal Committee and a member of the Audit and Risk Management Committee of the Company.



## V. Corporate Governance, Environment and Society (Continued)

### (2) Senior management

Mr. Cheng Suning currently serves as the General Manager of the Company. Please refer to the sub-section headed “Directors” in this annual report for biographical details of Mr. Cheng.

Mr. XI Qiang (奚強), aged 47, currently serves as a deputy general manager of the Company. Mr. XI successively served as the shift supervisor of the power general department of Taicang Xinhaikang GCL Thermal Power Co., Ltd. of GCL Group (協鑫集團太倉新海康協鑫熱電有限公司), the manager of operation department of Jiaying GCL Thermal Power Co., Ltd. (嘉興協鑫熱電有限公司), the head of Taicang GCL Waste-to-energy Co., Ltd. (太倉協鑫垃圾焚燒發電有限公司) and a deputy general manager of Dongguan Zhongke Environmental Power Co., Ltd. (東莞中科環保電力有限公司) from September 1997 to July 2009; he served as the director of operations and technology management at the head office in China of C&G Environmental Protection (China) Co. Ltd. (創冠環保(中國)有限公司) from July 2009 to October 2011 and successively served as the general manager of Jiamusi Project Company and director of engineering and technology department of Guangyuan Promising Environmental Protection Company Limited from October 2011 to March 2014; he served as the general manager of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from March 2014 to April 2015. Mr. XI served as the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from April 2015 to January 2019, during which he concurrently served as the general manager of Hong'an Project Company from October 2016 to August 2018; he served as the general manager of operation management center and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to August 2019. Mr. XI served the general manager of the operation management center of Dynagreen Environmental Protection Group Co., Ltd. from August 2019 to June 2020. Since October 2019, he has been a deputy general manager of the Company. Mr. XI holds an undergraduate degree in management and is a senior engineer and intermediate economist.

Mr. HAO Jingli (郝敬立), aged 58, currently serves as a deputy general manager of the Company. Mr. HAO successively served as a technician, an engineer specialized in thermal control, a project production manager and a deputy project manager of Heilongjiang First Thermal Power Company (黑龍江省火電一公司) from July 1990 to March 2007; he successively served as a deputy general manager of Changzhou Project Company, a deputy general manager of engineering management department (presiding over work), and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from March 2007 to March 2014; Mr. HAO served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. and concurrently served as the general manager of Wuhan Project Company, the general manager of Tongzhou Project Company and the general manager of Miyun Project Company from March 2014 to January 2019; he served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to October 2019. Since October 2019, he has been a deputy general manager of the Company. Mr. HAO holds an undergraduate degree and is a senior engineer.



## V. Corporate Governance, Environment and Society (Continued)

Mr. ZHANG Yong (張勇), aged 54, is the deputy general manager of the Company. Mr. ZHANG was a technical management staff of Sichuan Qingyan Machinery Plant (State-owned 5027 Plant) (四川慶岩機械廠 (國營5027廠)) from July 1993 to July 1994; a resident representative at factory of New Power Tech (Shenzhen) Co., Ltd (力新科技 (深圳) 有限公司) from July 1994 to October 1996; vice manager, manager and assistant to general manager of the department of quality control of Weiyong Technology (Shenzhen) Co., Ltd (維用科技 (深圳) 有限公司) from October 1996 to May 2004; the operation support director (chief operating officer) of E-Bi International Supply Chain Management Co., Ltd (億柏國際供應鏈管理有限公司) from May 2004 to September 2006; Mr. ZHANG served as the deputy officer and officer of the president's office in the Company from September 2006 to March 2014; the chairman of labor union of the Company from February 2014 to June 2019; and served as the chief operating officer and manager of the president's office from March 2014 to December 2016; from January 2017 to October 2021, he served as a deputy general manager and officer of the president's office of the Company; since October 2021, he has been the deputy general manager of the Company. Mr. ZHANG graduated from Sichuan Normal College (四川師範學院) (now known as China West Normal University (西華師範大學)) with a Bachelor of Science in July 1993, and studied Business Administration in the Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟管理學院) from September 2002 to January 2005 and obtained his Master of Business Administration and is an intermediate economist.

Mr. HUANG Jianzhong (黃建中), aged 59, is a Deputy General Manager of the Company. Between June 1989 and October 1990, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Service Home Appliances Unit (深圳市中旅家電總匯辦公室). Mr. HUANG worked at the Shenzhen China Travel Service (深圳市中國旅行社) from October 1990 to December 1991; between December 1991 and August 1993, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Services Automobile Transportation Company (深圳市中旅汽車運輸公司) and served as the assistant to general manager of Transportation Department at Shenzhen China Travel Services Eastern International Travelling Development Company (深圳市中旅東部國際旅遊開發有限公司) from August 1993 to May 1994; Mr. HUANG served as the Head of Credit-lending Section at Shenzhen Commercial Bank, Longgang Sub-branch (深圳市商業銀行龍崗支行) from May 1994 to April 1998 and served as the director of Marketing Department of Shenzhen Commercial Bank, Zhenhua Sub-branch (深圳市商業銀行振華支行) from April 1998 to August 1998; Mr. HUANG served as a deputy general manager and chief financial officer of Shenzhen Dow's Waste-to-Energy Tech Development Co., Ltd (深圳市道斯垃圾處理技術開發有限公司) from August 1998 to March 2001, and concurrently served as the deputy general manager and chief financial officer of Shenzhen Dow's Environmental Science and Technology Co., Ltd (深圳道斯環保科技有限公司) from August 1998 to March 2001; between March 2001 and December 2009, Mr. HUANG was the director, deputy general manager and chief financial officer of Dynagreen International Holding (綠色動力國際控股), and concurrently served as the chairman of the board of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2002 to September 2005 and served as a director of Blue-ocean Environment from September 2005 to December 2009, and the chairman of the board of Foshan Shunde Shuneng Garbage Power Company Limited (佛山市順德區順能垃圾發電有限公司) from November 2007 to August 2010; Mr. HUANG was the chief operational officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2010 to April 2012, and concurrently served as the general manager of Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司) from April 2010 to August 2010; Mr. HUANG has been a Deputy General Manager of the Company since April 2012. Mr. HUANG graduated from the College of Economics of Jinan University (暨南大學經濟學院) with a Bachelor's degree in Economics in Planning and Statistics in June 1989, and obtained his Master's degree in Economics from Zhongnan University of Economics & Law (中南財經政法大學) in December 2002. Mr. HUANG qualified as a Senior Operating Manager, the certificate of which was issued by Labor Bureau of Hubei Province (湖北省勞動廳), in July 2000.



## V. Corporate Governance, Environment and Society (Continued)

Mr. ZHU Shuguang (朱曙光), aged 50, is currently the Secretary of the Board and a Deputy General Manager of the Company. Mr. ZHU worked at China Securities (華夏證券) before March 2002; he worked in securities investment while working at Shenzhen Han's Laser Technology Co., Ltd. (深圳市大族激光科技股份有限公司) from August 2002 to March 2004; between April 2004 and August 2008, Mr. ZHU was the deputy general director of Department of Securities of Shenzhen Baoneng Group (深圳市寶能投資集團有限公司); Mr. ZHU was a manager of Department of Securities of AVIC Sanxin Co., Ltd. (中航三鑫股份有限公司) as well as deputy general manager and secretary of the board of Shenzhen JMT Glass Co., Ltd. (深圳三鑫精美特有限公司), a subsidiary of AVIC Sanxin Co., Ltd., from August 2008 to August 2010; Mr. ZHU has been the Officer of Treasury Department of the Company from September 2010 to February 2017, and the Secretary of the Board from December 2013 to present; since January 2017, he has been the secretary to the Board, a deputy general manager and a joint company secretary of the Company. Mr. ZHU graduated from Central University of Finance and Economics (中央財經大學) with a Bachelor's degree in Economics.

Mr. ZHANG Wei (張衛), aged 58, currently serves as the chief engineer of the Company. Mr. Zhang successively served as the assistant engineer, engineer and engineer in charge of the production technology division of Guangdong Zhongshan Power Development Company (廣東中山市電力開發公司) from July 1989 to February 2004; he served as the deputy head of the production technology management department of Guangdong Zhongshan Zhongfa Power Co., Ltd. (廣東中山中發電力有限公司) from February 2004 to May 2007 and successively served as the manager of the technology department of the technology research and development center, the general manager of Zengcheng Project Company and the chief engineer of Nansha Project Company of GZ Environmental Protection Investment Group Co., Ltd. (廣州環保投資集團有限公司) from May 2007 to May 2014; Mr. ZHANG served as a deputy general manager and the chief engineer of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from May 2014 to September 2016; since September 2016, he has served as the general manager of the technology research and development department of Dynagreen Environmental Protection Group Co., Ltd. Since October 2019, he has been the chief engineer of the Company. Mr. Zhang holds a bachelor's degree in engineering and is a senior engineer.

Mr. YI Zhiyong (易智勇), aged 51, currently serves the chief financial officer of the Company. He served as the manager of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1998 to July 1999; the manager (officially dispatched) of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1999 to March 2002; the manager of the administrative personnel department of Shiji Ansoft Information Technology Co., Ltd. (世紀安軟資訊技術有限公司) from March 2002 to March 2003; and the manager of the finance department of Beijing Sunco Land Fengrun Real Estate Development Co., Ltd. (北京順馳置地豐潤房地產開發有限公司) from March 2003 to December 2005; He successively served as the financial supervisor of the financial management center, the assistant to the general manager of the financial management center and the deputy general manager of the financial management center of the Company; the person in charge of Taizhou Project Company of the Company; the general manager of the new business development department and the international business department (investment and mergers and acquisitions) of the Company; and a member of the disciplinary committee, the head of the disciplinary inspection and supervision department and the head of the disciplinary supervision department of the Company from February 2006 to March 2021. He has served as the chief financial officer of the Company since March 2021. Mr. Yi graduated from Huazhong Polytechnic University (currently known as Huazhong University of Science and Technology) with a bachelor's degree of science and economics, and is a Chinese Certified Public Accountant.



## V. Corporate Governance, Environment and Society (Continued)

Mr. LIU Lin (劉林), aged 43, currently serves as the general manager assistant of the Company. Mr. Liu started to work in July 2005 and served as the legal supervisor of Hanvon Technology Co., Ltd. (漢王科技股份有限公司), the legal counsel of AirMedia Technology (Beijing) Co., Ltd. (悅航創億傳媒技術(北京)有限公司), a lawyer of Beijing Chang An Law Firm (北京市長安律師事務所), the head of the legal department and the head of the second investment department of Beijing Capital Environmental Investment Co., Ltd. (北京首創環境投資有限公司) and the general manager of Jiujiang Shouchuang Environmental Energy Co., Ltd. (九江首創環保能源股份有限公司); from March 2017 to December 2023, he successively served as the deputy investment director of the Investment Development Department, and the deputy investment director and manager of the Investment Management Center of Dynagreen Environmental Protection Group Co., Ltd.; he has been the general manager assistant of the Company since December 2023. Mr. Liu graduated from Peking University with a master's degree.

Mr. PI Siwei (皮思維), aged 54, is the general counsel and security director of the Company. From July 1990 to August 2016, Mr. Pi served as deputy chief of the production section of the power generation plant, deputy director of the electrical workshop, deputy director of the power generation workshop, deputy director of the power generation department, deputy chief of the biotechnology section, deputy director of the ash transport workshop, day shift operation director of the desulfurization and ash transport area of the power generation plant, and day shift operation director of the power generation operation area of the power generation plant of Sichuan Panzhihua Steel Group Limited (攀枝花鋼鐵集團公司); from September 2016 to March 2025, he successively served as the operation safety and environment director of the operation management department, the manager assistant of the operation management department, the deputy manager of the operation management center (presiding over work), the manager of the operation management center and the general manager and the manager of the operation management center of Sihui Project Company of Dynagreen Environmental Protection Group Co., Ltd.; he has served as general counsel of the Company since December 2023 and as the security director of the Company since March 2025. Mr. Pi graduated from Southwestern University of Finance and Economics with a bachelor's degree, and holds a legal professional qualification certificate.

#### (4) Joint company secretaries

Mr. ZHU Shuguang is a joint company secretary of the Company. Please refer to the sub-section headed "Senior Management" in this annual report for biographical details of Mr. ZHU Shuguang.

Ms. Yim Lai Kiu ("**Ms. Yim**") graduated from City University of Hong Kong with a master's degree. She is currently an assistant manager of company secretarial services division of Tricor Services Limited. Ms. Yim has over six years of experience in the company secretary profession and is familiar with the Listing Rules of The Stock Exchange of Hong Kong Limited, the Companies Ordinance and the compliance requirements for offshore companies. She specialises in providing professional corporate secretarial, corporate governance and compliance services to Hong Kong listed companies, multinational corporations, private enterprises and offshore companies. Ms. Yim is a Chartered Secretary, an Associate of The Hong Kong Chartered Governance Institute and an Associate of The Chartered Governance Institute in the United Kingdom.



## V. Corporate Governance, Environment and Society (Continued)

### 2. Positions in Shareholder Entities

✓ Applicable     Not applicable

Name	Name of shareholder entities	Position held in shareholder entities	Starting date of term of office	Expiry date of term of office
ZHAO Zhixiong	BSAM	Designated director or supervisor	April 2024	–
HU Tianhe	Three Gorges Capital Holdings Co., Ltd.	Investment manager of investment business department	March 2023	–
YAN Chunxu	Greatwall Wealth Insurance Asset Management Co., Ltd.	Investment manager of product investment department	August 2017	–
HU Yong	Beijing Industrial Development Investment Management Co., Ltd.	Manager of assets management department	July 2018	–
Explanation on positions held in shareholder entities	Nil			

Note: Greatwall Wealth Insurance Asset Management Co., Ltd. is a controlled subsidiary of Great Wall Life Insurance Company Limited and Beijing Industrial Development Investment Management Co., Ltd. is a wholly owned subsidiary of BSAM.

### 3. Positions in Other Entities

✓ Applicable     Not applicable

Name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
Cheng Suning	Bank of Beijing Co., Ltd.	Director	December 2023	April 2025
Hu Yong	BAIC BluePark New Energy Technology Co., Ltd.	Director	June 2021	–
ZHOU Beihai	Yunnan Water Investment Co., Ltd.	Independent director	October 2020	–
OUYANG Jiejiao	Daodaoquan Grain and Oil Co., Ltd.	Deputy general manager, mainly responsible for financial management and investment and financing related matters	August 2023	–
ZHENG Zhiming	Guangdong Fanggen Law Firm	Chief lawyer	December 2015	–
ZHENG Zhiming	Huizhou Renxin New Material Co., Ltd.	Independent director	November 2023	–
Explanation on positions held in other entities	Nil			



## V. Corporate Governance, Environment and Society (Continued)

### (III) REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Applicable    Not applicable

Procedures for determining the remuneration of Directors and senior management	Non-independent Directors do not receive Directors' allowances. Independent Directors' allowances shall be discussed by the Board of the Company and approved by the general meeting. The emoluments of the senior management are recommended by the Remuneration and Appraisal Committee of the Board of the Company and approved by the Board.
Whether Directors abstain from the Board's discussion of their remuneration	Yes
Details of the special meeting of the Remuneration and Appraisal Committee or independent directors on recommendations on the remuneration of Directors and senior management	The Proposal on the 2024 Remuneration Appraisal and the 2025 Remuneration Plan for the Senior Management of the Company and the Proposal on the 2025 Remuneration Plan for the Directors and Supervisors of the Company were considered and approved at the 2025 first meeting of the Remuneration and Appraisal Committee of the fifth session of the Board of the Company, and were considered and approved at the seventh meeting of the fifth session of the Board.
Determination criteria for the remuneration of Directors and senior management	Such remuneration is determined according to the remuneration level in the industry, combined with the remuneration system and annual operation performance of the Company
Payment of the remuneration payable to Directors and senior management	Payment shall be made upon assessment and completion of relevant procedures. For details of the actual payment, please refer to the section headed "Information on the Change of Shareholdings and on the Remuneration of Current Directors and Senior Management, and of Directors and Senior Management Resigned during the Reporting Period" in this report.
Total remuneration actually received by all Directors and senior management at the end of the Reporting Period	The total remuneration accrued and paid to all Directors and senior management of the Company in 2025 amounted to RMB 7,801,100 yuan.
Basis for and completion of assessment of remuneration actually received by all Directors and senior management at the end of the Reporting Period	The assessment of the annual performance-based remuneration for the executive Directors and senior management of the Company is still subject to the completion of consideration procedures. Their regular remuneration is paid in accordance with the annual remuneration plan approved by the Board.
Arrangement of delayed payment of remuneration actually received by all Directors and senior management at the end of the Reporting Period	In accordance with the relevant provisions of the Measures for Term System and Contractual Management of Management Members of the Company, 10% of the 2025 annual performance-based remuneration for senior management shall not be disbursed in the current period and shall be deferred to the end of the term for payment based on the tenure assessment results.
Suspension and recourse of remuneration received by all Directors and senior management at the end of the Reporting Period	Nil



## V. Corporate Governance, Environment and Society (Continued)

### (IV) CHANGES OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable  Not applicable

Name	Position	Change	Reasons for the change
Cheng Suning	General manager	Appointment	Appointment by the Board
Qiao Dewei	Chairman, Director	Resignation	Job transfer
Liu Shuguang	Director	Resignation	Personal reasons
Cheng Suning	Director	Election	Election at the general meeting
Hu Yong	Director	Election	Election at the general meeting
Cheng Suning	Chairman	Election	Election by the Board

Mr. Cheng Suning and Mr. Hu Yong obtained legal advice under Rule 3.09D of the Stock Exchange Listing Rules on 14 May 2025 and confirmed their understanding of their responsibilities as directors of a listed issuer respectively.

### (V) THE RECORDS OF BEING PUBLISHED BY SECURITIES REGULATORS IN RECENT THREE YEARS

Applicable  Not applicable

### (VI) Others

Applicable  Not applicable



## V. SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules of the Stock Exchange and poll results will be posted on the websites of the Company, the Stock Exchange and the SSE after each general meeting.

### (I) Convening an Extraordinary General Meeting

Shareholders holding 10% or more Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting. The aforesaid shareholders may sign one or several written requests stating the subject of the meeting to request the Board to convene an extraordinary general meeting. Shares held by the above shareholders shall be calculated as at the date of submitting the written request.

### (II) Putting Forward Proposals at Extraordinary General Meeting

When a general meeting is held by the Company, the Board or shareholders who individually or together holding more than 1% of the Shares of the Company may propose resolutions to the Company.

Shareholders who individually or together holding more than 1% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting at least 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Company's Articles of Association.



## V. Corporate Governance, Environment and Society (Continued)

### (III) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### (IV) Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

Tricor Investor Services Limited  
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
(For the attention of Mr. ZHU Shuguang)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## VI. BOARD OF DIRECTORS

### (I) The Board

#### 1. Composition of the Board

During the Reporting Period, the Board of Directors of the Company consisted of the following Directors:

*Non-executive Directors*

Zhao Zhixiong  
Liu Shuguang (*Resigned*)  
Hu Tianhe  
Yan Chunxu  
Hu Yong

*Executive Directors*

Cheng Suning (*Chairman*)  
Qiao Dewei (*Chairman*) (*Resigned*)  
Hu Shengyong

*Independent Non-executive Directors*

Zhou Beihai  
Ouyang Jiejiao  
Zheng Zhiming



## V. Corporate Governance, Environment and Society (Continued)

As at the end of the Reporting Period, the Board consisted of nine members, including four non-executive Directors, two executive Directors and three independent non-executive Directors. Biographic information of Directors is set out in the section headed “Information on the Positions of Current Directors and Senior Management and of Directors, Supervisors and Senior Management Resigned during the Reporting Period” of the annual report for the year ended 31 December 2025.

None of the members of the Board is related to each other.

### 2. Directors’ Re-election

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Each of the Directors of the Company has been appointed for a term ending on the expiration of the term of the session of the Board (i.e. not more than three years), subject to re-election by shareholders.

## (II) The Board and management

### 1. Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership of the Company and oversees the Group’s business, strategic decisions and operating management. The Board takes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses for discharging their duties to the Company. The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Company has established relevant mechanism in accordance with the Corporate Governance Code to ensure that the Board of Directors can obtain independent views and opinions. The Board of Directors reviews the implementation and effectiveness of this mechanism every year.

The Board is responsible for determining important matters in accordance with the Articles of Association, including the formulation of strategies, systems and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.



## V. Corporate Governance, Environment and Society (Continued)

### 2. Board Committees

The Board has established four committees, namely, the Audit and Risk Management Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

## VII. DIRECTORS' PERFORMANCE OF RESPONSIBILITIES

### (I) Directors' attendance of meeting of the Board and general meetings

Name of Director	Independent Director or not	Meetings that should be attended during the year	Attendance of the Board meetings				Not in attendance in person for two consecutive times	Attendance of general meetings Number of general meeting attended
			Attendance in person	Attendance via communication	Attendance by proxy	Absence		
Cheng Suning	No	9	9	2	0	0	No	3
Qiao Dewei (Resigned)	No	2	2	0	0	0	No	0
Zhao Zhixiong	No	13	13	12	0	0	No	4
Liu Shuguang (Resigned)	No	2	0	0	0	2	Yes	0
Hu Tianhe	No	13	13	13	0	0	No	3
Yan Chunxu	No	13	13	12	0	0	No	4
Hu Yong	No	9	9	9	0	0	No	3
Hu Shengyong	No	13	13	1	0	0	No	4
Zhou Beihai	Yes	13	13	13	0	0	No	3
Ouyang Jiejiao	Yes	13	13	9	0	0	No	4
Zheng Zhiming	Yes	13	12	2	1	0	No	4

Explanation for not attendance in person for two consecutive times

Applicable  Not applicable

Mr. Liu Shuguang, a former Director of the Company, was absent from two consecutive meetings, namely the 6th and 7th meetings of the fifth session of the Board of the Company due to personal reasons. On 10 April 2025, the Board of the Company received a written resignation application submitted by Mr. Liu Shuguang. Mr. Liu Shuguang applied to resign as a Director of the Company due to personal reasons, and his resignation application took effect from the date of its delivery to the Board.



## V. Corporate Governance, Environment and Society (Continued)

Number of board meetings held in the year	13
Of which: number of on-site meeting	0
Number of meeting via communication	0
Number of meeting via on-site and communication	13

### (II) Circumstances under which Directors raised dissent for matters of the Company

Applicable  Not applicable

### (III) Others

Applicable  Not applicable

#### 1. Training of Directors

Directors understand responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailor-made induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Stock Exchange Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.



## V. Corporate Governance, Environment and Society (Continued)

All the Directors have actively participated in the continuous professional development by way of attending seminars and/or conferences and/or forums and/or reading materials. During the year ended 31 December 2025, the following Directors attended seminars/training sessions/in-house briefing/reading materials:

<b>Director</b>	<b>Attending seminars and/or conferences and/or forums</b>	<b>Reading journals, updates, articles and/or materials, etc.</b>
<i>Executive Directors</i>		
Cheng Suning ( <i>Chairman</i> )	✓	✓
Qiao Dewei ( <i>Chairman</i> ) ( <i>Resigned</i> )	✓	✓
Hu Shengyong	✓	✓
<i>Non-executive Directors</i>		
Zhao Zhixiong	✓	✓
Liu Shuguang ( <i>Resigned</i> )	✓	✓
Hu Tianhe	✓	✓
Yan Chunxu	✓	✓
Hu Yong	✓	✓
<i>Independent Non-executive Directors</i>		
Zhou Beihai	✓	✓
Ouyang Jiejiao	✓	✓
Zheng Zhiming	✓	✓

### 2. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Management Measures and Written Employee Guidance, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.



## V. Corporate Governance, Environment and Society (Continued)

### 3. Independent non-executive Directors

During the Reporting Period, the Board complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive Directors under Rule 3.10(1) of the Listing Rules of the Stock Exchange; (2) the requirement that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules of the Stock Exchange; and (3) the requirement that the number of independent non-executive Directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules of the Stock Exchange.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

## VIII. CHAIRMAN AND GENERAL MANAGER

During the Reporting Period, the chairman provides leadership for the Board and is responsible for formulating overall business strategies and making important decisions. The general manager focuses on the business development and is responsible for the daily operation and management. He is also taking part in formulating and implementing the overall business strategy. Their respective responsibilities are clearly defined and set out in writing.

The code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. According to the announcement disclosed by the Company on the Stock Exchange on 10 April 2025, Mr. Qiao Dewei resigned as the chairman of the Company due to job transfer. Mr. Cheng Suning, an executive Director and the general manager, was appointed as the acting chairman of the Company on 16 May 2025; on 15 October 2025, Mr. Cheng Suning was appointed as the chairman of the Company and concurrently served as the legal representative and acting general manager. Following the appointment of Mr. Cheng Suning as the chairman, Mr. Cheng served as both the chairman and general manager of the Company.

After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Cheng, the Board is of the opinion that Mr. Cheng's holding of both positions as the chairman of the Board and the general manager of the Company helps to maintain the continuity of the policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership. In addition, under the supervision by the Board, which consist of two executive Directors, four non-executive Directors and three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement will not have negative impact on the balance of power and authorisation between the Board and the management of the Company. Therefore, the Board considers the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances. The Company is currently identifying a suitable candidate with appropriate experience for the general manager.



## V. Corporate Governance, Environment and Society (Continued)

### IX. SPECIAL COMMITTEES UNDER THE BOARD

✓ Applicable    □ Not applicable

#### (I) Members of the special committees under the Board

Special committees	Members
Audit and Risk Management Committee	Ouyang Jiejiao (Chairman), Zhao Zhixiong, Zheng Zhiming
Nomination Committee	Zhou Beihai (Chairman), Hu Shengyong, Ouyang Jiejiao
Remuneration and Appraisal Committee	Zheng Zhiming (Chairman), Yan Chunxu, Zhou Beihai
Strategy Committee	Cheng Suning (Chairman), Hu Yong, Zhou Beihai

#### 1. Audit and Risk Management Committee

The Company has established an audit and risk management committee (the “**Audit and Risk Management Committee**”) in compliance with the Listing Rules of the Stock Exchange and the listing rules of the Shanghai Stock Exchange.

The primary responsibilities of the Audit and Risk Management Committee include but are not limited to: (i) proposing appointment, reappointment or removal of external auditors; (ii) reviewing and monitoring external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) reviewing the financial information of the Company; (iv) overseeing the financial reporting system of the Company; (v) enhancing communication channels which the Group’s employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; (vi) supervising and managing the development of the rule of law and compliance management; (vii) performing the statutory functions and powers of the supervisory committee; and (viii) reviewing the risk management and internal control systems, effectiveness of the internal audit function.

The Audit and Risk Management Committee reviewed the financial results of the Group for the year ended 31 December 2025, considered the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company’s external auditors in 2025 and held two meetings with the external auditors in the absence of the executive Directors.



## V. Corporate Governance, Environment and Society (Continued)

### 2. Nomination Committee

The Company has established a nomination committee (the “**Nomination Committee**”) in compliance with the Listing Rules of the Stock Exchange.

The primary responsibilities of the Nomination Committee include but are not limited to: (i) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; (ii) reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; and (iii) identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof.

As to nomination of suitable director candidates, the Board of the Company adopted the Nomination Policy for Directorship to clarify the nomination criteria for Directors. The Nominating Committee will refer to the following factors when evaluating candidates:

- Compliance with the qualifications for appointment required under the Company Law and the Listing Rules of the Stock Exchange
- Reputation
- Knowledge and experience in corporate management, legal, financial or environmental industries
- Commitment in respect of available time and relevant interest
- Diversity of the Board in the aspects, amongst others, of gender, age (aged 18 or above), cultural and educational background, professional experience, skills, knowledge and length of service.

The above factors are for reference only and are not intended to cover all factors and are not decisive. The Nominating Committee may decide to nominate any person it deems appropriate.



## V. Corporate Governance, Environment and Society (Continued)

In addition, according to the Nomination Policy for Directorship, candidates shall submit the required personal data in the agreed format and his/her written consent to be appointed as a Director and agree to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to his/her appointment as a Director. The Nomination Committee may request the candidate to provide additional information and documents, if considered necessary.

As to assessment of the composition of the Board, according to Rule 7 of the Terms of Reference of the Nominating Committee, the Nomination Committee focuses on developing Board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, education background, and previous experience. In addition, the Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. The Nominating Committee believes that the diversity of Board is properly balanced.

### 3. Remuneration and Appraisal Committee

The Company has established a remuneration and appraisal committee (the “**Remuneration and Appraisal Committee**”) in compliance with the Listing Rules of the Stock Exchange.

The primary responsibilities of the Remuneration and Appraisal Committee include but are not limited to: (i) researching and recommending to the Board on the Company’s remuneration structure and policy for all Directors and senior management of the Company; (ii) recommending to the Board the remuneration packages of individual executive Directors and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors and senior management.

The Company has approved the amended working rules of the Remuneration and Appraisal Committee on 28 March 2025 to include the review and approval of the matters in relation to share scheme as described in Chapter 17 of the Stock Exchange Listing Rules in the terms of reference of the Remuneration and Appraisal Committee of the working rules of the Remuneration and Appraisal Committee.

The Board considers that fair remuneration is essential to attract and retain high quality and experienced directors. To ensure attraction and retainment of talents, the Group’s remuneration policy for directors is based on the following principles: provision of a fair and competitive remuneration package to support a performance culture and achieve strategic business objectives. When considering compensation of directors, a number of factors will be considered, if applicable, including but not limited to: position, responsibilities, scope of work, working hours, personal and corporate performance, compensation levels of relevant positions of competitors in the same region and in the same industry and other employment conditions within the Company.



## V. Corporate Governance, Environment and Society (Continued)

Pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

<b>Remuneration band(s) (HK\$)</b>	<b>Number of individuals</b>
HK\$0 to 1,000,000	10
HK\$1,000,001 to 1,500,000	0
HK\$1,500,001 to 2,000,000	0
HK\$2,000,001 to 2,500,000	0

Details of remuneration of all Directors, Supervisors and certain members of the senior management for the year ended 31 December 2025 are set out in Note XII(IV) to the Financial Statements contained in the annual report.

### 4. Strategy Committee

The Company has also established a strategy committee (the “**Strategy Committee**”).

The primary responsibilities of the Strategy Committee include but are not limited to: (i) researching and recommending on the medium to long term strategic and development plans of the Company; (ii) researching and recommending on the significant capital expenditure, investment and financing projects of the Company; and (iii) researching and recommending on the significant matters relating to the development of the Company.



## V. Corporate Governance, Environment and Society (Continued)

### (II) The Audit and Risk Management Committee convened 5 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties	
21 March 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 2024 fourth quarterly internal audit work report</li> <li>2. Resolution in relation to the 2024 annual internal audit work report</li> <li>3. Resolution in relation to the provision for impairment of assets of Huludao Hazardous Waste Project</li> <li>4. Resolution in relation to the 2024 annual audit report of Dynagreen Environmental Protection Group Co., Ltd.</li> <li>5. Resolution in relation to the 2024 results announcement and 2024 annual report</li> <li>6. Resolution in relation to the self-assessment of internal control, confirmation of effectiveness of risk management</li> <li>7. Resolution in relation to the 2024 evaluation report on the performance of the accounting firm</li> </ol>	All resolutions were approved		
18 April 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 2025 first quarterly internal audit work report</li> <li>2. Resolution in relation to the 2025 first quarterly report of Dynagreen Environmental Protection Group Co., Ltd.</li> <li>3. Resolution in relation to the appointment of auditor for 2025</li> </ol>		All resolutions were approved	



## V. Corporate Governance, Environment and Society (Continued)

<b>Date of meeting</b>	<b>Content of meeting</b>	<b>Important comments and suggestions</b>	<b>Other performance of duties</b>
22 August 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 2025 second quarterly internal audit work report</li> <li>2. Resolution in relation to the 2025 semi-annual interim financial report</li> <li>3. Resolution in relation to the 2025 interim report</li> <li>4. Resolution in relation to the work plan on the “three-year full coverage” of internal control supervision and evaluation for 2025 to 2027</li> <li>5. Resolution in relation to the 2025 internal control evaluation plan</li> </ol>	All resolutions were approved	
23 October 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 2025 third quarterly internal audit work report</li> <li>2. Resolution in relation to the 2025 third quarterly report</li> </ol>	All resolutions were approved	
23 December 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to the 2025 Rule of Law (Compliance) Work Report</li> <li>2. Resolution in relation to the 2026 internal audit work plan</li> </ol>	All resolutions were approved	

Attendance of each member of the Audit and Risk Management Committee is as follows:

<b>Member of Audit and Risk Management Committee</b>	<b>Number of meetings attended/ Total number of meetings</b>
Ouyang Jiejiao ( <i>Chairman</i> )	5/5
Zhao Zhixiong	5/5
Zheng Zhiming	5/5



## V. Corporate Governance, Environment and Society (Continued)

### (III) The Nomination Committee convened 6 meetings during the Reporting Period

<b>Date of meeting</b>	<b>Content of meeting</b>	<b>Important comments and suggestions</b>	<b>Other performance of duties</b>
21 February 2025	Resolution in relation to appointment of general manager of the Company	All resolutions were approved	
24 March 2025	Resolution in relation to appointment of security director	All resolutions were approved	
16 April 2025	Resolution in relation to nomination of candidates for Directors	All resolutions were approved	
16 May 2025	Resolution in relation to recommendation of a Director to perform the duties of chairman on an acting basis	All resolutions were approved	
1 July 2025	Resolution in relation to adjustment to the composition of the special committees of the Board	All resolutions were approved	
13 October 2025	Resolution in relation to nomination of chairman of the Company	All resolutions were approved	

Attendance of each member of the Nomination Committee is as follows:

<b>Member of Nomination Committee</b>	<b>Number of meetings attended/ Total number of meetings</b>
Zhou Beihai ( <i>Chairman</i> )	6/6
Zheng Zhiming ( <i>Resigned as a member on 4 July 2025</i> )	5/5
Hu Shengyong	6/6
Ouyang Jiejiao ( <i>Appointed as a member on 4 July 2025</i> )	1/1



## V. Corporate Governance, Environment and Society (Continued)

### (IV) The Remuneration and Appraisal Committee convened 5 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
24 March 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to performance of duties by senior management in 2024</li> <li>2. Resolution in relation to appraisal of remuneration in 2024 and 2025 remuneration plan for senior management of the Company</li> <li>3. Resolution in relation to remuneration plan for directors and supervisors of the Company in 2025</li> </ol>	All resolutions were approved	
1 July 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to post appointment agreement and assessment responsibility letter of operating performance during tenure for general manager of the Company</li> <li>2. Resolution in relation to 2025 assessment responsibility letter of operating performance during tenure for management members of the Company</li> </ol>	All resolutions were approved	
26 October 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to updates on documents in relation to the restricted A-share incentive scheme</li> </ol>	All resolutions were approved	
30 November 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to adjustments to matters in relation to the restricted A-share incentive scheme and first grant of restricted shares to incentive participants</li> <li>2. Resolution in relation to grant of reserved (first batch) restricted shares to incentive participants</li> </ol>	All resolutions were approved	
23 December 2025	<ol style="list-style-type: none"> <li>1. Resolution in relation to amendments to the Measures for Term System and Contractual Management of Management Members</li> </ol>	All resolutions were approved	



## V. Corporate Governance, Environment and Society (Continued)

Attendance of each member of the Remuneration and Appraisal Committee is as follows:

<b>Member of Remuneration and Appraisal Committee</b>	<b>Number of meetings attended/ Total number of meetings</b>
Zheng Zhiming ( <i>Appointed as a member and the chairman on 4 July 2025</i> )	3/3
Ouyang Jiejiao ( <i>Resigned as a member on 4 July 2025</i> )	2/2
Yan Chunxu	5/5
Zhou Beihai	5/5

### (V) The Strategy Committee convened 1 meeting during the Reporting Period

<b>Date of meeting</b>	<b>Content of meeting</b>	<b>Important comments and suggestions</b>	<b>Other performance of duties</b>
28 March 2025	1. Resolution in relation to 2024 Work Report of General Manager of Dynagreen Environmental Protection Group Co., Ltd. 2. Resolution in relation to 2025 Business Plan of Dynagreen Environmental Protection Group Co., Ltd.	All resolutions were approved	

Attendance of each member of the Strategy Committee is as follows:

<b>Strategy Committee</b>	<b>Number of meetings attended/ Total number of meetings</b>
Cheng Suning ( <i>Appointed as a member and the chairman on 16 May 2025</i> )	0/0
Qiao Dewei ( <i>Chairman</i> ) ( <i>Resigned</i> )	1/1
Liu Shuguang ( <i>Resigned</i> )	0/1
Hu Yong ( <i>Appointed as a member on 4 July 2025</i> )	0/0
Zhou Beihai	1/1

### (VI) Specific matters with objections

Applicable     Not applicable



## V. Corporate Governance, Environment and Society (Continued)

### X. BOARD DIVERSITY POLICY

The Company approved the Board Diversity Policy at the twenty-sixth meeting of the first session of the Board. This policy sets out the Company's position on Board diversity and the approach it will continue to adopt throughout its implementation. The Board has established this policy in accordance with the following principles:

- (I) Board diversity is an important factor to maintain the Company's sound corporate governance, achieve sustainable development and achieve strategic goals.
- (II) When setting the composition of the Board, the Company considers the Board diversity from various aspects, including but not limited to Directors' gender, age, cultural and educational background, region, professional experience, skills, knowledge and service term and other regulatory requirements etc.
- (III) The appointment of Board members is based on the skills and experience required for the overall good operation of the Board and on merit basis with full consideration of the abovementioned goals and requirements of Board diversity.

The Nomination Committee of the Board of the Company is responsible for reviewing the number, composition and organizational structure of the Board, and makes recommendations to the Board on the size and composition of the Board based on the Company's strategic planning, business activities, asset size and equity structure; study and review the selection criteria, nomination and appointment procedures of directors, and making recommendation to the Board for consideration and approval.

The Nomination Committee of the Board is required to follow this policy when making recommendations on candidates for directors and when the Board nominates candidates for directors.

The Nomination Committee of the Board is responsible for overseeing the implementation of this policy and reviewing this policy when appropriate, discussing any amendments that need to be made and making recommendations to the Board for implementation upon approval by the Board.

At present, the Company has achieved gender diversity of Board members and all employees. The composition of the Board and senior management has been disclosed in detail in "IV. Directors, Supervisors and Senior Management" in this section. Female employees account for 23.8% of all employees of the Company.

### XI. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE AUDIT COMMITTEE

Applicable     Not applicable

The Audit Committee has no objection to the supervision during the Reporting Period.



V. Corporate Governance, Environment and Society (Continued)

## XII. EMPLOYEES OF PARENT COMPANY AND MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

### (I) Employees

Number of in-service employees of the parent company	116
Number of in-service employees of the major subsidiaries	3,186
Total number of in-service employees	3,302
The number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

#### Composition of professions

Type of profession	Number of staff in the profession
Production staff	2,029
Technical staff	622
Finance staff	135
Administrative staff	336
Logistics staff	180
Total	3,302

#### Education level

Type of education level	Number of persons
Master and above	23
Bachelor	849
College graduate	1,440
Below college graduate	990
Total	3,302



## V. Corporate Governance, Environment and Society (Continued)

### (II) Remuneration Policy

Applicable  Not applicable

The Company provides remuneration with “competitiveness in the industry” to employees. The Company has established a compensation management system based on “management by objectives and performance appraisal”. The remuneration of employees is linked to their completion of tasks assigned by the Company and performances. The remuneration management of the Company follows the “model differentiation principle”. According to work needs, the Company implements two different compensation modes of “annual salary system” and “performance-based salary system” for different positions.

The Company will maintain the stability of the remuneration system, and will continue to improve on the basis of the implementation of current remuneration system in accordance with the actual situation of the Company. The Company will make timely adjustments to the salary level of employees according to the operation situation, price index and industry salary level, so that the income level of employees will continue to be competitive. For details of remuneration of employees, please refer to Note V(XXIV) Employee benefits payable to the financial statements.

### (III) Training Program

Applicable  Not applicable

The Group regards employee development and training as an important way to achieve business goals, improve performance and implement sustainable development. The Group has established a training mechanism to help employees develop in multiple dimensions, and systematically promoted the annual employee training through the “Wuhang six-line” talent training system as the core means. Meanwhile, it solidly carried out various trainings such as new employee orientation training, special training, and system promotion training, and fully adopted a combination of online and offline training methods to enhance employees’ learning awareness and work efficiency. Meanwhile, for the subordinate project companies, the Group has carried out targeted professional skills training and held experience sharing meetings to strengthen the professional skills of employees at all levels and improve the business quality of the Group. The Group vigorously promotes the spirit of model workers and craftsmen. The project companies under the Group carry out various labor skills competitions and other activities in combination with the actual situation of the enterprise, so as to promote learning and training through competitions, forming a good atmosphere in which all staff in the Group compare with, learn from, catch up with and surpass others.

### (IV) Labour Outsourcing

Applicable  Not applicable

### (V) Post-employment Benefits – Defined Contribution Plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government authorities. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government.

The relevant plan is the defined contribution plan, and the Group cannot use the forfeited contribution (i.e. the contribution by the employer on behalf of employees who leave the plan prior to vesting fully in such contributions) to reduce the existing contribution level.

For the year ended 31 December 2025, the Group had no forfeited contribution or forfeited contribution available for deduction of the Group’s contribution as at 31 December 2025.



## V. Corporate Governance, Environment and Society (Continued)

### XIII. PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE

#### (I) Formulation, implementation or adjustment of the cash dividend policy

Applicable  Not applicable

The Resolution on Shareholders' Return Plan for the Next Three Years (2024-2026) had been considered and passed at the 27th meeting of the fourth session of the Board and the second Extraordinary General Meeting for the year 2024. The above return plan proposed that: Any profit distribution of the Company shall not exceed the amount of accumulated distributable profits and shall not adversely affect the continued operation of the Company. The Company may distribute interim dividends according to its profit and capital requirements. The Company can distribute its profit in cash, in shares or in a combination of cash and shares. When the Company meets the conditions for cash dividends, it should give priority to the profit distribution method of cash dividends. The Company shall give priority to the payment of cash dividends. If no cash dividends are available, no scrip dividends shall be declared for the same year. If the current profit and accumulated retained earnings of the Company shall be positive and its cash flow shall be sufficient to support the continued operation and long-term development of the Company, the Company shall proactively adopt the way of cash dividends. Under the premise of meeting the conditions for cash dividends and ensuring the normal operation and long-term development of the Company, the profit to be distributed by the Company in cash each year of the next three years (2024-2026) shall not be less than 40%, 45% and 50% of the distributable profits of the year, respectively.

The dividend proposal for 2025 was made according to the above plan and relevant provisions of the Articles of Association.

#### (II) Special explanation on cash dividend policy

Applicable  Not applicable

Whether it is consistent with the requirements of the Articles of Association or the requirements under the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and proportions of dividends are definite and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors have fulfilled their responsibilities and duties	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the minority shareholders have the opportunity to fully express their views and demands and their legitimate rights and interests are fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



## V. Corporate Governance, Environment and Society (Continued)

### (III) If the Company is profitable and the parent company's profit available for distribution to shareholders is positive, but no cash profit distribution plan has been proposed during the Reporting Period, the Company shall disclose the reasons in detail and the purpose and use plan of the retained earnings

Applicable  Not applicable

### (IV) Plan on profit distribution and conversion of capital reserve during the Reporting Period

Applicable  Not applicable

Unit: RMB

Number of shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	3.20
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	454,073,970.00
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements in the year of distribution	617,500,625.79
Percentage of cash dividends to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	73.53
Amount of repurchase of shares in cash included in cash dividend	0
Total dividends (tax inclusive)	454,073,970.00
Percentage of the total dividends to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	73.53

The Company held the 2025 second extraordinary general meeting of the Company held on 19 September 2025, at which the Proposal on the 2025 Interim Profit Distribution Plan was considered and approved, pursuant to which it was decided to distribute a cash dividend of RMB0.1 per share (tax inclusive) to all shareholders based on the aggregate share capital on the share-based equity registration date. A total of RMB139,345,400 in dividends was expected to be distributed. The interim profit distribution was completed in November 2025.

On 27 March 2026, the Board proposed to distribute cash dividends for 2025 to ordinary shareholders of the Company. It is proposed to distribute a cash dividend of RMB0.22 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. A total of RMB314,728,600 in dividends is expected to be distributed. This proposal is subject to the approval at the general meeting.



## V. Corporate Governance, Environment and Society (Continued)

### (V) Cash dividends in the last three accounting years

Applicable    Not applicable

Unit: RMB

Accumulated cash dividends in the last three accounting years (tax inclusive) (1)	1,081,127,579.80
Accumulated repurchase and cancellation amounts in the last three accounting years (2)	0
Accumulated cash dividends, repurchase and cancellation amounts in the last three accounting years (3)=(1)+(2)	1,081,127,579.80
Annual average net profit in the last three accounting years (4)	610,621,376.93
Proportion of cash dividends in the last three accounting years (%) (5)=(3)/(4)	177.05
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements for the last accounting year	617,500,625.79
Undistributed profit at the end of the year in the statements of the Company for the last accounting year	2,002,792,733.28



## XIV. EQUITY INCENTIVE PLAN, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACTS

### (I) Equity incentive matters which have been published in temporary announcements and without further progress or changes

Applicable  Not applicable

#### Overview

In October 2025, the Company received the Approval on the Implementation of Share Incentive by Dynagreen Environmental Protection Group Co., Ltd. (Jing Guo Zi [2025] No. 61) issued by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality and forwarded by BSAM, the controlling shareholder of the Company, pursuant to which Beijing SASAC approved the Company's implementation of the equity incentive scheme in principle.

On 28 October 2025, the Company convened the sixteenth meeting of the fifth session of the Board, at which the Resolution in relation to Updates on the Documents Related to the Restricted A Share Incentive Scheme was considered and approved.

#### Search index

For details, please refer to the relevant announcements as disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 11 October 2025 and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 10 October 2025.

For details, please refer to the relevant announcements as disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 29 October 2025 and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 October 2025.



## V. Corporate Governance, Environment and Society (Continued)

### Overview

On 19 November 2025, the Company convened the 2025 third extraordinary general meeting, at which the Resolution on the Restricted A Share Incentive Scheme (Updated Draft) of the Company and the Summary Thereof, the Resolution on the Administrative Measures for the Restricted A Share Incentive Scheme (Updated Draft) of the Company, the Resolution on the Administrative Measures for the Implementation and Appraisal of the Restricted A Share Incentive Scheme of the Company, and the Resolution on Authorization to the Board to Handle the Relevant Matters Related to the Restricted Share Incentive Scheme of the Company were considered and approved.

On 2 December 2025, the Company convened the seventeenth meeting of the fifth session of the Board, at which the Resolution on Adjustments to Matters in Relation to the Restricted A Share Incentive Scheme and First Grant of restricted shares to Incentive Participants and the Resolution on Grant of Reserved (First Batch) restricted shares to Incentive Participants were considered and approved.

On 24 December 2025, the Company received the Certificate of Changes in Registration of Securities issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which the registration of the restricted shares granted under the restricted A share incentive scheme was completed with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 23 December 2025. The restricted shares granted under the first grant and the reserved grant (first batch) under the restricted share incentive scheme totalled 37,130,000 shares, including 35,770,000 restricted shares under the first grant and 1,360,000 restricted shares under the reserved grant (first batch).

### Search index

For details, please refer to the relevant announcements as disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 20 November 2025 and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 19 November 2025.

For details, please refer to the relevant announcements as disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 3 December 2025 and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 2 December 2025.

For details, please refer to the relevant announcements as disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 25 December 2025 and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 24 December 2025.



## V. Corporate Governance, Environment and Society (Continued)

The summary of the 2025 restricted A share incentive scheme of the Company is as follows:

### 1. Purpose of the Incentive Scheme

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilize the enthusiasm of the Directors, senior management, and core managerial, technical and business personnel of the Company, and effectively bind the interests of the Shareholders, the Company and individuals of core teams together, making all parties attend to the long-term development of the Company, on the premise of fully protecting the interests of the Shareholders and on the principle of income equivalent to contribution, the Incentive Scheme is formulated in accordance with the Company Law of the Peoples Republic of China (the “Company Law”), the Securities Law of the Peoples Republic of China (the “Securities Law”), the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (the “Administrative Measures”), the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號)), the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》(國資發分配[2008]171號)), the Notice on Issuing the Guiding Opinions on Regulating the Implementation of Equity and Dividend Incentives by Municipal Enterprises (Jing Guo Zi Fa [2021] No. 20) (《關於印發〈關於市管企業規範實施股權和分紅激勵工作的指導意見〉的通知》(京國資發[2021]20號)), the Guidelines on the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號)) and other relevant laws, regulations and normative documents as well as the Articles of Association.

### 2. Scope of incentive participants

The Incentive Participants under the Incentive Scheme include directors, senior management, core managerial, technical and business personnel of the Company (including branches and controlled subsidiaries, the same below), excluding external directors (including independent directors).

The Incentive Participants involved in the Incentive Scheme exclude external directors (including independent directors), as well as the shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controller and their spouses, parents or children.

If the Incentive Participants are directors, general managers, chief executives of the Company, or any of their respective associates, such grant under the Incentive Scheme must be approved by the independent non-executive directors of the Company and comply with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors and senior management among the Incentive Participants must be elected by the general meeting or appointed by the board of the Company. All Incentive Participants must establish labor relationship with the Company or its branches and controlled subsidiaries during the Validity Period of the Scheme.



## V. Corporate Governance, Environment and Society (Continued)

### 3. Number of underlying shares and total number of shares available for issue under the scheme

The number of underlying shares under the Company's restricted A share incentive scheme is 40.35 million restricted A shares, representing approximately 2.82% of the issued shares (excluding treasury shares) as at the date of the annual report. As at the date of the annual report, the total number of A shares available for issue under the restricted A share incentive scheme is 740,000 ordinary A shares, representing approximately 0.05% of the issued shares (excluding treasury shares) as at the date of the annual report.

### 4. Maximum entitlement per participant

The number of A shares granted to any Incentive Participant through all valid equity incentive schemes does not exceed 1% of total share capital (excluding the treasury shares, if any) of the Company.

### 5. Lock-up Period

The Lock-up Period of the restricted shares granted under the Incentive Scheme shall be 24 months, 36 months and 48 months respectively from the date of registration of the equity under the grant. The restricted shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred, used for guarantee or repayment of debts during the Lock-up Period.

Upon expiry of the Lock-up Period, the Company shall proceed with the unlocking for the Incentive Participants who satisfy the Unlocking Conditions, and the restricted shares held by the Incentive Participants who do not satisfy the Unlocking Conditions shall be repurchased and cancelled by the Company.

### 6. Unlocking Periods

The grant date of the first grant and reserved grant (first batch) under the Restricted A Share Incentive Scheme of the Company is 2 December 2025; the registration date is 23 December 2025. The unlocking schedule for the Restricted A Share Incentive Scheme of the Company is as follows:

Unlocking arrangement	Unlocking schedule	Proportion of the number of shares unlocked to the number of shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of the restricted shares.	33%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of the restricted shares.	33%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of the restricted shares.	34%



## V. Corporate Governance, Environment and Society (Continued)

### 7. Grant Price

The initial grant price of the restricted shares shall be RMB2.95 per share (“Grant Price”), which means that upon fulfilment of the grant conditions, each Incentive Participant is entitled to purchase the restricted A shares of the Company issued to the Incentive Participant by the Company at the price of RMB2.95 per share. The Grant Price of the restricted shares under the reserved grant (first batch) shall be RMB3.56 per share, which means that upon fulfilment of the grant conditions, each Incentive Participant is entitled to purchase the restricted A shares of the Company issued to the Incentive Participant by the Company at the price of RMB3.56 per share.

### 8. Basis of Determination of the Grant Prices

#### **Basis of determination of the initial grant price of the restricted shares**

The pricing benchmark date of the initial Grant Price of the restricted shares is the date of announcement of the draft of the Scheme. The Grant Price shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

- (1) 50% of the average trading price (total trading amount on the preceding trading day/total trading volume on the preceding trading day) of the shares of the Company on the trading day preceding the date of the announcement of the draft of the Scheme;
- (2) One of the following prices:
  1. 50% of average trading price (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days) of the underlying shares of the Company for the 20 trading days preceding the date of the announcement of the draft of the Scheme;
  2. 50% of average trading price (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days) of the underlying shares of the Company for the 60 trading days preceding the date of the announcement of the draft of the Scheme;
  3. 50% of average trading price (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days) of the underlying shares of the Company for the 120 trading days preceding the date of the announcement of the draft of the Scheme.
- (3) If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.



## V. Corporate Governance, Environment and Society (Continued)

### **Basis of determination of the reserved Grant Price of the restricted shares under the Incentive Scheme**

Prior to each grant of the reserved restricted shares, a board meeting shall be convened to consider and approve the relevant resolution. The reserved Grant Price shall be determined according to principle of fair market price, and shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

- (1) 50% of the average trading price of the shares of the Company on the trading day preceding the date of the announcement of the board resolution on the grant of reserved restricted shares;
- (2) One of the following prices:
  1. 50% of the average trading price of the Company's underlying shares for the 20 trading days preceding the date of the announcement of the board resolution on the grant of reserved restricted shares (total trading amount for the last 20 trading days/total trading volume for the last 20 trading days);
  2. 50% of the average trading price of the Company's underlying shares for the 60 trading days preceding the date of the announcement of the board resolution on the grant of reserved restricted shares (total trading amount for the last 60 trading days/total trading volume for the last 60 trading days);
  3. 50% of the average trading price of the Company's underlying shares for the 120 trading days preceding the date of the announcement of the board resolution on the grant of reserved restricted shares (total trading amount for the last 120 trading days/total trading volume for the last 120 trading days);
- (3) If the fair market price is less than the net asset value per share, the Grant Price shall not be less than 60% of the fair market price.

### **9. Remaining Validity Period of the Scheme**

The Validity Period of the Incentive Scheme shall commence from the date on which the Scheme is approved by the general meeting of the Company and end on the date on which all the restricted shares granted to the Incentive Participants are unlocked or repurchased and cancelled, which shall not exceed 72 months.



## V. Corporate Governance, Environment and Society (Continued)

### 10. Performance appraisal targets

#### (1) Performance appraisal requirements at company level

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and an appraisal will be carried out every accounting year. The performance appraisal for unlocking of the restricted shares granted under the Scheme is shown in the following table:

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The first Unlocking Period under the first grant and reserved grant	<ol style="list-style-type: none"> <li>Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 80% of the target value, i.e. not less than 12%, and the net profit shall not be less than RMB692 million;</li> <li>The return on equity in 2026 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>Net cash flows from operating activities in 2026 shall not be less than 80% of the target value;</li> <li>The steam supply volume in 2026 shall not be less than 80% of the target value;</li> <li>In 2026, the number of digital and intelligent technology application projects will increase by one.</li> </ol>	<ol style="list-style-type: none"> <li>Based on the net profit in 2023, the growth rate of net profit in 2026 shall not be less than 15%, i.e. the net profit shall not be less than RMB711 million;</li> <li>The return on equity in 2026 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>Net cash flows from operating activities in 2026 shall not be less than RMB1,144 million;</li> <li>The steam supply volume in 2026 shall not be less than 492,900 tons;</li> <li>In 2026, the number of digital and intelligent technology application projects will increase by one.</li> </ol>



## V. Corporate Governance, Environment and Society (Continued)

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The second Unlocking Period under the first grant and reserved grant	<ol style="list-style-type: none"> <li>1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 80% of the target value, i.e. not less than 16%, and the net profit shall not be less than RMB717 million;</li> <li>2. The return on equity in 2027 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>3. Net cash flows from operating activities in 2027 shall not be less than 80% of the target value;</li> <li>4. The steam supply volume in 2027 shall not be less than 80% of the target value;</li> <li>5. In 2027, the number of digital and intelligent technology application projects will increase by two.</li> </ol>	<ol style="list-style-type: none"> <li>1. Based on the net profit in 2023, the growth rate of net profit in 2027 shall not be less than 20%, i.e. the net profit shall not be less than RMB742 million;</li> <li>2. The return on equity in 2027 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>3. Net cash flows from operating activities in 2027 shall not be less than RMB1,193 million;</li> <li>4. The steam supply volume in 2027 shall not be less than 514,300 tons;</li> <li>5. In 2027, the number of digital and intelligent technology application projects will increase by two.</li> </ol>



## V. Corporate Governance, Environment and Society (Continued)

Unlocking Period	Performance appraisal trigger value	Performance appraisal target value
The third Unlocking Period under the first grant and reserved grant	<ol style="list-style-type: none"> <li>1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 80% of the target value, i.e. not less than 20%, and the net profit shall not be less than RMB742 million;</li> <li>2. The return on equity in 2028 shall not be less than 80% of the target value; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>3. Net cash flows from operating activities in 2028 shall not be less than 80% of the target value;</li> <li>4. The steam supply volume in 2028 shall not be less than 80% of the target value;</li> <li>5. In 2028, the number of digital and intelligent technology application projects will increase by two.</li> </ol>	<ol style="list-style-type: none"> <li>1. Based on the net profit in 2023, the growth rate of net profit in 2028 shall not be less than 25%, i.e. the net profit shall not be less than RMB773 million;</li> <li>2. The return on equity in 2028 shall not be less than 8.2%; The first two indicators are not lower than the 75th percentile of the benchmarked enterprises;</li> <li>3. Net cash flows from operating activities in 2028 shall not be less than RMB1,242 million;</li> <li>4. The steam supply volume in 2028 shall not be less than 535,800 tons;</li> <li>5. In 2028, the number of digital and intelligent technology application projects will increase by two.</li> </ol>

Among them:

- (1) Net profit refers to the net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company, and return on equity refers to the return on net assets excluding extraordinary gain and loss attributable to the shareholders of the listed company, the same below;
- (2) Growth rate of net profit = (net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year/net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in 2023-1) \* 100%, the same below;
- (3) Return on equity (ROE) = net profit excluding extraordinary gain and loss attributable to the shareholders of the listed company in the current year / [(net assets attributable to the shareholders of the listed company at the beginning of the period + net assets attributable to the shareholders of the listed company at the end of the period) / 2] \* 100%, the same below;
- (4) Net cash flows from operating activities are based on the data of "net cash flows from operating activities" in the annual consolidated cash flows statement of the Company;
- (5) Digital and intelligent technology application projects refer to the intelligent management of the waste incineration system using information technology, digitalization and artificial intelligence technology. By conducting big data analysis, machine deep learning and artificial intelligence management on the whole process of waste incineration, including waste storage fermentation, waste incineration and flue gas treatment, the goals of improving power generation efficiency and labor efficiency and reducing the consumption of environmental consumables and auxiliary fuels are achieved. The completion of the application project will be marked by passing the third-party appraisal.



## V. Corporate Governance, Environment and Society (Continued)

During the Validity Period of the equity incentive scheme, in case of additional issuance, allotment of shares and convertible debentures into shares and other matters (excluding the implementation of profit distribution of the Company) that would result in a change in the net assets of the Company, the change in net assets and the corresponding amount of income arising therefrom (if the corresponding amount of income cannot be accurately calculated, it can be calculated by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debts of the same term) shall be excluded when conducting an appraisal. During the Validity Period of the equity incentive scheme, if the Company adjusts its accounting policies, the pre-adjustment caliber will be used during the appraisal.

The incentive costs incurred from this equity incentive will be charged to the administrative expenses of the Company. The performance appraisal results at company level and their corresponding unlocking ratios at company level in the current period are shown in the following table:

<b>Performance appraisal results at company level</b>	<b>Unlocking ratios at company level in the current period</b>
Meeting performance appraisal target value	100%
Meeting performance appraisal trigger value, but not meeting performance appraisal target value	80%
Not meeting performance appraisal trigger value	0%

If one or more of the above five performance indicators of the Company in the appraisal year fail to meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal trigger value in the current period, and the unlocking ratios at company level in the current period shall be 0%; if only some of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, and one or more of the indicators fail to meet the performance appraisal target value, but all meet the performance appraisal trigger value, it shall be deemed that the Company does not meet the performance appraisal target value in the current period, and the unlocking ratios at company level in the current period shall be 80%; if all of the above five performance indicators of the Company in the appraisal year meet the performance appraisal target value, the unlocking ratios at company level in the current period shall be 100%.

Restricted Shares that fail to meet the Unlocking Conditions in the current period shall be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.



## V. Corporate Governance, Environment and Society (Continued)

### (2) Performance appraisal requirements at individual level

The appraisal year for unlocking of the Incentive Scheme covers three accounting years from 2026 to 2028, and the appraisal of Incentive Participants at individual level shall be organized and implemented in accordance with the Company's current relevant provisions on remuneration and appraisal, based on the appraisal standards for the positions of the Incentive Participants. The Company will conduct appraisal at individual level each fiscal year in accordance with the Appraisal Management Measures for Implementation of the Restricted Share Incentive Scheme and the internal performance assessment mechanism of the Company.

The unlocking ratios of Incentive Participants at individual level is determined based on the results of individual performance appraisal. The classification of grades and their corresponding unlocking ratios at individual level are shown in the following table:

Grade	Competent and above	Basic competent	Incompetent
Unlocking ratios	100%	50%	0%

The actual unlocking amounts held by the individuals in the current year = the unlocking ratios at company level in the current year × the unlocking ratios at individual level in the current year × the planned individual unlocking ratios in the current year.

If the Unlocking Conditions in the current period are not satisfied due to the failure to pass the performance appraisal at company level or individual level, no corresponding restricted shares shall be deferred to the next period and be unlocked, and will be repurchased and cancelled by the Company in accordance with the Incentive Scheme at the lower of the Grant Price and the stock market price at the time of repurchase.

### 11. Fair value of restricted shares under the Restricted A Share Incentive Scheme on the grant date and accounting standards and policies adopted in 2025

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the restricted shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the restricted shares, completion of the performance targets and other subsequent information, and include the services acquired during the current period in relevant costs or expenses and capital reserve at the fair value of the restricted shares on the grant date.



## V. Corporate Governance, Environment and Society (Continued)

According to the preliminary calculation, the impact of the restricted shares under the first grant in the Scheme on the accounting costs incurred in each period are as follows:

Unit: RMB0'000

Number of Restricted Shares granted (0'000)	Total expenses estimated to be amortised	2025	2026	2027	2028	2029
3,713	14,694.78	426.63	5,290.13	5,094.59	2,735.13	1,148.33

Notes:

- (1) The above result does not represent the final accounting cost. The accounting cost is related not only to the grant date, Grant Price and number of the restricted shares granted, but also to the number of equity interests that actually become valid and invalid. Shareholders are reminded to pay attention to the possible dilutive effects;
- (2) The final impact of the above cost amortization forecast on the Company's operating results shall be subject to the annual audit report issued by the accounting firm;
- (3) Any difference between the figures shown as total and the sum of the corresponding figures above is due to rounding.

### (II) Incentive which have not been published in temporary announcements or with further progress

Equity incentive

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

Employee shareholding plan

Applicable  Not applicable

Other incentive measures

Applicable  Not applicable



## V. Corporate Governance, Environment and Society (Continued)

### (III) Equity incentive granted during the Reporting Period

✓ Applicable    □ Not applicable

Unit: RMB  
Unit: share

Name	Position	Number of restricted shares held at the beginning of the year	Number of restricted shares granted during the Reporting Period	Grant price of restricted shares (RMB)	Locked shares	Unlocked shares (Note)	Number of restricted shares held at the end of the period	Grant date	Market price at the end of the Reporting Period (RMB)	Closing price of shares before the grant date (RMB)
Cheng Suning	Chairman	0	1,000,000	3.56	0	1,000,000	1,000,000	2 December 2025	6.73	6.96
Hu Shengyong	Director	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Xi Qiang	Deputy General Manager	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Hao Jingli	Deputy General Manager	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Zhang Yong	Deputy General Manager	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Huang Jianzhong	Deputy General Manager	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Zhu Shuguang	Deputy General Manager and Secretary to the Board	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Zhang Wei	Chief engineer	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Yi Zhiyong	Chief Financial Officer	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Liu Lin	General manager assistant	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Pi Siwei	General counsel and security director	0	650,000	2.95	0	650,000	650,000	2 December 2025	6.73	6.96
Total number of other persons under the first grant (178 people)	Core managerial, technical and business personnel	0	29,270,000	2.95	0	29,270,000	29,270,000	2 December 2025	6.73	6.96
Total number of other persons under the reserved grant (first batch) (2 people)	Core managerial, technical and business personnel	0	360,000	3.56	0	360,000	360,000	2 December 2025	6.73	6.96
Total	/	0	37,130,000	/	0	37,130,000	37,130,000	/	/	/

Note: According to the provisions of the Incentive Scheme, if the unlocking conditions are met, the granted restricted shares will be unlocked commencing on the last trading day after the expiry of 24th month, 36th month and 48th month period after the date of completion of registration of the restricted shares, at rates of 33%, 33%, and 34% respectively.

As at 1 January 2025, the matters relating to the Company's restricted A share incentive scheme had been considered and approved at the fifth meeting of the fifth session of the Board on 20 December 2024, and had not yet been considered at the general meeting of the Company. As at 1 January 2025, the number of shares available for grant under the scheme by the Company was 0; as at 31 December 2025, under the Company's restricted A share incentive scheme, the total number of remaining restricted shares available for grant by the Company was 740,000 ordinary A shares, representing approximately 0.05% of the total issued shares of the Company as at 31 December 2025. During the Reporting Period, the number of restricted shares unlocked, cancelled or lapsed under the Company's restricted A share incentive scheme was 0.

The ratio of the number of A shares issued by the Company pursuant to awards granted under all schemes during the Reporting Period to the weighted average number of issued A shares (excluding treasury shares) during the Reporting Period is 3.75%.



## V. Corporate Governance, Environment and Society (Continued)

### (IV) Appraisal and motivation mechanism for senior management during the Reporting Period

Applicable  Not applicable

The Company implements the annual salary system for the senior management. The income of the senior management of the Company includes the basic annual salary and the annual target benefit bonus. The Remuneration and Appraisal Committee of the Board of Directors proposes a bonus plan based on the completion of the annual management objectives of the senior management personnel and submits it to the Board of Directors for approval. During the Reporting Period, the Remuneration and Appraisal Committee of the Board performed its relevant duties in respect of the Company's Restricted A-share Incentive Scheme. On 26 October 2025, the Resolution on Updates on the Documents Related to the Restricted A Share Incentive Scheme was considered and approved at the 2025 third meeting of the Remuneration and Appraisal Committee of the fifth session of the Board; on 30 November 2025, the Resolution on Adjustments to Matters in Relation to the Restricted A Share Incentive Scheme and First Grant of restricted shares to Incentive Participants and the Resolution on Grant of Reserved (First Batch) restricted shares to Incentive Participants were considered and approved at the 2025 fourth meeting of the Remuneration and Appraisal Committee of the fifth session of the Board.

### XV. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable  Not applicable

For details, please refer to the 2025 Internal Control Evaluation Report disclosed by the Company on the same date.

Significant deficiency existed in internal control during the Reporting Period

Applicable  Not applicable



## **XVI. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD**

Applicable  Not applicable

The Company has formulated the Controlled Subsidiaries Management System and other systems to standardize the management of subsidiaries. The Company mainly controls its subsidiaries from the following aspects:

- (1) for the control of the organization and personnel of subsidiaries, exercising the power of investor by appointing directors, supervisors, managers, financial officers and other important senior management;
- (2) The decision-making authority of subsidiaries' management is clearly stipulated in the articles of association and relevant systems of subsidiaries, and subsidiaries' management shall not engage in transactions or matters beyond the decision-making authority. For transactions or matters beyond the decision-making authority, subsidiaries' management shall submit them to the Company's centralized management department, and such transactions or matters can only be implemented after performance of relevant decision-making procedures;
- (3) Assigning annual assessment indicators, and determining the remuneration of subsidiaries' management according to the completion of assessment indicators;
- (4) For consolidated financial statements and the control thereof, clarifying the preparation and submission process and approval system of consolidated financial statements, to ensure the authenticity and reliability of the consolidated financial statements of parent company and subsidiaries.

Risk alert on abnormalities in the management and control of subsidiaries

Applicable  Not applicable

## **XVII. AUDITORS' REPORT ON INTERNAL CONTROL**

Applicable  Not applicable

The Auditors' Report on Internal Control was issued by BDO China Shu Lun Pan Certified Public Accountants LLP. For details, please refer to the 2025 Internal Control Audit Report disclosed by the Company on the website of the SSE on the same date.

Whether to disclose the internal control audit report: Yes

Opinion type of internal control audit report: standard unqualified

## **XVIII. RECTIFICATION OF PROBLEMS FOUND IN THE SPECIAL SELFEXAMINATION OF GOVERNANCE OF LISTED COMPANY**

N/A



## V. Corporate Governance, Environment and Society (Continued)

### XIX. Environmental information of listed companies and their major subsidiaries included in the list of enterprises subject to disclosure of environmental information in accordance with law

✓ Applicable    □ Not applicable

Number of enterprises included in the list of enterprises subject to disclosure of environmental information in accordance with law      37

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
1	Jizhou Company	<a href="https://hjxxpl.sthjt.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2025-76D884ABF976450DB68933FCC95A1D2D">https://hjxxpl.sthjt.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2025-76D884ABF976450DB68933FCC95A1D2D</a>
2	Changzhou Company	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
3	Taizhou Company	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
4	Jurong Company	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
5	Shishou Company	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=7d83d3b7-4b9f-4bcb-a634-05bb3df2e5a6&amp;XH=1677749899965009244672&amp;year=2025">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=7d83d3b7-4b9f-4bcb-a634-05bb3df2e5a6&amp;XH=1677749899965009244672&amp;year=2025</a>
6	Laizhou Company	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370683MA3RN0LN40">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370683MA3RN0LN40</a>
7	Tongzhou Company	<a href="https://hjxxpl.bevoice.com.cn:8002/home">https://hjxxpl.bevoice.com.cn:8002/home</a>
8	Miyun Company	<a href="https://hjxxpl.bevoice.com.cn:8002/home">https://hjxxpl.bevoice.com.cn:8002/home</a>
9	Huizhou Company	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=4e3cbeab-10e1-4bbc-950a-660405101998">https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=4e3cbeab-10e1-4bbc-950a-660405101998</a>
10	Rushan Company	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=913710835640612989">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=913710835640612989</a>
11	Jiamusi Company	<a href="http://111.40.190.123:8082/eps/index/enterprise-more?code=91230826588107596L&amp;uniqueCode=654a99a0a63e8c56&amp;date=2025&amp;type=true&amp;isSearch=true">http://111.40.190.123:8082/eps/index/enterprise-more?code=91230826588107596L&amp;uniqueCode=654a99a0a63e8c56&amp;date=2025&amp;type=true&amp;isSearch=true</a>



## V. Corporate Governance, Environment and Society (Continued)

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
12	Zhangqiu Company	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=913701815899040952">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=913701815899040952</a>
13	Zhangqiu Phase II Company	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370100MA3TPKJ86Y">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370100MA3TPKJ86Y</a>
14	Huludao Hazardous Waste Company	<a href="https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=684205958676485&amp;publishdataId">https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=684205958676485&amp;publishdataId</a>
15	Anshun Company	<a href="https://222.85.128.186:8081/eps/index/enterprise-more?code=91520402596364154R&amp;uniqueCode=97860ee7dd57748c&amp;date=2025&amp;type=true&amp;isSearch=true">https://222.85.128.186:8081/eps/index/enterprise-more?code=91520402596364154R&amp;uniqueCode=97860ee7dd57748c&amp;date=2025&amp;type=true&amp;isSearch=true</a>
16	Dengfeng Company	<a href="http://222.143.24.250:8247/enplInfo/enpOverview?enterId=91410185MA45KE110K001L">http://222.143.24.250:8247/enplInfo/enpOverview?enterId=91410185MA45KE110K001L</a>
17	Yongjia Company	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303245505367825&amp;uniqueCode=3a8c4478b408065b&amp;date=2025&amp;type=true&amp;isSearch=true">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303245505367825&amp;uniqueCode=3a8c4478b408065b&amp;date=2025&amp;type=true&amp;isSearch=true</a>
18	Yongjia Phase II Company	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330300MA298N1L3T&amp;uniqueCode=8fe9360863155a32&amp;date=2025&amp;type=true&amp;isSearch=true">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330300MA298N1L3T&amp;uniqueCode=8fe9360863155a32&amp;date=2025&amp;type=true&amp;isSearch=true</a>
19	Bengbu Company	<a href="https://39.145.37.16:8081/zhhb/yfplpub_html/#/companyDetails?name=%E8%9A%8C%E5%9F%A0%E7%BB%BF%E8%89%B2%E5%8A%A8%E5%8A%9B%E5%86%8D%E7%94%9F%E8%83%BD%E6%BA%90%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;entpld=20251743494540271&amp;type=1">https://39.145.37.16:8081/zhhb/yfplpub_html/#/companyDetails?name=%E8%9A%8C%E5%9F%A0%E7%BB%BF%E8%89%B2%E5%8A%A8%E5%8A%9B%E5%86%8D%E7%94%9F%E8%83%BD%E6%BA%90%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;entpld=20251743494540271&amp;type=1</a>
20	Pingyang Phase I Company	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303265528966933&amp;uniqueCode=929d8e05b92d813e&amp;date=2025&amp;type=true&amp;isSearch=true">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303265528966933&amp;uniqueCode=929d8e05b92d813e&amp;date=2025&amp;type=true&amp;isSearch=true</a>
21	Pingyang Phase II Company	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330326MA2ARK677C&amp;uniqueCode=c0b373fe9b7eacd&amp;date=2025&amp;type=true&amp;isSearch=true">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330326MA2ARK677C&amp;uniqueCode=c0b373fe9b7eacd&amp;date=2025&amp;type=true&amp;isSearch=true</a>
22	Enshi Company	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=942f5077-bbe9-4ee4-812d-f0ac7669d53a&amp;XH=1682677514567029335552&amp;year=2025">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=942f5077-bbe9-4ee4-812d-f0ac7669d53a&amp;XH=1682677514567029335552&amp;year=2025</a>
23	Shuozhou Company	<a href="http://111.53.19.139:8081/#/DisclosureDetail/1902248353813676033/2025">http://111.53.19.139:8081/#/DisclosureDetail/1902248353813676033/2025</a>
24	Guangyuan Company	<a href="https://103.203.219.138:8082/eps/index/enterprise-more?code=91510800MA62549131&amp;uniqueCode=fc345492fa3ffae0&amp;date=2025&amp;type=true&amp;isSearch=true">https://103.203.219.138:8082/eps/index/enterprise-more?code=91510800MA62549131&amp;uniqueCode=fc345492fa3ffae0&amp;date=2025&amp;type=true&amp;isSearch=true</a>
25	Zhaoqing Company	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=fa488aa3-9cb7-40ac-8ee7-613d339ca68b">https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=fa488aa3-9cb7-40ac-8ee7-613d339ca68b</a>



## V. Corporate Governance, Environment and Society (Continued)

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
26	Huludao Power Generation Company	<a href="https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=684205955809285&amp;publishdataId">https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=684205955809285&amp;publishdataId</a>
27	Jinsha Company	<a href="https://222.85.128.186:8081/eps/index/enterprise-more?code=91520523MA6E8GBN67&amp;uniqueCode=b487c35d6bbd81aa&amp;date=2025&amp;type=true&amp;isSearch=true">https://222.85.128.186:8081/eps/index/enterprise-more?code=91520523MA6E8GBN67&amp;uniqueCode=b487c35d6bbd81aa&amp;date=2025&amp;type=true&amp;isSearch=true</a>
28	Jingxi Company	<a href="https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=4abd7a95-089c-40f3-a6c7-925fca301efd&amp;XH=1742204997782032530432&amp;year=2025">https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=4abd7a95-089c-40f3-a6c7-925fca301efd&amp;XH=1742204997782032530432&amp;year=2025</a>
29	Hong'an Company	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=187458f6-f7ac-4177-a069-c2b6a978a5d4&amp;XH=1677749993882009244672&amp;year=2025">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=187458f6-f7ac-4177-a069-c2b6a978a5d4&amp;XH=1677749993882009244672&amp;year=2025</a>
30	Bobai Company	<a href="https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=78d9857d-e71c-4a57-8e4a-3d2b6ad43931&amp;XH=1675645843084028999680&amp;year=2025">https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=78d9857d-e71c-4a57-8e4a-3d2b6ad43931&amp;XH=1675645843084028999680&amp;year=2025</a>
31	Yichun Company	<a href="http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=afa594797e2f4f6f8ea5cd9dbef71057">http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=afa594797e2f4f6f8ea5cd9dbef71057</a>
32	Ninghe Company	<a href="https://hjxxpl.sthjt.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2025-7A6FF7CE52D54C7380005087904F902A">https://hjxxpl.sthjt.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2025-7A6FF7CE52D54C7380005087904F902A</a>
33	Wuhan Company	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=a9be8e55-8635-41ea-8f7a-956c766fbf4b&amp;XH=1677751071579009244672&amp;year=2025">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=a9be8e55-8635-41ea-8f7a-956c766fbf4b&amp;XH=1677751071579009244672&amp;year=2025</a>
34	Haining Expansion Company	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330481MA2BB8NU43&amp;uniqueCode=12caac7ac9c4d899&amp;date=2025&amp;type=true&amp;isSearch=true">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330481MA2BB8NU43&amp;uniqueCode=12caac7ac9c4d899&amp;date=2025&amp;type=true&amp;isSearch=true</a>
35	Shantou Company	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=2c6147be-b724-4235-9b93-537299880006">https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=2c6147be-b724-4235-9b93-537299880006</a>
36	Fengcheng Company	<a href="http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=24c2bd0c2c344b6d9c86c76a7056de01">http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=24c2bd0c2c344b6d9c86c76a7056de01</a>
37	Huizhou Phase II Company	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=1c71b274-d195-4d13-afe5-60c9d46532d3">https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=1c71b274-d195-4d13-afe5-60c9d46532d3</a>

Other explanation

Applicable  Not applicable



## XX. Activities in connection with social responsibilities

### (I) Particulars of activities in connection with social responsibilities

Applicable  Not applicable

Donations, public welfare projects	Quantity/ Content	Explanations
Total investment (RMB'0,000)	292.43	During the year, the Company actively fulfilled its social responsibilities and launched a number of public welfare projects, including: offering care and condolences to villagers surrounding the projects, fire and rescue personnel, and sanitation workers; purchasing products for rural revitalization support; carrying out student assistance programs; supporting the development of public utilities in the project locations; and further promoting village-enterprise co-construction initiatives.
Including: Funds (RMB'0,000)	239.75	
Materials (RMB'0,000)	52.68	
Number of people benefited (person)	N/A	

Specific explanations

Applicable  Not applicable

### (II) Whether social responsibility report, sustainable development report or ESG report is disclosed separately

Applicable  Not applicable

For details, please refer to the 2025 Environmental, Social and Governance (ESG) Report disclosed by the Company on the websites of the SSE and the Stock Exchange on the same date.



## V. Corporate Governance, Environment and Society (Continued)

### XXI. Consolidation and expansion of the results of poverty alleviation, rural revitalization and other specific work

Applicable  Not applicable

Poverty alleviation and rural revitalization projects	Quantity/ Content	Explanations
Total investment (RMB'0,000)	47.83	
Including: Funds (RMB'0,000)	47.83	
Materials (RMB'0,000)		
Number of people benefited (person)		
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, etc.)	Purchase of assistance products for rural revitalization	

Specific explanations

Applicable  Not applicable

### XXII. OTHERS

Applicable  Not applicable

#### (I) Trading of Shares by Directors and Employees

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the “**Management Measures**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules of the Stock Exchange. The Company had made specific inquiries to all of the Directors on whether they had complied with the Management Measures during the Reporting Period, and all of the Directors had confirmed that they had all complied with the Management Measures. The Company has established the Employees Written Guidance (the “**Employees Written Guidance**”) for its employees who may hold unpublished internal information of the Company in relation to dealing in securities, with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to breaches of the Employees Written Guidance by any employee.

#### (II) Directors’ responsibility in respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor’s report.



## V. Corporate Governance, Environment and Society (Continued)

### (III) Auditors' Remuneration

The remuneration paid to the Company's external auditors (including BDO China Shu Lun Pan Certified Public Accountants LLP and other PRC auditors) in respect of audit services for the year ended 31 December 2025 amounted to RMB2.50 million, of which RMB2.20 million is for audit services conducted under CASBE and RMB0.30 million is for audit services relating to the internal control for financial reporting rendered by BDO China Shu Lun Pan Certified Public Accountants LLP.

### (IV) Risk Management and Internal Controls

The Board acknowledge its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit and Risk Management Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board, through the Audit and Risk Management Committee, has conducted annual review for the effectiveness of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2025.

The management monitors the assessment of the risk management and internal controls and has confirmed to the Board and the Audit and Risk Management Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Company has developed and adopted different risk management procedures and guidelines with defined authority. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit and Risk Management Committee.



## V. Corporate Governance, Environment and Society (Continued)

The Group adopts the following procedures and internal control measures to handle and release inside information:

1. When handling affairs, the Company will fully consider the disclosure requirements under the Stock Exchange Listing Rules and the “**Guidelines on Disclosure of Inside Information**” issued by the Securities and Futures Commission;
2. The “**Administrative Procedures on the Information Disclosures**” of the Group govern the Company’s communications with third parties, especially the procedures for responding to outside inquiries about the Group’s affairs, enabling specific personnel to obtain relevant authorizations;
3. The Company widely and non-exclusively discloses information to the public through financial reports, announcements and the Company’s website, etc., to implement and disclose the Company’s fair disclosure policy; and
4. Unauthorized use of confidential or inside information is strictly prohibited in the Company’s “**Compliance Management Manual**”.

The Board, as supported by the Audit and Risk Management Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit report and considered that, for the year ended 31 December 2025, the risk management and internal control systems of the Company are effective and adequate.

### (V) Joint Company Secretaries

Mr. ZHU Shuguang, the secretary of the Board of the Company, and Ms. Yim Lai Kiu of Tricor Services Limited (the Company’s service provider), act as the joint company secretaries of the Company. The primary contact person of Ms. Yim at the Company is Mr. ZHU Shuguang.

Mr. ZHU Shuguang and Ms. Yim Lai Kiu have complied with Rule 3.29 of the Listing Rules of the Stock Exchange by taking no less than 15 hours of relevant professional training during the year.

### (VI) Communication with Shareholders and Investors/Investor Relations

General meeting is the highest authority of the Company. Shareholders exercise their powers through the general meeting. The Company convenes and holds general meetings in strict accordance with the Articles of Association, the Rules of Procedure for General Meetings and other relevant provisions, ensuring that all shareholders, especially minority shareholders, enjoy equal status and can fully exercise their rights.

The Company held the 2025 second extraordinary general meeting, the 2025 first A shares class meeting and the 2025 first H shares class meeting on 19 September 2025, at which the Resolution on Amendments to the Articles of Association was considered and approved. The amendments to the Articles of Association took effect on the date of consideration and approval at the general meeting. For details of the amendments, please refer to the circular of general meeting disclosed on the website of the Hong Kong Stock Exchange on 2 September 2025 and the information on the general meeting disclosed by the Company on the website of the Shanghai Stock Exchange on 13 September 2025.



## V. Corporate Governance, Environment and Society (Continued)

The Company attaches great importance to shareholders' return and continuously enhances its intrinsic value and sustainable development capacity. It is committed to creating long-term and stable investment value for investors. It has always adhered to a prudent and sustainable profit distribution policy, shared the achievements of development with shareholders, and earnestly fulfilled the responsibility of a listed company to reward investors.

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has formulated the Investor Relations Management System, the Information Disclosure Management Measures and other systems in accordance with the principles of standardization, transparency and efficiency, so as to ensure the standardization and effectiveness of investor relations management. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the Reporting Period. After review of the implementation and effectiveness of the shareholder communication policy, the Company is of the view that the policy is effective in providing a channel for shareholders to communicate their views on various matters affecting the Company, as well as in soliciting and understanding the views of shareholders and stakeholders. The Company tries its best to maintain a dialogue with its shareholders and has established multiple communication channels between itself and its shareholders, investors and other stakeholders, including general meetings, performance briefings, roadshows, especially through annual general meetings and other general meetings to widely solicit opinions and suggestions from investors. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

### (VII) Interests in securities held by Directors and senior management

As at the end of the Reporting Period, any interests or short positions held by the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Stock Exchange Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

Name	Position	Class of share	Nature of interest	Number of shares held (share)	Percentage of total issued shares of the Company	Percentage of total issued A shares of the Company	Long position/short position/lending pool
Cheng Suning	Chairman	A share	Beneficial owner	1,000,000	0.07%	0.10%	Long position
Hu Shengyong	Executive Director	A share	Beneficial owner	650,000	0.05%	0.06%	Long position



## V. Corporate Governance, Environment and Society (Continued)

### (VIII) Directors' Service Contracts

Neither the Company nor other members of the Group has entered into or intended to enter into any service contract with the Directors proposed for re-election at the AGM, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### (IX) Directors' or Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Save as disclosed, no contracts, transactions or arrangements of significance or contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries were entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries.

### (X) Relations with Employees

The Group attaches importance to maintaining good relationship with employees. The Group is of the view that employees are the most important assets of the Group, and the basis for sustainable development. To establish good relationship with employees and retain talents, the Group has offered employees with competitive remuneration package, excellent working environment and welfare. The remuneration policy of the Group is determined based on the performance of employees, and will be reviewed regularly. The Group will distribute discretionary bonuses to employees for their contributions to the Group based on its profitability and the performance of the employees, and promote employees with excellent performance. The Group will also provide trainings for new and existing staff so as to enhance their skills and knowledge. For frontline production staff, the Group will also provide firefighting and safety production trainings. These measures can improve the production capacity and efficiency of the Group.

### (XI) Compliance with Relevant Laws and Regulations of Significant Influence

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations (particularly), those that have significant impact on the Group such as the Listing Rules of the Stock Exchange and the Chinese Financial Reporting Standards. The Board is responsible for monitoring the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

To the knowledge of the Company, it has complied in all material aspects with relevant laws and regulations which have significant impact on its business and operation.



## VI. Significant Events

### I. PERFORMANCE OF UNDERTAKINGS

#### (I) Undertakings during or carried forward to the Reporting Period by the Company's beneficial controllers, shareholders, related parties, acquirers of the Company and the Company

Applicable    Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time of undertaking	Whether there is deadline for performance	Deadline of undertaking	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Long term	Yes		

#### (II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor

Achieved    Not achieved    Not Applicable

#### (III) Performance undertakings

Applicable    Not applicable

Changes in performance undertakings

Applicable    Not applicable

Other explanations

Applicable    Not applicable

## II. APPROPRIATION OF THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN OPERATIONS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES DURING THE REPORTING PERIOD

Applicable    Not applicable



## VI. Significant Events (Continued)

### III. ILLEGAL GUARANTEES

Applicable  Not applicable

### IV. EXPLANATION OF THE COMPANY ON THE “NON-STANDARD OPINIONS AUDIT REPORT” FROM ACCOUNTING FIRM

Applicable  Not applicable

### V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION ON SIGNIFICANT ACCOUNTING ERRORS

**(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates**

Applicable  Not applicable

**(II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors**

Applicable  Not applicable

**(III) Communication with the previous accounting firm**

Applicable  Not applicable

**(IV) Approval procedures and other explanation**

Applicable  Not applicable



## VI. Significant Events (Continued)

### VI. APPOINTMENT AND DISMISSAL OF AUDITOR

RMB'0,000

<b>Existing Auditor</b>	
Name of domestic auditor	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic auditor	220
Term of the domestic auditor for audit services	2 years
Name of certified public accountants of the domestic auditor	Qin Jinli, Zhang Yinna
Accumulated years of audit services of provided by the certified public accountants of the domestic auditor	Qin Jinli (2 years), Zhang Yinna (2 years)

	<b>Name</b>	<b>Compensation</b>
The auditors for internal control audit	BDO China Shu Lun Pan Certified Public Accountants LLP	30
Sponsor	China Securities Co., Ltd.	0

#### Explanation of appointment or dismissal of auditors

Applicable    Not applicable

On 25 June 2025, the Company convened the 2024 annual general meeting, at which the Proposal on the Appointment of Auditors for 2025 was considered and approved, pursuant to which it was approved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company for 2025 to provide financial statements and internal control audit services for the Company.



## VI. Significant Events (Continued)

### **Explanation of change of auditors during the audit period**

Applicable  Not applicable

### **Explanation on the decrease in audit fees by more than 20% (including 20%) over the last year**

Applicable  Not applicable

## **VII. RISK OF DELISTING**

### **(I) Causes of delisting warning**

Applicable  Not applicable

### **(II) Measures to be taken by the Company**

Applicable  Not applicable

### **(III) Situation and causes for termination of listing**

Applicable  Not applicable

## **VIII. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION**

Applicable  Not applicable

## **IX. MATERIAL LITIGATION AND ARBITRATION**

The Company had material litigation and arbitration during the year

The Company did not have material litigation and arbitration during the year



**X. PUNISHMENT AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLERS FOR SUSPECTED VIOLATION OF LAWS AND REGULATIONS**

Applicable  Not applicable

**XI. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLERS DURING THE REPORTING PERIOD**

Applicable  Not applicable

**XII. SIGNIFICANT RELATED PARTY TRANSACTIONS**

**(I) Related party transactions in connection with day-to-day operation**

**1. Matters which have been published in temporary announcements and without further progress or changes**

Applicable  Not applicable

**2. Matters which have been published in temporary announcements but with further progress or changes**

Applicable  Not applicable

**3. Matters which have not been published in temporary announcements**

Applicable  Not applicable



## VI. Significant Events (Continued)

### **(II) Related party transactions in connection with purchase or sale of assets or equity interest**

**1. Matters which have been published in temporary announcements and without further progress or changes**

Applicable  Not applicable

**2. Matters which have been published in temporary announcements but with further progress or changes**

Applicable  Not applicable

**3. Matters which have not been published in temporary announcements**

Applicable  Not applicable

**4. Disclose the performance of the results relating to the results agreement during the Reporting Period**

Applicable  Not applicable

### **(III) Significant related party transactions in connection with joint external investment**

**1. Matters which have been published in temporary announcements and without further progress or changes**

Applicable  Not applicable

**2. Matters which have been published in temporary announcements but with further progress or changes**

Applicable  Not applicable

**3. Matters which have not been published in temporary announcements**

Applicable  Not applicable



## VI. Significant Events (Continued)

### (IV) Claims and liabilities between related parties

**1. Matters which have been published in temporary announcements and without further progress or changes**

Applicable  Not applicable

**2. Matters which have been published in temporary announcements but with further progress or changes**

Applicable  Not applicable

**3. Matters which have not been published in temporary announcements**

Applicable  Not applicable

### (V) Financial business between the Company and the financial company that is related to the Company, the financial company controlled by the Company and related parties

Applicable  Not applicable

### (VI) Others

Applicable  Not applicable

The Group entered into the Non-Competition Agreement with BSAM (a connected entity of the Company by virtue of it being the controlling shareholder of the Company) on 23 December 2013, under which BSAM has agreed not to and will procure its subsidiaries (other than listed subsidiaries of BSAM) not to compete with us in our core business and has granted us options for new business opportunities, the call option and preemptive rights. In addition, if requested by the Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. According to the Non-Competition Agreement, when the Group decides whether to exercise the options for acquisition of new business opportunities, subscription right or the pre-emptive rights, the Group shall comply with related requirements under the Chapter 14A of the Stock Exchange Listing Rules. The Company and the independent non-executive Directors have received the statement issued by BSAM confirming its compliance with the Non-Competition Agreement during the Reporting Period.

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 31 December 2025. These related party transactions were not regarded as connected transactions under the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in Note XII to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.



## VI. Significant Events (Continued)

### XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

#### (I) Trusteeship, contracting and leasing matters

##### 1. Trusteeship

Applicable  Not applicable

##### 2. Contracting

Applicable  Not applicable

##### 3. Leasing

Applicable  Not applicable

#### (II) Guarantees

Applicable  Not applicable

Unit: RMB

External guarantees provided by the Company (excluding those for subsidiaries)														
Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Collateral (if any)	Completed or not	Overdue or not	Amount overdue	Counter- guarantee	Connected parties guarantee or not	Connected relations
Total guarantees during the Reporting Period (excluding those for subsidiaries)														0
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)														0
Guarantees for subsidiaries provided by the Company and its subsidiaries														
Total guarantees for subsidiaries during the Reporting Period														1,383,878,596.89
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)														6,204,469,824.08
Total amount of guarantees provided by the Company (including those for subsidiaries)														
Total amount of guarantees (A+B)														6,204,469,824.08
Total amount of guarantees over the net assets of the Company (%)														75.06%
Including:														
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)														0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)														559,675,659.56
Amount of the total guarantees exceeding 50% of net assets (E)														2,071,427,981.20
Total amount of above three guarantees (C+D+E)														2,631,103,640.76
Explanations on outstanding guarantee which may undertake joint liability for satisfaction														Nil
Explanations on guarantees														Nil



## VI. Significant Events (Continued)

### Guarantee to banks in respect of banking credit facilities granted to certain subsidiaries

In order to ensure the smooth completion of operating targets of the Company, to support the development of the subsidiary project companies, and to guarantee financing needs of the project companies, the Company sought shareholders' approval on the provision of guarantee in respect of banking facilities granted to its project companies at the 2025 first extraordinary general meeting. As contained in the relevant circular to shareholders, it is expected that the amount of guarantee to be provided in respect of new banking facilities granted to the project companies in 2025 would not exceed RMB2,680 million. As at 31 December 2025, guarantee provided by the Company in respect of new banking facilities granted to its project companies amounted to RMB1,384 million.

### (III) Entrusted others to manage cash assets

#### 1. Entrusted wealth management

(1). *Overall entrusted wealth management*

Applicable  Not applicable

Others

Applicable  Not applicable

(2). *Individual entrusted wealth management*

Applicable  Not applicable

Others

Applicable  Not applicable

(3). *Provisions for impairment of entrusted wealth management*

Applicable  Not applicable

#### 2. Entrusted loans

(1). *Overall entrusted loans*

Applicable  Not applicable

Others

Applicable  Not applicable

(2). *Individual entrusted loans*

Applicable  Not applicable

Others

Applicable  Not applicable

(3). *Provisions for Impairment of entrusted loan*

Applicable  Not applicable

#### 3. Others

Applicable  Not applicable



## VI. Significant Events (Continued)

### (IV) Other material contracts

Applicable  Not applicable

## XIV. Progress of use of proceeds

Applicable  Not applicable

### (I) Overall use of proceeds

Applicable  Not applicable

RMB'0,000

Source of raised funds	Time of receipt of proceeds	Total proceeds	Net proceeds <sup>(1)</sup>	Committed total investment of proceeds under the prospectus or offering document <sup>(2)</sup>	Total amount of over-raised proceeds (3)=(1)-(2)	Adjusted total investment of proceeds	Net proceeds unused at the beginning of the Reporting Period	Total amount of proceeds accumulated as at the end of the Reporting Period <sup>(4)</sup>	Including: Accumulated investment		Accumulated progress of investment as at the end of the Reporting Period (%) (6)=(4)/(1)	Accumulated progress of investment as at the end of the Reporting Period (%) (7)=(5)/(3)	Amount of investment in the year (8)	Proportion of investment in the year (%) (9)=(8)/(1)	Total amount of proceeds with the use changed
									Accumulated investment amount of over-raised proceeds as at the end of the Reporting Period <sup>(5)</sup>	progress of investment					
Issue of convertible bonds	3 March 2022	236,000.00	234,476.64	234,476.64	-	234,476.64	13,780.92	225,172.29	-	96.03	-	2,055.68	0.88	-	
Total	/	236,000.00	234,476.64	234,476.64	-	234,476.64	13,780.92	225,172.29	-	/	/	2,055.68	/	-	

Other explanations

Applicable  Not applicable



## VI. Significant Events (Continued)

### (II) Details of proceeds invested projects

✓ Applicable  Not applicable

#### 1. Details of use of proceeds

✓ Applicable  Not applicable

Source of proceeds	Name of project	Nature of project	Whether committed investment project under the prospectus change or offering of use document involved	Total planned investment amount of proceed <sup>(1)</sup>	Amount of investment in the year	Total amount of proceeds accumulatedly invested as at the end of the Reporting Period <sup>(2)</sup>	Accumulated investment progress as at the end of the Reporting Period (%) (3=(2)/1)	Date on which the projects ready for the intended use	Whether the investment progress is in line with the planned progress	Specific reasons for the investment progress has not met the plan	Benefits or research and development results achieved in the project	Whether the feasibility of the project has changed significantly, if so, please specify the details	RMB'0,000	
													Balance	
Issue of convertible bonds	Dengying Project	Production and construction	Yes	No	15,000.00	-	100	December 2021	Yes		1,358.48	No	584.00	-
Issue of convertible bonds	Ershi Project1	Production and construction	Yes	No	35,886.30	1.33	99.91	September 2022	Yes		4,612.22	No	10,635.41	33.66
Issue of convertible bonds	Suozhou Project2	Production and construction	Yes	No	34,321.56	1,209.49	94.22	March 2023	Yes		55.87	No	-2,889.59	1,982.44
Issue of convertible bonds	Wuhan Phase II Project 3	Production and construction	Yes	No	58,184.15	658.64	98.76	June 2023	Yes		6,444.00	No	15,890.32	719.33
Issue of convertible bonds	Huludao Waste-to-energy Project 4	Production and construction	Yes	No	35,827.99	186.21	81.56	May 2023	Yes		1,191.87	No	1,251.00	6,588.32
Issue of convertible bonds	Replenishment of working capital and repayment of bank loans	Replenishment of working capital and repayment of bank loans	No	No	55,476.64	-	100.00	N/A	Yes		N/A	No	N/A	-
Total	/	/	/	/	234,476.64	2,055.88	225,172.29	/	/		-	/	-	9,304.35

Note: All the projects funded by proceeds from convertible bonds have been completed. The unused proceeds (including the accumulated bank deposit interest income from the proceeds of RMB24,410,500) amounted to RMB17,454,000. In order to improve the efficiency of the use of the proceeds, as approved at the seventh meeting of the fifth session of the Board, the Company used the unused proceeds to permanently supplement the working capital. After the unused proceeds were transferred out, the aforementioned special accounts for proceeds were cancelled during the Reporting Period.

#### 2. Details of use of over-raised proceeds

Applicable  Not applicable



## VI. Significant Events (Continued)

### (III) Change or termination of proceeds funded projects during the Reporting Period

Applicable  Not applicable

### (IV) Other information on the use of proceeds during the Reporting Period

#### 1. Initial investment and replacement of proceeds invested in projects

Applicable  Not applicable

#### 2. Use of idle proceeds to temporarily supplement working capital

Applicable  Not applicable

#### 3. Cash management of idle proceeds and investment in relevant products

Applicable  Not applicable

#### 4. Others

Applicable  Not applicable

All projects funded by proceeds from the convertible bonds have been completed. The remaining proceeds, including the accumulated bank deposit interest income of RMB24.4105 million arising from the proceeds, amounted to a total of RMB117.4540 million. To improve the efficiency of the use of proceeds, as considered and approved at the 7th meeting of the fifth session of the Board and the 4th meeting of the fifth session of the Supervisory Committee of the company, the Company will permanently use the remaining proceeds to supplement its working capital. After the transfer-out of the remaining proceeds, the dedicated accounts for the aforementioned proceeds were cancelled during the Reporting Period.

### (V) Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds

Applicable  Not applicable

The sponsor is of the view that: Dynagreen's use of unused proceeds to permanently supplement working capital complies with the requirements of laws, regulations and normative documents including the Company Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, as well as the provisions of the Articles of Association, without prejudice to the interests of the company and its shareholders. The board of directors and supervisory committee of the company have considered and approved the relevant proposal, and the voting procedures are legal and compliant.

Explanation on anomalies in verification

Applicable  Not applicable

### (VI) Subsequent rectification for unauthorized change of the use of proceeds and illegal misappropriation of proceeds

Applicable  Not applicable

## XV. EXPLANATION ON OTHER MATERIAL MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable  Not applicable



## VII. Changes in Shares and Particulars of Shareholders

### I. CHANGES IN SHARE CAPITAL

#### (I) Table of changes in shares

##### 1. Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)			After change	
	Number	Percentage (%)	New issue	Others	Sub-total	Number	Percentage (%)
<b>I. Shares subject to selling restrictions</b>	-	-	37,130,000		37,130,000	37,130,000	2.60
1. Shares held by the state							
2. Shares held by state-owned legal person							
3. Shares held by other domestic capital							
Including: shares held by domestic non-state-owned legal person							
Shares held by domestic natural person	-	-	37,130,000		37,130,000	37,130,000	2.60
4. Shares held by foreign capital							
Including: shares held by overseas legal person							
Shares held by overseas natural person							
<b>II. Shares not subject to selling restrictions</b>	1,393,452,725	100.00		1,625	1,625	1,393,454,350	97.40
1. RMB ordinary shares	989,092,933	70.98		1,625	1,625	989,094,558	69.14
2. Domestic listed foreign shares							
3. Overseas listed foreign shares	404,359,792	29.02				404,359,792	28.27
4. Others							
<b>III. Total number of shares</b>	1,393,452,725	100.00	37,130,000	1,625	37,131,625	1,430,584,350	100.00



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### 2. Explanation of changes in shares

Applicable  Not applicable

On 25 February 2022, the Company issued 23.6 million A-share convertible corporate bonds with a total issuance size of RMB2.36 billion. The abbreviation of the bonds is “Dynagreen Convertible Bonds”. The convertible bonds could be converted into the A shares of the Company since 5 September 2022. During the Reporting Period, 1,625 A shares were increased due to the conversion of “Dynagreen Convertible Bonds” into ordinary shares.

On 23 December 2025, the registration of a total of 37,130,000 shares granted under the first grant and reserved grant (first batch) of the restricted A share incentive scheme of the Company was completed with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, including 35,770,000 restricted shares under the first grant and 1,360,000 restricted shares under the reserved grant (first batch). On 24 December 2025, the Company received the Certificate of Changes in Registration of Securities issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. For details, please refer to the Announcement on Results of the First Grant and Reserved Grant (First Batch) under the Restricted A Share Incentive Scheme (Announcement No.: Lin 2025-078) disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 25 December 2025.

### 3. The effects of changes in shares on the financial indicators such as earnings per share and net assets per share, in the previous year and the latest period (if any)

Applicable  Not applicable

The changes in the shares of the Company had no material impact on the financial indicators such as earnings per share and net assets per share, in the previous year and the latest period.

### 4. Other information considered necessary by the Company or required by the securities regulatory authorities to be disclosed

Applicable  Not applicable

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities (including disposal of treasury shares) of the Company.



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### (II) Changes in restricted shares

✓ Applicable    □ Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares unlocked in the year	Number of restricted shares increased in the year	Number of restricted shares at the end of the year	Reason for restrictions on sales	Unlocking date
Incentive participants under the Restricted A Share Incentive Scheme	0	0	37,130,000	37,130,000	Restricted share incentive lock-up	See explanation below for details
Total	0	0	37,130,000	37,130,000	Restricted share incentive lock-up	See explanation below for details

Explanation: The grant date of the first grant and reserved grant (first batch) under the Restricted A Share Incentive Scheme of the Company is 2 December 2025; the registration date is 23 December 2025. The unlocking schedule for the Restricted A Share Incentive Scheme of the Company is as follows:

Unlocking arrangement	Unlocking schedule	Proportion of the number of shares unlocked to the number of shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 36-month period from the date of completion of registration of the Restricted Shares.	33%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 48-month period from the date of completion of registration of the Restricted Shares.	33%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the Restricted Shares and ending on the last trading day of the 60-month period from the date of completion of registration of the Restricted Shares.	34%



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### II. SHARE ISSUE AND LISTINGS

#### (I) Issuance of securities during the Reporting Period

Applicable  Not applicable

Unit: Share Currency: RMB

Shares and type of their derivative securities	Issuance date	Issue price (or interest rate)	Issuance amount	Listing date	Number approved for listing and trading	Transaction termination date
<b>Ordinary shares</b>						
RMB ordinary shares	2025-12-23	RMB2.95	35,770,000 shares	See explanation for details	--	--
RMB ordinary shares	2025-12-23	RMB3.56	1,360,000 shares	See explanation for details	--	--
<b>Bonds (including debentures, corporate bonds, and non-financial corporate debt financing instruments)</b>						
2025 first tranche of medium-term notes of Dynagreen Environmental Protection Group Co., Ltd.	2025-11-26 to 2025-11-27	2.00%	5,000,000	2025-12-1	5,000,000	2028-11-28

Explanation: for details, please refer to the explanations under "I. Changes in Share Capital (II) Changes in restricted shares" in this section

Issuance of securities during the Reporting Period (bonds with different interest rates within the effective period shall be separately specified):

Applicable  Not applicable

#### (II) Changes in total shares and share structure and changes in the structure of assets and liabilities

Applicable  Not applicable

During the Reporting Period, affected by the conversion of the Company's convertible bonds and the restricted A share incentive scheme, details of changes in the total number of shares of the Company are set out in "I. Changes in Share Capital – (I) Table of changes in shares – 2. Explanation of changes in shares" in this section.



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### (III) Shares held by employees

Applicable  Not applicable

## III. SHAREHOLDERS AND DE FACTO CONTROLLER

### (I) Total number of shareholders

Total number of holders of ordinary shares as at the end of the Reporting Period	34,715
Number of holders of the ordinary shares as of the end of the month preceding the disclosure of the annual report	34,597
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period	0
Total number of shareholders of preference shares with restored voting rights as of the end of the month preceding the disclosure of the annual report	0

As of the Latest Practicable Date prior to the publication of this annual report, based on the publicly available information and as far as the Directors are aware, the Company has a total public float of 797,269,662 shares, representing 55.73% of the total issued share capital of the Company (the difference in mantissa was due to rounding). Among them, public float of H shares is 379,500,000 shares, accounting for 93.85% of the issued H shares of the Company and 29.20% of the total issued share capital of the Company; public float of A shares is 417,769,662 shares, accounting for 40.71% of the issued A shares of the Company and 26.53% the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company became listed on the Stock Exchange and up to the Latest Practicable Date prior to the publication of this annual report, the Company had maintained a public float as required under the Listing Rules.



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### (II) Table of shareholdings of the top ten shareholders and the top ten holders of tradable shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Shareholding of the top ten shareholders (excluding shares lent through refinancing)							
Name of shareholder (full name)	Change during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen		Nature of shareholder
					Status	Number	
Beijing State-owned Assets Management Co., Ltd.	-139,345,273	454,740,345	31.79	-	Nil	-	State-owned legal person
HKSCC NOMINEES LIMITED	20,000	379,480,000	26.53	-	Unknown	-	Overseas legal person
Beijing Industrial Development Investment Management Co., Ltd.	139,345,273	139,345,273	9.74	-	Nil	-	State-owned legal person
Three Gorges Capital Holdings Co., Ltd.	-	84,265,896	5.89	-	Nil	-	State-owned legal person
Beijing State-Owned Assets Management (Hong Kong) Company Limited	-	24,859,792	1.74	-	Nil	-	Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.	-1,769,000	15,121,707	1.06	-	Nil	-	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Ltd.	5,980,810	10,175,084	0.71	-	Nil	-	Overseas legal person
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	-90,000	6,780,378	0.47	-	Nil	-	Domestic non-state-owned legal person
Guotai High Dividend Strategy Equity Pension Product – China Merchants Bank Co., Ltd. (國泰高分紅策略股票型養老金產品 – 招商銀行股份有限公司)	4,500,000	4,500,000	0.31	-	Nil	-	Other
China Everbright Bank Company Limited – Boseru Enhanced Convertible Bond-type Securities Investment Fund (中國光大銀行股份有限公司 – 博時轉債增強債券型證券投資基金)	3,498,300	3,498,300	0.24	-	Nil	-	Other



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### Top ten holders of shares not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Type	Number
Beijing State-owned Assets Management Co., Ltd.	454,740,345	RMB ordinary shares	454,740,345
HKSCC NOMINEES LIMITED	379,480,000	Overseas listed foreign shares	379,480,000
Beijing Industrial Development Investment Management Co., Ltd.	139,345,273	RMB ordinary shares	139,345,273
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	15,121,707	RMB ordinary shares	15,121,707
Hong Kong Securities Clearing Company Ltd.	10,175,084	RMB ordinary shares	10,175,084
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	6,780,378	RMB ordinary shares	6,780,378
Guotai High Dividend Strategy Equity Pension Product – China Merchants Bank Co., Ltd. (國泰高分紅策略股票型養老金產品－招商銀行股份有限公司)	4,500,000	RMB ordinary shares	4,500,000
China Everbright Bank Company Limited – Bosera Enhanced Convertible Bond-type Securities Investment Fund (中國光大銀行股份有限公司－博時轉債增強債券型證券投資基金)	3,498,300	RMB ordinary shares	3,498,300



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### Top ten holders of shares not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Type	Number
Description of the special account for repurchase of the top ten shareholders	Nil		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Nil		
Particulars of related-party relationship or concert party arrangement among the Shareholders above	Beijing Industrial Development Investment Management Co., Ltd. and Beijing State-Owned Assets Management (Hong Kong) Company Limited are wholly-owned subsidiaries of Beijing State-owned Assets Management Co., Ltd.		
Explanation on shareholders of preference shares with restored voting rights and the number of shares held by them	Nil		
Participation in lending of shares through refinancing business by shareholders holding over 5% of shares, top ten shareholders and top ten holders of shares not subject to selling restrictions <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable			
Changes in top ten shareholders and top ten holders of shares not subject to selling restrictions as compared with the previous period due to lending out of shares through refinancing/return of shares <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable			
Number of shares held by the top ten shareholders subject to selling restrictions and conditions of such selling restrictions <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable			



## VII. Changes in Shares and Particulars of Shareholders (Continued)

Unit: share

No.	Name of shareholder subject to selling restrictions	Number of restricted shares held	Tradable status of restricted shares		Term of selling restriction
			Date of being tradable	Number of additional tradable shares	
1	Cheng Suning	1,000,000	-	-	For details, please refer to "1. Changes in Share Capital – (II) Changes in restricted shares" in this section.
2	Hu Shengyong	650,000	-	-	
3	Xi Qiang	650,000	-	-	
4	Hao Jingli	650,000	-	-	
5	Zhang Yong	650,000	-	-	
6	Huang Jianzhong	650,000	-	-	
7	Zhu Shuguang	650,000	-	-	
8	Zhang Wei	650,000	-	-	
9	Yi Zhiyong	650,000	-	-	
10	Liu Lin	650,000	-	-	
11	Pi Siwei	650,000	-	-	
	Particulars of related-party relationship or concert party arrangement among the Shareholders above	Nil			

### (III) Strategic investors or general legal persons becoming the top 10 shareholders by placing of new shares

Applicable  Not applicable



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### (IV) Particulars of shareholding of substantial shareholders disclosed pursuant to the SFO

Save as disclosed in “(VII) Interests in securities held by Directors and senior management” under “XXII Others” in the section headed “V. Corporate Governance, Environment and Society” in this report, as at 31 December 2025, according to the register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares <sup>(1)</sup>	Approximate percentage of share holding in the total share capital of the Company <sup>(2)</sup>
BSAM	454,740,345 A shares (Long position)	Beneficial owner	44.31%	31.79%
Beijing Industrial Development Investment Management Co., Ltd. (“Beijing Industrial Investment”) <sup>(3)</sup>	139,345,273 A shares (Long position)	Beneficial owner	13.58%	9.74%
BSAM <sup>(3)</sup>	139,345,273 A shares (Long position)	Interest in controlled corporation	13.58%	9.74%
Beijing State-Owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) <sup>(3)</sup>	24,859,792 H shares (Long position)	Beneficial owner	6.15%	1.74%
BSAM <sup>(3)</sup>	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15%	1.74%
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	Beneficial owner	8.21%	5.89%
Great Wall Life Insurance Company Limited	121,750,000 H shares (Long position)	Beneficial owner	30.11%	8.51%
Great Wall Life Insurance Company Limited	400,000 A shares (Long position)	Beneficial owner	0.04%	0.03%
China Post Life Insurance Co., Ltd.	20,510,000 H shares (Long position)	Beneficial owner	5.07%	1.43%
E Fund Management Co., Ltd.	24,706,000 H shares (Long position)	Investment manager	6.11%	1.73%



## VII. Changes in Shares and Particulars of Shareholders (Continued)

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2025.
- (2) The calculation is based on the total number of 1,430,584,350 Shares in issue as at 31 December 2025.
- (3) Beijing Industrial Investment and BSAM (HK) are wholly-owned subsidiaries of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the A Shares held by Beijing Industrial Investment, holding 139,345,273 A Shares, representing approximately 13.58% of the total A Shares of the Company and approximately 9.74% of the total share capital of the Company; and is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 1.74% of the total share capital of the Company.

Apart from the above, as at 31 December 2025, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

Mr. ZHAO Zhixiong and Mr. Hu Yong, non-executive Directors of the Company, are employees of an entity under BSAM; Mr. Hu Tianhe, a non-executive Director, is an employee of an entity under Three Gorges Capital Holdings Co., Ltd.; Mr. Yan Chunxu, a non-executive Director, is an employee of an entity under Great Wall Life Insurance Company Limited.

## IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

### (I) Information on controlling shareholder

#### 1. Legal Representative

Applicable  Not applicable

<b>Name</b>	Beijing State-owned Assets Management Co., Ltd.
<b>Authorised Representative or Legal Representative</b>	ZHAO Jifeng
<b>Date of establishment</b>	1992-09-04
<b>Main business</b>	Assets management; project investment; investment management.
<b>Control and shareholdings in other domestic or overseas listed companies during the Reporting Period</b>	Indirectly holding 63.30% of the shares of CAPINFO COMPANY LIMITED (首都信息發展股份有限公司) (1075.HK); indirectly holding 50.48% of the shares of Beijing Certificate Authority Co., Ltd. (北京數字認證股份有限公司) (300579); and 9.19% of the shares of Bank of Beijing Co., Ltd. (601169).
<b>Other explanations</b>	Nil

#### 2. Natural person

Applicable  Not applicable

#### 3. Special explanation on the Company not having controlling shareholders

Applicable  Not applicable



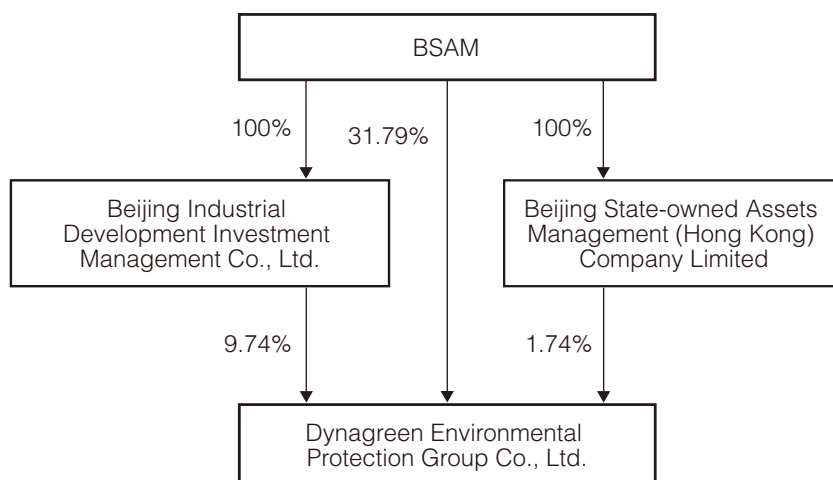
## VII. Changes in Shares and Particulars of Shareholders (Continued)

### 4. Changes in controlling shareholders during the Reporting Period

Applicable  Not applicable

### 5. Diagram of the ownership and controlling relationship between the Company and its beneficial controller

Applicable  Not applicable



## (II) De Facto Controller

### 1. Legal Representative

Applicable  Not applicable

<b>Name</b>	Beijing State-owned Assets Management Co., Ltd.
<b>Authorised Representative or Legal Representative</b>	ZHAO Jifeng
<b>Date of establishment</b>	1992-09-04
<b>Main business</b>	Assets management; project investment; investment management.
<b>Control and shareholdings in other domestic or overseas listed companies during the Reporting Period</b>	Indirectly holding 63.30% of the shares of CAPINFO COMPANY LIMITED (1075.HK); indirectly holding 50.48% of the shares of Beijing Certificate Authority Co., Ltd. (300579); and 9.19% of the shares of Bank of Beijing Co., Ltd. (601169).
<b>Other explanations</b>	Nil



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### 2. Natural person

Applicable  Not applicable

### 3. Special explanation on the Company not having controlling shareholders

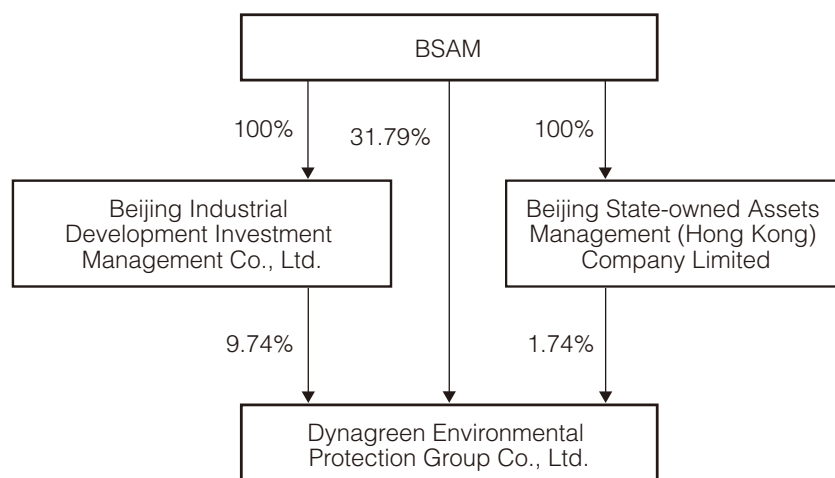
Applicable  Not applicable

### 4. Changes in controlling shareholders during the Reporting Period

Applicable  Not applicable

### 5. Diagram of the ownership and controlling relationship between the Company and its beneficial controller

Applicable  Not applicable



### 6. Control of the Company by de facto controllers by way of trust or other means of asset management

Applicable  Not applicable

### (III) Other explanation regarding the controlling shareholder and the de facto controller

Applicable  Not applicable



## VII. Changes in Shares and Particulars of Shareholders (Continued)

### **V. THE ACCUMULATIVE PLEDGED SHARES OF THE COMPANY'S CONTROLLING SHAREHOLDER OR LARGEST SHAREHOLDER AND ITS PERSONS ACTING IN CONCERT ACCOUNT FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM**

Applicable  Not applicable

### **VI. OTHER LEGAL PERSON SHAREHOLDERS HOLDING OVER 10% OF THE TOTAL SHARES OF THE COMPANY**

Applicable  Not applicable

### **VII. EXPLANATION ON REDUCED SHAREHOLDING**

Applicable  Not applicable

### **VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD**

Applicable  Not applicable

### **IX. Preference Shares**

Applicable  Not applicable



## VIII. Bonds

### I. CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable  Not Applicable

#### (I) Corporate Bonds (Including Enterprise Bonds)

Applicable  Not Applicable

#### (II) Proceeds from corporate bonds

Use of proceeds or rectification of corporate bonds during the Reporting Period

None of the Company's corporate bonds involved the use of proceeds or rectification during the Reporting Period

##### (1). Use of proceeds for specific projects

Applicable  Not Applicable

#### (III) Other matters to be disclosed for special bonds

Applicable  Not Applicable

#### (IV) Significant events relating to corporate bonds during the Reporting Period

Applicable  Not Applicable



## VIII. Bonds (Continued)

### (V) Debt financing instruments of non-financial enterprises in the inter-bank bond market

Applicable  Not Applicable

#### 1. Basic information of debt financing instruments of non-financial enterprises

RMB'0,000

Name of bond	Abbreviation	Code	Issue date	Value date	Maturity date	Balance	Interest rate (%)	Means to repay principal and interest	Trading	Investor suitability arrangement (if any)	Trading mechanism	Risk of termination of listing and trading
2025 First Tranche of Medium-Term Notes of Dynagreen Environmental Protection Group Co., Ltd.	25 Dynagreen MTN001	102584980	26 November 2025-27 November 2025	28 November 2025	28 November 2028	50,000	2	Interest to be paid annually and principal payable at maturity	Inter-bank bond market	Nil	Tradable in the inter-bank bond market	No

#### The response of the Company to the risk of termination of trading of the bonds

Applicable  Not Applicable

#### Overdue bonds

Applicable  Not Applicable

#### Settlement of principal and interest payment for bonds during the Reporting Period

Applicable  Not Applicable

#### 2. Triggering and execution of option terms of the Company or investors and investors' protection terms

Applicable  Not Applicable



VIII. Bonds (Continued)

3. Intermediaries providing services for business in relation to bond issuance and terms

Name of intermediary	Office address	Name of signing accountant (if applicable)	Contact person	Contact telephone number
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Explanation on the changes in the aforesaid intermediaries

Applicable  Not Applicable

4. Use of proceeds as at the end of the Reporting Period

Applicable  Not Applicable

RMB'0,000

Name of bond	Total amount of proceeds	Utilised amount	Unutilised amount	Operation of the designated account for the proceeds (if any)	Rectification of non-compliant utilisation of proceeds (if any)	Whether the proceeds were used for the purposes committed and according to the plan of use and other agreements stated in the prospectus
2025 First Tranche of Medium-Term Notes of Dynagreen Environmental Protection Group Co., Ltd.	50,000.00	50,000.00	0	N/A	N/A	Yes



## VIII. Bonds (Continued)

Progress and operation efficiency of the use of proceeds for the construction of projects

Applicable  Not Applicable

Explanation on the change of aforesaid use of proceeds from bonds during the Reporting Period

Applicable  Not Applicable

Other explanations:

Applicable  Not Applicable

### 5. Adjustment to credit rating result

Applicable  Not Applicable

Other explanations:

Applicable  Not Applicable

### 6. Execution and changes and the effect of guarantees, debt repayment scheme and other debt repayment protection practices during the Reporting Period

Applicable  Not Applicable

### 7. Description of other information of debt financing instruments of non-financial enterprises

Applicable  Not Applicable

## **(VI) Consolidated statement of comprehensive loss exceeds 10% of the Company's net assets at the end of the previous year during the Reporting Period**

Applicable  Not Applicable

## **(VII) Interest-bearing debts other than bonds due at the end of the Reporting Period**

Applicable  Not Applicable

## **(VIII) Impact on the rights and interests of bond investors in violation of the laws and regulations, the Articles of Association and the requirements of the management system for information disclosure as well as the agreements or commitments stated in the prospectus of bonds during the Reporting Period**

Applicable  Not Applicable



VIII. Bonds (Continued)

**(IX) Accounting data and financial indicators of the Company for the recent two years as at the end of the Reporting Period**

✓ Applicable    □ Not Applicable

Unit: RMB

Major indicators	2025	2024	Increase/ decrease for the period as compared to the same period last year (%)	Reason for changes
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	<b>612,212,298.24</b>	578,600,321.04	5.81	Mainly due to an increase in operation profit
Current ratio	<b>2.28</b>	1.55	47.10	Mainly due to a year-on-year increase in current assets and a year-on-year decrease in current liabilities
Quick ratio	<b>2.25</b>	1.52	48.03	Mainly due to a year-on-year increase in quick assets and a year-on-year decrease in current liabilities
Debt-to-asset ratio (%)	<b>60.45</b>	61.21	-0.76	Minor changes
Total debt to EBITDA ratio	<b>0.13</b>	0.12	8.33	Mainly due to a year-on-year decrease in total liabilities
Interest coverage ratio	<b>3.08</b>	2.56	20.31	Mainly due to a decrease in interest expenses
Cash interest coverage ratio	<b>8.15</b>	5.32	53.20	Mainly due to a year-on-year increase in net cash flows generated from operating activities and a year-on-year decrease in interest expenses
EBITDA interest coverage ratio	<b>4.45</b>	3.68	20.92	Mainly due to a decrease in interest expenses
Loan repayment ratio (%)	<b>152.35</b>	125.69	26.66	Mainly due a larger decrease in the amount of loans due for repayment during the period than the decrease in the actual loan repayments made
Interest coverage (%)	<b>100.00</b>	100.00	0.00	



## VIII. Bonds (Continued)

### II. CONVERTIBLE CORPORATE BONDS

Applicable  Not Applicable

#### (I) Issuance of convertible bonds

Applicable  Not Applicable

In order to guarantee the capital requirements of projects, optimize the debt structure and reduce the financing cost, as approved by the Approval for the Public Issuance of A Share Convertible Corporate Bonds of Dynagreen Environmental Protection Group Co., Ltd.\* (綠色動力環保集團股份有限公司)” (Zheng Jian Xu Ke [2022] No. 132) issued by the CSRC, the Company issued 23.6 million A share convertible corporate bonds with a nominal value of RMB100 each at par value, with an issuance size of RMB2.36 billion on 25 February 2022. The net proceeds amounted to RMB2,345 million. The target subscribers of the A share convertible corporate bonds are natural persons, legal persons, securities investment funds and other eligible investors pursuant to legal requirements who have maintained securities accounts with the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the PRC laws and regulations). On the date on which the terms of the issuance of A share convertible corporate bonds were fixed, i.e. 22 February 2022, the price of A shares of the Company was RMB9.73 per share. As approved by the Self-regulation Decision [2022] No. 70 of the Shanghai Stock Exchange, the A share convertible corporate bonds in an amount of RMB2.36 billion were listed for trading on the Shanghai Stock Exchange on 23 March 2022. The abbreviation and code of the bonds issued are “Dynagreen Convertible Bonds” and “113054”, respectively. The initial conversion price is RMB9.82 per share. Pursuant to relevant provisions and the Offering Document of the Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd., the “Dynagreen Convertible Bonds” could be converted into the A shares of the Company since 5 September 2022.

For the use of proceeds, please refer to “XIV. Progress of the use of proceeds” under “VI Significant Events” herein.



## (II) Holders and guarantors of convertible bonds during the Reporting Period

✓ Applicable    □ Not Applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Number of holders of convertible corporate bonds at the end of the period	15,234
Guarantors of convertible bonds of the Company	N/A

Top ten holders of convertible corporate bonds are as follows:

Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
China Merchants Bank Co., Ltd. – Boser CSI Convertible Bonds and Exchangeable Bond Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司—博時中證可轉債及可交換債券交易型開放式指數證券投資基金)	164,216,000	6.96
Huatai Yousheng Convertible Bond Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華泰優盛可轉債固定收益型養老金產品—招商銀行股份有限公司)	94,320,000	4.00
Agricultural Bank of China Co., Ltd. – China Post Pure Bond Hengli Bond Securities Investment Fund (中國農業銀行股份有限公司—中郵純債恒利債券型證券投資基金)	69,588,000	2.95
CITIC Securities Company Limited – HFT Investment Investment-grade Convertible Bond and Exchangeable Bond Exchange-traded Open-ended Index Securities Investment Fund (中信證券股份有限公司—海富通上證投資級可轉債及可交換債券交易型開放式指數證券投資基金)	59,071,000	2.50
Lian Life Insurance Co., Ltd. – E Wealth Management (Plan B) Whole Life Insurance (Universal Type) (利安人壽保險股份有限公司—E理財(B款)終身壽險(萬能型))	50,551,000	2.14
China AMC Yannianyishou No. 9 Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華夏基金延年益壽9號固定收益型養老金產品—招商銀行股份有限公司)	47,476,000	2.01
Industrial and Commercial Bank of China Co., Ltd. – Fullgoal Xingli Enhanced Bond Initiated Securities Investment Fund (中國工商銀行股份有限公司—富國興利增強債券型發起式證券投資基金)	44,627,000	1.89
Fullgoal Fuyi Aggressive Fixed Income Pension Product – Industrial and Commercial Bank of China Co., Ltd. (富國富益進取固定收益型養老金產品—中國工商銀行股份有限公司)	29,638,000	1.26
Guosen Securities Co., Ltd.	29,266,000	1.24
The Industrial and Commercial Bank of China – Lion Balance Securities Investment Fund (中國工商銀行—諾安平衡證券投資基金)	29,210,000	1.24



## VIII. Bonds (Continued)

### (III) Changes in convertible bonds during the Reporting Period

Applicable  Not Applicable

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change		
		After the change Conversion	Redemption	Repurchase
Dynagreen Convertible Bonds	2,359,876,000	15,000		2,359,861,000

#### Accumulated conversion of convertible bonds during the Reporting Period

Applicable  Not Applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Amount of shares converted during the Reporting Period (RMB)	15,000
Number of shares converted during the Reporting Period (share)	1,625
Aggregate number of shares converted (share)	14,350
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0010
Amount of unconverted bonds (RMB)	2,359,861,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9941



## VIII. Bonds (Continued)

### (IV) Previous adjustments to conversion price

✓ Applicable    □ Not Applicable

Unit: RMB

Name of convertible corporate bonds	Adjusted conversion price	Dynagreen Convertible Bonds Date of disclosure	Disclosure media	Explanations on adjustments to the conversion price
2022-7-21	9.72	2022-7-15	China Securities Journal Shanghai Securities News Securities Times Securities Daily	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2021, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.82 per share to RMB9.72 per share (Announcement No.: Lin 2022-031).
2023-7-26	9.60	2023-7-19	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2022, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.72 per share to RMB9.60 per share (Announcement No.: Lin 2023-029).
2024-6-26	9.45	2024-6-18	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2023, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.60 per share to RMB9.45 per share (Announcement No.: Lin 2024-028).
2024-11-19	9.35	2024-11-11	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of cash dividends for 2024, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.45 per share to RMB9.35 per share (Announcement No.: Lin 2024-059).



## VIII. Bonds (Continued)

<b>Name of convertible corporate bonds</b>	<b>Adjusted conversion price</b>	<b>Dynagreen Convertible Bonds</b>	<b>Date of disclosure</b>	<b>Disclosure media</b>	<b>Explanations on adjustments to the conversion price</b>
2025-7-30	9.15	2025-7-23	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's profit distribution for 2024, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.35 per share to RMB9.15 per share (Announcement No.: Lin 2025-039).	
2025-11-11	9.05	2025-11-03	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's interim profit distribution for 2025, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.15 per share to RMB9.05 per share (Announcement No.: Lin 2025-065).	
2025-12-26	8.89	2025-12-25	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the completion of registration of restricted shares under the first grant and reserved grant (first batch) under the restricted A share incentive scheme of the Company and issuance of 37.13 million new shares, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.05 per share to RMB8.89 per share (Announcement No.: Lin 2025-079).	
Latest conversion price as of the end of the Reporting Period					8.89

**(V) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years**

Applicable    Not Applicable

As of 31 December 2025, the Company's total assets amounted to RMB21.924 billion and its gearing ratio was 60.45%. China Chengxin International Credit Rating Co., Ltd. conducted a tracking credit rating on the convertible bonds issued by the Company and issued the Tracking Rating Report on Dynagreen Environmental Protection Group Co., Ltd. for 2025 (Xin Ping Wei Han Zi [2025] Gen Zong No. 0228) on 26 May 2025, pursuant to which the main credit rating of the Company remained "AA+" and the rating outlook remained "stable"; the credit rating of the "Dynagreen Convertible Bonds" remained AA+. In the past three years, the Company's interest coverage ratio was relatively high and the Company's loan repayment was good, without overdue repayment of bank loans.

On 27 February 2023, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2022 to 24 February 2023. The payment of interests is for the first year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.20% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.20 (tax inclusive) (Announcement No.: Lin 2023-006); on 26 February 2024, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2023 to 24 February 2024. The payment of interests is for the second year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.4% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.4 (tax inclusive) (Announcement No.: Lin 2024-005). On 25 February 2025, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2024 to 24 February 2025. The payment of interests is for the third year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.6% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.6 (tax inclusive) (Announcement No.: Lin 2025-004). On 25 February 2026, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2025 to 24 February 2026. The payment of interests is for the third year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 1.5% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB1.5 (tax inclusive) (Announcement No.: Lin 2026-005).



## VIII. Bonds (Continued)

### (VI) Other description of convertible bonds

Applicable    Not Applicable

#### 1. No downward adjustment to conversion price

As at 28 October 2025, the closing prices of the Company's A shares had been lower than 85% of the conversion price (i.e. RMB7.78 per share) for at least 15 trading days out of 30 consecutive trading days, which had triggered the term on downward adjustment to the conversion price of "Dynagreen Convertible Bonds". Taking into account the Company's gearing ratio, cash flow and secondary market conditions, in order to safeguard the interests of all Shareholders and clarify investors' expectations, as considered at the sixteenth meeting of the fifth session of the Board, the Board of the Company determined that no downward adjustment would be made to the conversion price this time and that it would not make any proposal on downward adjustment within twelve months from the date of consideration and approval by the Board this time (i.e. from 28 October 2025 to 27 October 2026) even if the price of the Company's A Shares triggers the term on downward adjustment to the conversion price of "Dynagreen Convertible Bonds" again. Starting from 28 October 2026, if the term on downward adjustment to the conversion price of the "Dynagreen Convertible Bonds" is triggered again, the Board will hold a meeting to decide whether to make a proposal on downward adjustment to the conversion price of the "Dynagreen Convertible Bonds" (Announcement No.: Lin 2025-061).

#### 2. Dilutive effects of convertible corporate bonds

Assuming that the unconverted A-share convertible corporate bonds of RMB2,359,861,000 were fully converted at the end of the Reporting Period at the conversion price of RMB8.89 per Share, a maximum of 265,451,181 A Shares (the "**Conversion Shares**"), equivalent to (i) approximately 18.56% of the then issued share capital of the Company (i.e. 1,430,584,350 Shares) (excluding treasury shares); and approximately 15.65% of the enlarged issued share capital of the Company after issuance of Conversion Shares (i.e. 1,696,035,531 Shares) (excluding treasury shares), would be issued. For the avoidance of doubt, the Company did not hold treasury shares repurchased at the end of the Reporting Period.



## VIII. Bonds (Continued)

If, at the end of the Reporting Period, all the unconverted A-share convertible corporate bonds have been converted, the dilutive effects on the equity interests of the Company's substantial shareholders will be as follows:

Name of shareholders	As at 31 December 2025			Equity interests immediately after exercise of all conversion rights		
	Number of Shares held	Approximate percentage of relevant Share class <sup>(1)</sup>	Approximate percentage of the Company's total share capital <sup>(2)</sup>	Number of Shares held	Approximate percentage of relevant share class	Approximate percentage of the Company's total share capital
BSAM	454,740,345 A shares (Long position)	44.31%	31.79%	454,740,345 A shares (Long position)	35.21%	26.81%
Beijing Industrial Development Investment Management Co., Ltd. ("Beijing Industrial Investment") <sup>(3)</sup>	139,345,273 A shares (Long position)	13.58%	9.74%	139,345,273 A shares (Long position)	10.79%	8.22%
BSAM <sup>(3)</sup>	139,345,273 A shares (Long position)	13.58%	9.74%	139,345,273 A shares (Long position)	10.79%	8.22%
Beijing State-Owned Assets Management (Hong Kong) Company Limited ("BSAM (HK)") <sup>(3)</sup>	24,859,792 H shares (Long position)	6.15%	1.74%	24,859,792 H shares (Long position)	6.15%	1.47%
BSAM <sup>(3)</sup>	24,859,792 H shares (Long position)	6.15%	1.74%	24,859,792 H shares (Long position)	6.15%	1.47%
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	8.21%	5.89%	84,265,896 A shares (Long position)	6.52%	4.97%
Great Wall Life Insurance Company Limited	121,750,000 H shares (Long position)	30.11%	8.51%	121,750,000 H shares (Long position)	30.11%	7.18%
Great Wall Life Insurance Company Limited	400,000 A shares (Long position)	0.04%	0.03%	400,000 A shares (Long position)	0.03%	0.02%



## VIII. Bonds (Continued)

Name of shareholders	As at 31 December 2025			Equity interests immediately after exercise of all conversion rights		
	Number of Shares held	Approximate percentage of relevant Share class <sup>(1)</sup>	Approximate percentage of the Company's total share capital <sup>(2)</sup>	Number of Shares held	Approximate percentage of relevant share class	Approximate percentage of the Company's total share capital
China Post Life Insurance Co., Ltd.	20,510,000 H shares (Long position)	5.07%	1.43%	20,510,000 H shares (Long position)	5.07%	1.21%
E Fund Management Co., Ltd.	24,706,000 H shares (Long position)	6.11%	1.73%	24,706,000 H shares (Long position)	6.11%	1.46%

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2025.
- (2) The calculation is based on the total number of 1,430,584,350 Shares in issue as at 31 December 2025.
- (3) Beijing Industrial Investment and BSAM (HK) are wholly-owned subsidiaries of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the A Shares held by Beijing Industrial Investment, holding 139,345,273 A Shares, representing approximately 13.58% of the total A Shares of the Company and approximately 9.74% of the total share capital of the Company; and is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 1.74% of the total share capital of the Company.

If, at the end of the Reporting Period, all the unconverted A-share convertible corporate bonds have been converted, for the dilutive effects on the (losses)/earnings per Share of the Group, please refer to "note (LIV) in V Notes to the consolidated financial statements" under "VIII. FINANCIAL REPORT".

Taking into account the Group's total net assets of approximately RMB8,672 million and total net current assets of approximately RMB2,803 million as at 31 December 2025 and the measures taken by the Group to maintain its financial position, the Company is expected to be able to fulfill the redemption obligations under the convertible corporate bonds.

Based on the implied internal rate of return of the unconverted A-share convertible corporate bonds on the maturity date, assuming that the conversion price of the unconverted A-share convertible corporate bonds on the maturity date is the current conversion price of RMB8.89 per Share (the conversion price is only a simulated price, and does not constitute a value of the actual conversion price), the analysis of the Company's share price on equally favorable economic return for conversion or redemption of unconverted A-share convertible corporate bonds by holders of unconverted A-share convertible corporate bonds is set out below:

A-share convertible corporate bonds on 24 February 2028	Share price (RMB) 9.51 per Share
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## IX. Financial Report

### Auditor's Report

Xin Kuai Shi Bao Zi [2026] No. ZI10069

**To the shareholders of Dynagreen Environmental Protection Group Co., Ltd.:**

#### I. OPINION

We have audited the accompanying financial statements of Dynagreen Environmental Protection Group Co., Ltd. ("Dynagreen"), which comprise the consolidated and company's balance sheets as at 31 December 2025, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

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

#### II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Dynagreen in accordance with China Independence Standard for Certified Public Accountants No. 1 – Independence for Audit and Review Engagements and China Code of Ethics for Certified Public Accountants ("the CICPA Code") and have fulfilled our other ethical responsibilities in accordance with the CICPA Code. The independence requirements for audits of public interest entities have been applied in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### III. KEY AUDIT MATTERS

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

We identified the following key audit matters in our audit:



## IX. Financial Report (Continued)

### Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

### III. KEY AUDIT MATTERS (Continued)

Key audit matters	How these matters were addressed in the audit
<p><b>(I) Provision for bad debts of accounts receivables</b></p> <p>As stated in “III. Significant Accounting Policies and Accounting Estimates (X)” and “V. Notes to Items of the Financial Statements (III)”, as of 31 December 2025, in respect of the accounts receivable of Dynagreen, the book balance of amounted to RMB2,773,241,900, the provision for bad debts amounted to RMB150,586,100, and the carrying amount was RMB2,622,655,800.</p> <p>Based on the credit risk characteristics of each accounts receivable, the management measures its loss provision at an amount equivalent to the lifetime expected credit loss on either an individual basis or a collective basis of accounts receivable. For accounts receivable with the expected credit loss measured on an individual basis, the management, taking into full account of reasonable and supportable information relating to historical matters, current conditions and the expectation of future economic conditions, estimates the cash flow expected to receive and determines the provision for bad debts accordingly; for accounts receivable with the expected credit loss measured on a collective basis, the management classifies groups based on aging and nature and, with reference to the historical credit loss experience, makes adjustments based on the forward-looking estimates, prepares a comparison table for accounts receivable and expected credit loss rate, and determines the provision for bad debts accordingly.</p> <p>Since the amount of accounts receivable is significant, and impairment of accounts receivable involves significant management judgment, we determine the impairment of accounts receivable as a key audit matter.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> <li>1. Understood the internal control processes related to the provision for impairment of accounts receivable; evaluated and tested the effectiveness of key internal controls related to the provision for impairment of accounts receivable;</li> <li>2. Understood the management’s classification of accounts receivable portfolios based on credit risk characteristics, and reviewed the appropriateness of the management’s grouping of accounts receivable by credit risk characteristics;</li> <li>3. Obtained information related to the management’s impairment test of accounts receivable;</li> <li>4. Evaluated the appropriateness of the impairment test methods and models adopted by the management in the tests with reference to industry practices;</li> <li>5. Reviewed whether the parameters selected by the management in the test were reasonable and accurate;</li> <li>6. Reviewed historical collections and bad debt data and reviewed whether the forward-looking information considered by the management in recognition of expected credit losses was reasonable;</li> <li>7. Performed tests on collections after the reporting period;</li> <li>8. Checked to see if information related to provision for bad debts of accounts receivable has been properly presented and disclosed in the financial statements.</li> </ol>



## Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

### III. KEY AUDIT MATTERS (Continued)

Key audit matters	How these matters were addressed in the audit
<p><b>(II) Provision for impairment of fixed assets and intangible assets</b></p> <p>As stated in “III. Significant Accounting Policies and Accounting Estimates (XIV), (XVII), (XVIII)” and “V. Notes to Items of the Consolidated Financial Statements (XII), (XV)”, as of 31 December 2025, the book value of fixed assets and intangible assets amounted to RMB83,624,600 and RMB10,195,237,900, respectively. According to the relevant provisions of the CASs, assets group and intangible assets with any indicator that the assets may be impaired at the balance sheet date and intangible assets that are not yet available for their intended use or with indefinite useful lives should be tested for impairment irrespective of whether there is any indicator of impairment. As at 31 December 2025, the balance of provision for impairment of fixed assets made by Green Dynamic amounted to RMB229,125,500, of which the provision for impairment made in 2025 amounted to RMB165,551,300 and the balance of provision for impairment of intangible assets amounted to RMB412,487,600. In particular, the balance of provision for impairment of concession rights was RMB358,151,400 and the balance of provision for impairment of land use rights was RMB51,203,500. In 2025, the provision for impairment amounted to RMB36,642,800.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> <li>1. Understood the internal control processes related to the provision for impairment of fixed assets and intangible assets; evaluated and tested the effectiveness of key internal controls related to the provision for impairment of fixed assets and intangible assets;</li> <li>2. Understood the management's judgment on indications of impairment of assets group and assessed their reasonableness;</li> <li>3. Compared the actual operating results of the relevant project for the current year with the corresponding forecast data for the last year to consider whether there were potential signs of management bias in the judgment made by management when selecting assumptions and data related to the assessment of recoverable amounts;</li> <li>4. Obtained information related to the management's impairment test of assets group;</li> <li>5. Evaluated the appropriateness of the impairment test methods and models adopted by the management in the tests with reference to industry practices;</li> </ol>



## IX. Financial Report (Continued)

### Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

### III. KEY AUDIT MATTERS (Continued)

Key audit matters	How these matters were addressed in the audit
<p><b>(II) Provision for impairment of fixed assets and intangible assets (Continued)</b></p> <p>The management evaluated the recoverable amount based on the higher of the present value of the future cash flows expected to be derived from the assets group and an asset's fair value less costs to sell. The evaluation process involved the management's significant accounting estimates and judgments, including the use of appropriate impairment test methods and models and the use of key assumptions (mainly compound growth rates of revenue, EBIT margin and pre-tax discount rates) in the forecast of the present value of future cash flows. As the amount of the long-term assets is significant and the management is required to use significant accounting estimates and judgments in assessing the recoverable amount of the assets group, we identified it as a key audit matter.</p>	<p>6. Evaluated the reasonableness of the key assumptions adopted by the management in assessment of the recoverable amount, including compound growth rates of revenue, EBIT margin and pretax discount rate during the operating period, based on the industry development and the historical operating conditions, future operating plans, and actual operating conditions after the balance sheet date of Dynagreen with reference to analysis on trends of comparable industries, risk factors of comparable companies, etc.;</p> <p>7. Reviewed the sensitivity analysis performed by the management on key assumptions, and assessed the potential impact on the recoverable amount when the relevant key assumptions changed reasonably;</p> <p>8. Checked the accuracy of the calculation of the present value of future cash flows and impairment provisions.</p>



## Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

### IV. OTHER INFORMATION

Management of Dynagreen (“Management”) is responsible for other information. The other information comprises all of the information included in Dynagreen’s 2025 annual report, other than the financial statements and our auditor’s report thereon.

Our audit 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 process or otherwise appears to be materially misstated.

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

### V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and fairly presenting them; designing, implementing and maintaining necessary internal control to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Dynagreen’s ability to continue as a going concern, disclosing matters in relation to going concern, as appropriate, and applying the going-concern assumption unless intends to liquidate, cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Dynagreen.

### VI. AUDITORS’ 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 CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## IX. Financial Report (Continued)

### Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

## VI. AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 understand 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 management.
- (IV) Conclude on the appropriateness of 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 Dynagreen'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 these 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 Dynagreen to cease to continue as a going concern.
- (V) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Dynagreen to express audit opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.



## Auditor's Report (Continued)

Xin Kuai Shi Bao Zi [2026] No. ZI10069

## VI. AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

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

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 tiny minority 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.

**BDO China Shu Lun Pan Certified  
Public Accountants LLP**

**Chinese Certified  
Public Accountant:**

\_\_\_\_\_  
**Qin Jinli (Engagement Partner)**

Shanghai • the PRC  
27 March 2026

**Chinese Certified  
Public Accountant:**

\_\_\_\_\_  
**Zhang Yinna**



IX. Financial Report (Continued)

**CONSOLIDATED BALANCE SHEETS**  
**31 December 2025**

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance	Balance at the end of the previous year
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand	V(I)	1,543,476,291.84	867,810,323.28
Notes receivables	V(II)	3,595,304.99	
Accounts receivables	V(III)	2,622,655,844.03	2,512,178,004.57
Receivables financing	V(IV)	25,946,648.82	3,840,258.02
Advances to suppliers	V(V)	27,988,506.02	27,187,081.08
Other receivables	V(VI)	55,607,921.07	44,856,695.09
Inventories	V(VII)	47,647,742.18	49,795,449.07
Contract assets	V(VIII)	482,813,621.23	370,964,094.96
Current portion of non-current assets	V(IX)	46,454,709.89	46,454,709.89
Other current assets	V(X)	136,959,508.09	200,537,444.73
<b>Total current assets</b>		<b>4,993,146,098.16</b>	4,123,624,060.69
<b>Non-current assets:</b>			
Long-term receivables	V(XI)	32,897,984.69	35,892,934.10
Fixed assets	V(XII)	83,624,641.25	255,311,964.44
Construction in progress	V(XIII)	6,351,047.48	1,542,278.08
Right-of-use assets	V(XIV)	4,354,130.08	7,281,264.98
Intangible assets	V(XV)	10,195,237,883.09	10,659,570,149.67
Goodwill	V(XVI)		
Long-term prepaid expenses	V(XVII)	2,224,240.53	3,935,477.65
Deferred tax assets	V(XVIII)	235,330,642.92	250,070,335.93
Other non-current assets	V(XIX)	6,373,567,093.74	6,651,544,469.90
<b>Total non-current assets</b>		<b>16,933,587,663.78</b>	17,865,148,874.75
<b>TOTAL ASSETS</b>		<b>21,926,733,761.94</b>	21,988,772,935.44
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	V(XXI)	293,188,903.61	545,805,404.65
Accounts payables	V(XXII)	522,488,062.31	661,561,718.22
Contract liabilities	V(XXIII)	2,879,063.65	1,780,465.71
Employee benefits payable	V(XXIV)	123,052,405.44	109,275,821.31
Taxes payable	V(XXV)	82,398,623.76	78,034,607.41
Other payables	V(XXVI)	282,812,388.24	153,150,819.25
Current portion of non-current liabilities	V(XXVII)	883,247,351.44	1,108,768,938.92
<b>Total current liabilities</b>		<b>2,190,066,798.45</b>	2,658,377,775.47



## IX. Financial Report (Continued)

	Note	Closing balance	Balance at the end of the previous year
<b>Non-current liabilities:</b>			
Long-term borrowings	V(XXVIII)	<b>7,246,754,307.83</b>	7,528,412,016.81
Debentures payable	V(XXIX)	<b>2,915,661,242.30</b>	2,354,143,208.17
Lease liabilities	V(XXX)	<b>2,238,208.53</b>	3,521,924.32
Long-term payables	V(XXXI)	<b>226,631,151.10</b>	237,111,975.60
Provisions	V(XXXII)	<b>14,915,631.51</b>	14,273,331.60
Deferred income	V(XXXIII)	<b>165,695,628.99</b>	171,417,020.67
Deferred tax liabilities	V(XVIII)	<b>492,442,540.22</b>	492,725,249.82
<b>Total non-current liabilities</b>		<b>11,064,338,710.48</b>	10,801,604,726.99
<b>Total liabilities</b>		<b>13,254,405,508.93</b>	13,459,982,502.46
<b>Owners' equity:</b>			
Share capital	V(XXXIV)	<b>1,430,584,350.00</b>	1,393,452,725.00
Other equity instruments	V(XXXV)	<b>217,556,068.55</b>	217,557,451.40
Capital surplus	V(XXXVI)	<b>2,489,841,263.41</b>	2,412,108,859.03
Less: treasury shares	V(XXXVII)	<b>110,363,100.00</b>	
Other comprehensive income	V(XXXVIII)	<b>2,079,875.32</b>	2,079,875.32
Special reserve	V(XXXIX)	<b>35,026,096.24</b>	25,723,632.46
Surplus reserve	V(XL)	<b>441,355,480.38</b>	340,338,359.75
Undistributed profits	V(XLI)	<b>3,760,003,651.86</b>	3,661,556,189.50
<b>Total equity attributable to the owners of the company</b>		<b>8,266,083,685.76</b>	8,052,817,092.46
<b>Minority interests</b>		<b>406,244,567.25</b>	475,973,340.52
<b>Total owners' equity</b>		<b>8,672,328,253.01</b>	8,528,790,432.98
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>21,926,733,761.94</b>	21,988,772,935.44

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



## IX. Financial Report (Continued)

### THE COMPANY'S BALANCE SHEETS 31 December 2025

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance	Balance at the end of the previous year
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand		673,191,711.06	329,688,819.47
Accounts receivables	XVI(I)	251,949,626.44	302,860,460.05
Advances to suppliers		1,478,754.47	263,929.59
Other receivables	XVI(II)	3,061,871,860.91	1,878,850,072.33
Current portion of non-current assets		333,500,000.00	720,872,083.33
Other current assets		911.32	
<b>Total current assets</b>		<b>4,321,992,864.20</b>	3,232,535,364.77
<b>Non-current assets:</b>			
Long-term receivables		1,145,034,033.05	941,818,433.05
Long-term equity investments	XVI(III)	6,437,707,159.31	6,441,353,111.31
Fixed assets		500,803.13	731,479.12
Right-of-use assets		1,524,648.72	4,573,946.16
Intangible assets		3,278,084.80	3,215,424.44
Deferred tax assets		718,886.67	1,065,854.80
<b>Total non-current assets</b>		<b>7,588,763,615.68</b>	7,392,758,248.88
<b>TOTAL ASSETS</b>		<b>11,910,756,479.88</b>	10,625,293,613.65
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings		293,188,903.61	511,776,315.78
Accounts payables		40,594.89	2,536.00
Contract liabilities		9,762,711.87	10,983,050.85
Employee benefits payable		23,756,175.25	20,473,125.11
Taxes payable		779,366.43	11,798,793.87
Other payables		666,393,009.42	473,526,119.42
Current portion of non-current liabilities		79,764,940.68	297,369,283.40
<b>Total current liabilities</b>		<b>1,073,685,702.15</b>	1,325,929,224.43



## IX. Financial Report (Continued)

	Note	Closing balance	Balance at the end of the previous year
<b>Non-current liabilities:</b>			
Long-term borrowings		<b>1,403,900,000.00</b>	1,021,000,000.00
Debentures payable		<b>2,915,661,242.30</b>	2,354,143,208.17
Lease liabilities			1,581,167.45
<b>Total non-current liabilities</b>		<b>4,319,561,242.30</b>	3,376,724,375.62
<b>Total liabilities</b>		<b>5,393,246,944.45</b>	4,702,653,600.05
<b>Owners' equity:</b>			
Share capital		<b>1,430,584,350.00</b>	1,393,452,725.00
Other equity instruments		<b>217,556,068.55</b>	217,557,451.40
Capital surplus		<b>2,535,584,003.22</b>	2,459,616,787.00
Less: treasury shares		<b>110,363,100.00</b>	
Surplus reserve		<b>441,355,480.38</b>	340,338,359.75
Undistributed profits		<b>2,002,792,733.28</b>	1,511,674,690.45
<b>Total owners' equity</b>		<b>6,517,509,535.43</b>	5,922,640,013.60
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>11,910,756,479.88</b>	10,625,293,613.65

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:

IX. Financial Report (Continued)

**CONSOLIDATED INCOME STATEMENTS  
FOR THE YEAR 2025**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
<b>I. Total revenue</b>		<b>3,533,559,874.91</b>	3,398,572,272.66
Including: revenue	V(XLII)	<b>3,533,559,874.91</b>	3,398,572,272.66
<b>II. Total operating costs</b>		<b>2,599,258,637.35</b>	2,614,694,363.43
Including: Operating costs	V(XLII)	<b>1,884,532,911.03</b>	1,854,415,615.88
Taxes and surcharges	V(XLIII)	<b>77,010,966.71</b>	71,447,694.62
Selling expenses	V(XLIV)	<b>1,049,893.07</b>	1,315,666.37
General and administrative expenses	V(XLV)	<b>247,170,228.19</b>	232,864,434.58
Research and development expenses	V(XLVI)	<b>7,850,075.11</b>	7,097,412.89
Financial expenses	V(XLVII)	<b>381,644,563.24</b>	447,553,539.09
Including: Interest expenses		<b>378,868,279.29</b>	453,395,045.98
Interest income		<b>5,082,253.06</b>	8,597,630.34
Add: Other income	V(XLVIII)	<b>111,103,452.83</b>	91,789,481.44
Credit impairment losses (loss is represented by “-”)	V(XLIX)	<b>-51,466,980.70</b>	-45,174,975.77
Impairment losses on assets (loss is represented by “-”)	V(L)	<b>-204,907,223.47</b>	-126,501,452.00
Gains on disposal of assets (loss is represented by “-”)	V(LI)	<b>-87,470.37</b>	5,936.38
<b>III. Operating profit (loss is represented by “-”)</b>		<b>788,943,015.85</b>	703,996,899.28
Add: Non-operating income	V(LII)	<b>2,036,982.33</b>	2,665,142.96
Less: Non-operating expenses	V(LIII)	<b>1,061,607.34</b>	522,524.95
<b>IV. Total profit (total loss is represented by “-”)</b>		<b>789,918,390.84</b>	706,139,517.29
Less: Income tax expenses	V(LIV)	<b>185,384,317.70</b>	105,396,153.29
<b>V. Net profit (net loss is represented by “-”)</b>		<b>604,534,073.14</b>	600,743,364.00
(1) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by “-”)		<b>604,534,073.14</b>	600,743,364.00
(2) Classified by ownership of the equity			
1. Attributable to shareholders of the Company (net loss is represented by “-”)		<b>617,500,625.79</b>	585,082,147.27
2. Minority interests (net loss is represented by “-”)		<b>-12,966,552.65</b>	15,661,216.73
<b>VI. Total comprehensive income</b>		<b>604,534,073.14</b>	600,743,364.00
Attributable to shareholders of the Company		<b>617,500,625.79</b>	585,082,147.27
Attributable to minority interests		<b>-12,966,552.65</b>	15,661,216.73
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	V(LV)	<b>0.44</b>	0.42
(II) Diluted earnings per share (RMB/share)	V(LV)	<b>0.43</b>	0.41

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



IX. Financial Report (Continued)

**THE COMPANY'S INCOME STATEMENTS  
FOR THE YEAR 2025**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
<b>I. Revenue</b>	XVI(IV)	<b>79,773,979.29</b>	126,102,217.92
Less: Operating costs	XVI(IV)	<b>12,415,962.91</b>	10,397,960.14
Taxes and surcharges		<b>415,856.62</b>	513,833.10
General and administrative expenses		<b>60,350,705.03</b>	54,343,890.48
Research and development expenses		<b>7,850,075.11</b>	7,097,412.89
Financial expenses		<b>146,727,717.14</b>	161,980,726.52
Including: Interest expenses		<b>149,054,340.76</b>	165,458,850.24
Interest income		<b>2,729,304.77</b>	5,193,353.32
Add: Other income		<b>866,177.38</b>	281,956.12
Investment income (loss is represented by “-”)	XVI(V)	<b>1,156,566,638.06</b>	55,179,978.75
Credit impairment losses (loss is represented by “-”)		<b>1,387,872.52</b>	-70,927,910.39
Impairment losses on assets (loss is represented by “-”)			-64,000,000.00
Gains on disposal of assets (loss is represented by “-”)		<b>-1,604.28</b>	
<b>II. Operating profit (loss is represented by “-”)</b>		<b>1,010,832,746.16</b>	-187,697,580.73
Add: Non-operating income		<b>100,001.37</b>	
Less: Non-operating expenses		<b>3,429.39</b>	
<b>III. Total profit (total loss is represented by “-”)</b>		<b>1,010,929,318.14</b>	-187,697,580.73
Less: Income tax expenses		<b>758,111.88</b>	10,384,619.74
<b>IV. Net profit (net loss is represented by “-”)</b>		<b>1,010,171,206.26</b>	-198,082,200.47
(I) Net profit from continuing operations (net loss is represented by “-”)		<b>1,010,171,206.26</b>	-198,082,200.47
<b>V. Total comprehensive income</b>		<b>1,010,171,206.26</b>	-198,082,200.47

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



IX. Financial Report (Continued)

**CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE YEAR 2025**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>3,786,742,965.03</b>	3,332,180,504.57
Refund of taxes and surcharges		<b>93,263,919.32</b>	67,185,501.56
Cash received relating to other operating activities	V(LVII)1.	<b>59,081,372.32</b>	68,439,940.79
<b>Sub-total of cash inflows</b>		<b>3,939,088,256.67</b>	3,467,805,946.92
<hr style="border-top: 1px dashed #008000;"/>			
Cash paid for goods and services		<b>1,007,064,087.90</b>	973,308,507.21
Other cash payments related to the construction of PPP projects		<b>57,929,343.96</b>	137,724,359.79
Cash paid to and on behalf of employees		<b>538,121,560.75</b>	541,147,329.71
Payments of taxes and surcharges		<b>380,687,510.47</b>	287,118,391.31
Cash paid relating to other operating activities	V(LVII)1.	<b>109,374,086.12</b>	90,036,870.28
<b>Sub-total of cash outflows</b>		<b>2,093,176,589.20</b>	2,029,335,458.30
<b>Net cash flows from operating activities</b>		<b>1,845,911,667.47</b>	1,438,470,488.62
<hr style="border-top: 1px dashed #008000;"/>			
<b>II. Cash flows from investing activities</b>			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		<b>194,288.45</b>	10,930,083.15
Cash received relating to other investing activities	V(LVII)2.	<b>2,700,000.00</b>	2,039,180.00
<b>Sub-total of cash inflows</b>		<b>2,894,288.45</b>	12,969,263.15
<hr style="border-top: 1px dashed #008000;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>261,284,433.20</b>	370,135,830.21
Cash paid relating to other investing activities	V(LVII)2.		
<b>Sub-total of cash outflows</b>		<b>261,284,433.20</b>	370,135,830.21
<b>Net cash flows from investing activities</b>		<b>-258,390,144.75</b>	-357,166,567.06



## IX. Financial Report (Continued)

Item	Note	Current period	Previous period
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		<b>110,363,100.00</b>	
Cash received from issuance of bonds		<b>499,325,000.00</b>	
Cash received from borrowings		<b>2,364,931,396.89</b>	3,942,104,400.05
Cash received relating to other financing activities	V(LVII)3.		
<b>Sub-total of cash inflows</b>		<b>2,974,619,496.89</b>	3,942,104,400.05
Cash repayments of borrowings		<b>3,140,125,461.09</b>	4,453,243,766.41
Cash payments for distribution of dividends, profits or interest expenses		<b>731,526,474.22</b>	731,473,022.92
Including: Dividends or profits paid to minority shareholders by subsidiaries		<b>31,000,000.00</b>	24,880,000.00
Cash paid relating to other financing activities	V(LVII)3.	<b>15,438,010.47</b>	3,433,401.84
<b>Sub-total of cash outflows</b>		<b>3,887,089,945.78</b>	5,188,150,191.17
<b>Net cash flows from financing activities</b>		<b>-912,470,448.89</b>	-1,246,045,791.12
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-19,605.27</b>	17,235.91
<b>V. Net increase in cash and cash equivalents</b>		<b>675,031,468.56</b>	-164,724,633.65
Add: Cash and cash equivalents at the beginning of the period	V(LVIII)2.	<b>867,810,323.28</b>	1,032,534,956.93
<b>VI. Cash and cash equivalents at the end of the period</b>	V(LVIII)2.	<b>1,542,841,791.84</b>	867,810,323.28

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



IX. Financial Report (Continued)

**THE COMPANY'S STATEMENTS OF CASH FLOW  
FOR THE YEAR 2025**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>130,842,125.74</b>	119,709,998.20
Cash received relating to other operating activities		<b>52,930,013.00</b>	61,081,072.32
<b>Sub-total of cash inflows</b>		<b>183,772,138.74</b>	180,791,070.52
<hr style="border-top: 1px dashed black;"/>			
Cash paid for goods and services		<b>596,252.41</b>	414,641.36
Cash paid to and on behalf of employees		<b>54,524,549.38</b>	57,096,882.35
Payments of taxes and surcharges		<b>14,711,301.48</b>	3,922,681.80
Cash paid relating to other operating activities		<b>69,058,428.33</b>	81,722,338.81
<b>Sub-total of cash outflows</b>		<b>138,890,531.60</b>	143,156,544.32
<hr style="border-top: 1px dashed black;"/>			
<b>Net cash flows from operating activities</b>		<b>44,881,607.14</b>	37,634,526.20
<hr style="border-top: 1px dashed black;"/>			
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		<b>15,162,893.79</b>	62,914,927.24
Cash received from returns on investments		<b>486,400,000.00</b>	291,902,646.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>2,390.40</b>	
Cash received relating to other investing activities		<b>730,563,832.52</b>	782,787,221.76
<b>Sub-total of cash inflows</b>		<b>1,232,129,116.71</b>	1,137,604,795.51
<hr style="border-top: 1px dashed black;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>537,602.21</b>	554,423.46
Cash paid to acquire investments		<b>13,918,000.00</b>	37,917,100.00
Net cash paid for acquisition of subsidiaries and business units		<b>30,000,000.00</b>	62,000,000.00
Cash paid relating to other investing activities		<b>1,049,423,436.00</b>	596,941,500.00
<b>Sub-total of cash outflows</b>		<b>1,093,879,038.21</b>	697,413,023.46
<hr style="border-top: 1px dashed black;"/>			
<b>Net cash flows from investing activities</b>		<b>138,250,078.50</b>	440,191,772.05
<hr style="border-top: 1px dashed black;"/>			



## IX. Financial Report (Continued)

Item	Note	Current period	Previous period
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		<b>110,363,100.00</b>	
Cash received from issuance of bonds		<b>499,325,000.00</b>	
Cash received from borrowings		<b>930,000,000.00</b>	1,524,000,000.00
Cash received relating to other financing activities		<b>153,562,125.17</b>	196,857,365.25
<b>Sub-total of cash inflows</b>		<b>1,693,250,225.17</b>	1,720,857,365.25
Cash repayments of borrowings		<b>1,045,130,000.00</b>	1,918,970,000.00
Cash payments for distribution of dividends, profits or interest expenses		<b>484,077,694.50</b>	430,546,425.71
Cash paid relating to other financing activities		<b>3,670,000.00</b>	1,693,533.33
<b>Sub-total of cash outflows</b>		<b>1,532,877,694.50</b>	2,351,209,959.04
<b>Net cash flows from financing activities</b>		<b>160,372,530.67</b>	-630,352,593.79
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-1,324.72</b>	1,199.47
<b>V. Net increase in cash and cash equivalents</b>		<b>343,502,891.59</b>	-152,525,096.07
Add: Cash and cash equivalents at the beginning of the period		<b>329,688,819.47</b>	482,213,915.54
<b>VI. Cash and cash equivalents at the end of the period</b>		<b>673,191,711.06</b>	329,688,819.47

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



## IX. Financial Report (Continued)

### CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY FOR THE YEAR 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period													Total owners' equity
	Attributable to owners of the parent company													
	Other equity instruments				Less:		Other							
	Share capital	Preference shares	Perpetual bonds	Convertible bonds	Capital surplus	treasury shares	comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests		
I. Balance at the end of the previous year	1,393,452,725.00			217,557,451.40	2,412,108,859.03		2,079,875.32	25,723,632.46	340,338,359.75	3,661,556,189.50	8,052,817,092.46	475,973,340.52	8,528,790,432.98	
II. Opening balance for the year	1,393,452,725.00			217,557,451.40	2,412,108,859.03		2,079,875.32	25,723,632.46	340,338,359.75	3,661,556,189.50	8,052,817,092.46	475,973,340.52	8,528,790,432.98	
III. Movements in the period (decrease is represented by "-")	37,131,625.00			-1,382.85	77,732,404.38	110,363,100.00		9,302,463.78	101,017,120.63	98,447,462.36	213,266,593.30	-69,728,773.27	143,537,820.03	
(1) Total comprehensive income										617,500,625.79	617,500,625.79	-12,966,552.65	604,534,073.14	
(2) Capital contribution and reduction														
from owners	37,131,625.00			-1,382.85	77,732,404.38	110,363,100.00					4,498,546.53	-3,993,761.13	505,785.40	
1. Ordinary shares contributed by owners	37,130,000.00				73,233,100.00	110,363,100.00								
2. Capital contribution from owners of other equity instruments	1,625.00			-1,382.85	15,109.26						15,351.41		15,351.41	
3. Share-based payments credited to owners' equity					4,408,434.00						4,408,434.00		4,408,434.00	
4. Others					75,761.12						75,761.12	-3,993,761.13	-3,918,000.01	
(3) Profit distribution									101,017,120.63	-519,033,163.43	-418,036,042.80	-53,200,000.00	-471,236,042.80	
1. Appropriations of surplus reserve									101,017,120.63	-101,017,120.63				
2. Distribution to owners (or shareholders)											-418,036,042.80	-53,200,000.00	-471,236,042.80	
(4) Special reserve								9,302,463.78			9,302,463.78	431,540.51	9,734,004.29	
1. Appropriations in the period								48,514,803.73			48,514,803.73	2,283,044.42	50,797,848.15	
2. Utilization in the period								-39,212,339.95			-39,212,339.95	-1,851,503.91	-41,063,843.86	
IV. Closing balance for the period	1,430,584,350.00			217,556,068.55	2,489,841,263.41	110,363,100.00	2,079,875.32	35,026,096.24	441,355,480.38	3,760,003,651.86	8,266,083,685.76	406,244,567.25	8,672,328,253.01	



## IX. Financial Report (Continued)

Item	Previous period													
	Attributable to owners of the parent company											Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital surplus	Less:		Special reserve	Surplus reserve	Undistributed profits	Sub-total			
		Preference shares	Perpetual bonds	Convertible bonds		treasury shares	Other comprehensive income							
<b>I. Balance at the end of the previous year</b>	1,393,450,734.00			217,559,203.01	2,412,507,464.92			2,079,875.32	16,667,067.53	340,338,359.75	3,424,837,011.73			7,807,439,716.26
<b>II. Opening balance for the year</b>	1,393,450,734.00			217,559,203.01	2,412,507,464.92			2,079,875.32	16,667,067.53	340,338,359.75	3,424,837,011.73	7,807,439,716.26	466,517,178.68	8,273,956,894.94
<b>III. Movements in the period</b>														
<b>(decrease is represented by "-")</b>	1,991.00			-1,751.61	-398,605.89				9,056,564.93		236,719,177.77	245,377,376.20	9,456,161.84	254,833,538.04
(1) Total comprehensive income											585,082,147.27	585,082,147.27	15,661,216.73	600,743,364.00
(2) Capital contribution and reduction from owners	1,991.00			-1,751.61	-398,605.89							-398,366.50		-398,366.50
1. Capital contribution from owners of other equity instruments	1,991.00			-1,751.61	18,494.11							18,733.50		18,733.50
2. Others					-417,100.00							-417,100.00		-417,100.00
(3) Profit distribution												-348,362,969.50	-348,362,969.50	-355,042,989.50
1. Distribution to owners (or shareholders)												-348,362,969.50	-348,362,969.50	-6,680,000.00
(4) Special reserve									9,056,564.93			9,056,564.93	474,945.11	9,531,510.04
1. Appropriations in the period									47,208,549.15			47,208,549.15	2,320,638.72	49,529,187.87
2. Utilization in the period									-38,151,984.22			-38,151,984.22	-1,845,693.61	-39,997,677.83
<b>IV. Closing balance for the period</b>	1,393,452,725.00			217,557,451.40	2,412,108,859.03			2,079,875.32	25,723,632.46	340,338,359.75	3,661,556,189.50	8,052,817,092.46	475,973,340.52	8,528,790,432.98

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:

IX. Financial Report (Continued)

**THE COMPANY'S STATEMENTS OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR 2025**

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period								Total owners' equity
	Share capital	Other equity instruments			Capital surplus	Less:		Undistributed profits	
		Preference shares	Perpetual bonds	Convertible bonds		treasury shares	Surplus reserve		
<b>I. Balance at the end of the previous year</b>	1,393,452,725.00			217,557,451.40	2,459,616,787.00		340,338,359.75	1,511,674,690.45	5,922,640,013.60
<b>II. Opening balance for the year</b>	1,393,452,725.00			217,557,451.40	2,459,616,787.00		340,338,359.75	1,511,674,690.45	5,922,640,013.60
<b>III. Movements in the period</b>									
<b>(decrease is represented by "-")</b>	37,131,625.00			-1,382.85	75,967,216.22	110,363,100.00	101,017,120.63	491,118,042.83	594,869,521.83
(1) Total comprehensive income								1,010,171,206.26	1,010,171,206.26
(2) Capital contribution and reduction from owners	37,131,625.00			-1,382.85	75,967,216.22	110,363,100.00			2,734,358.37
1. Ordinary shares contributed by owners	37,130,000.00				73,233,100.00	110,363,100.00			
2. Capital contribution from owners of other equity instruments	1,625.00			-1,382.85	15,109.26				15,351.41
3. Share-based payments credited to owners' equity					4,408,434.00				4,408,434.00
4. Others					-1,689,427.04				-1,689,427.04
(3) Profit distribution							101,017,120.63	-519,053,163.43	-418,036,042.80
1. Appropriations of surplus reserve							101,017,120.63	-101,017,120.63	
2. Distribution to owners (or shareholders)								-418,036,042.80	-418,036,042.80
<b>IV. Closing balance for the period</b>	1,430,584,350.00			217,556,068.55	2,535,584,003.22	110,363,100.00	441,355,480.38	2,002,792,733.28	6,517,509,535.43



## IX. Financial Report (Continued)

Item	Previous period								
	Share capital	Other equity instruments			Capital surplus	Less:			Total owners' equity
		Preference shares	Perpetual bonds	Convertible bonds		treasury shares	Surplus reserve	Undistributed profits	
<b>I. Balance at the end of the previous year</b>	1,393,450,734.00			217,559,203.01	2,459,598,292.89		340,338,359.75	2,058,119,860.42	6,469,066,450.07
<b>II. Opening balance for the year</b>	1,393,450,734.00			217,559,203.01	2,459,598,292.89		340,338,359.75	2,058,119,860.42	6,469,066,450.07
<b>III. Movements in the period</b>									
<b>(decrease is represented by "-")</b>	1,991.00			-1,751.61	18,494.11			-546,445,169.97	-546,426,436.47
(1) Total comprehensive income								-198,082,200.47	-198,082,200.47
(2) Capital contribution and reduction from owners	1,991.00			-1,751.61	18,494.11				18,733.50
1. Capital contribution from owners of other equity instruments	1,991.00			-1,751.61	18,494.11				18,733.50
(3) Profit distribution								-348,362,969.50	-348,362,969.50
1. Distribution to owners (or shareholders)								-348,362,969.50	-348,362,969.50
<b>IV. Closing balance for the period</b>	1,393,452,725.00			217,557,451.40	2,459,616,787.00		340,338,359.75	1,511,674,690.45	5,922,640,013.60

The accompanying notes form an integral part of these financial statements.

**Cheng Suning**  
Legal representative:

**Yi Zhiyong**  
Principal in charge  
of accounting:

**Zhao Linbin**  
Head of accounting  
department:



## IX. Financial Report (Continued)

### Notes to the Financial Statements for 2025

(Unless otherwise stated, amounts are in RMB)

#### I. GENERAL INFORMATION

Dynagreen Environmental Protection Group Co., Ltd. (the “Company”) is a joint-stock limited liability company established based on the reorganisation of Shenzhen Dynagreen Environmental Engineering Co., Ltd. on 23 April 2012. The registration number of the Company’s business license is 914403007152708132.

The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 19 June 2014; and A shares of the Company were listed on the Shanghai Stock Exchange on 11 June 2018. The industry of the Company is ecological protection and environmental governance.

As of 31 December 2025, the total share capital accumulatively issued by the Company was 1,430,584,400 shares. The registered address is 2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, 007 Keji South 12th Street, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”). The head office is located in Shenzhen, Guangdong Province, the PRC. The main business activities which the Company and its subsidiaries (collectively, the “Group”) is actually engaged in are investment, construction, operation, maintenance and technical consulting business of public infrastructure in the environmental protection industry such as domestic waste incineration power plants. The parent company and the actual controller of the Company is Beijing State-Owned Assets Management Co., Ltd. (“BSAM”).

These financial statements were approved by the Board of the Company on 27 March 2026.

#### II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

##### (I) Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (together referred to as the “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance of the PRC, and the relevant requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission. In addition, these financial statements have been prepared in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure provisions of the Hong Kong Companies Ordinance.

##### (II) Going concern

These financial statements were prepared on a going concern basis.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### (I) Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements have been in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, reflecting the Company's consolidated and company's financial position as at 31 December 2025, and consolidated and company's operating results and cash flows for the year 2025 on a true and complete basis.

#### (II) Accounting period

Accounting year is the calendar year from 1 January to 31 December.

#### (III) Operating cycle

The Company takes 12 months as its operating cycle.

#### (IV) Functional currency

The functional currency of the Company is Renminbi (RMB). The functional currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

#### (V) Accounting treatment of business combinations under common control and not under common control

Business combinations under common control: The assets and liabilities acquired by acquirer through business combination shall be measured at the carrying value of the assets, liabilities (including goodwill arising from the acquisition of the acquiree by ultimate controlling party) of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be recognised as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Criteria of control and preparation method of consolidated financial statements

##### 1. Criteria of control

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries (collectively referred as the “Group”). Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

##### 2. Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognised in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners’ equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners’ equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders’ share of owners’ equity in that subsidiary at the beginning of the period is offset against minority interests.

##### (1) *Addition of subsidiary or business*

During the Reporting Period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the Reporting Period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognised from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Criteria of control and preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

###### (1) Addition of subsidiary or business (Continued)

During the Reporting Period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities and contingent liabilities determined on the date of purchase.

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

###### (2) Disposal of subsidiary

###### ① General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

###### ② Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- i. these transactions are entered into simultaneously or after considering the effects of each other;
- ii. these transactions constitute a complete commercial result as a whole;
- iii. one transaction is conditional upon at least one of the other transactions;
- iv. one transaction is not economical on its own but is economical when considering together with other transactions.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Criteria of control and preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

###### (2) Disposal of subsidiary (Continued)

###### ② Stepwise disposal of subsidiary (Continued)

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognised as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

###### (3) Purchase of minority interests in subsidiary

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

###### (4) Partial disposal of equity investment in subsidiary without loss of control

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.



### **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **(VII) Classification of joint arrangements and accounting treatment for joint operations**

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Group recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Group and those jointly held on a prorate basis;
- (2) the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Group;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

Please refer to Note “III. (XIII) Long-term equity investments” for details on the equity method adopted by the Group on investment in joint ventures.

#### **(VIII) Recognition standard for cash and cash equivalents**

Cash represents the Group’s cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments held by the Group that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

#### **(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency**

##### **1. Foreign currency transactions**

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (IX) Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)

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

The assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “Undistributed profit” items, all items under owners’ equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner’s equity items to profit or loss to profit or loss from disposal for the current period.

#### (X) Financial instruments

One of the financial assets, financial liabilities or equity instruments is recognised when the Group becomes a party to the contract of the financial instruments.

##### 1. Classification of financial instruments

According to the business model of the Group for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortised cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortised cost:

- the objective of the business model is to collect contractual cash flows;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- the objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 1. Classification of financial instruments (Continued)

For an investment in equity instruments not held for trading purposes, the Group may irrevocably designate it as financial assets (equity instruments) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 2. Recognition basis and measurement method of financial instruments

(1) *Financial assets measured at amortised cost*

Financial assets measured at amortised cost, including notes receivables, trade receivables, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Trade receivables that do not contain significant financing components and trade receivables that the Group has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

(2) *Financial assets (debt instruments) measured at fair value through other comprehensive income*

Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognised in other comprehensive income is transferred out from other comprehensive income and recognised in current profit or loss.

(3) *Financial assets (equity instruments) measured at fair value through other comprehensive income*

Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognised, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income to retained earnings.

(4) *Financial assets measured at fair value through current profit or loss*

Financial assets measured at fair value through current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value with relevant transaction costs included in current profit or loss, and subsequently measured at fair value through current profit or loss.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 2. Recognition basis and measurement method of financial instruments (Continued)

(5) *Financial liabilities measured at fair value through current profit or loss*

Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognised in current profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognised in current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognised in current profit or loss.

(6) *Financial liabilities measured at amortised cost*

Financial liabilities measured at amortised cost, including short term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in current profit or loss.

##### 3. Derecognition of financial assets and recognition basis and measurement method for financial asset transfers

The Group derecognizes a financial asset if it meets one of the following conditions:

- The contractual rights to receive the cash flows from the financial asset expire;
- The financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- The financial asset has been transferred, and the Group neither transferred nor retained substantially all rewards related to the ownership of the financial assets, but did not retain its control over the said financial assets.

If the Group revises or renegotiates the contract with the counterparty and the modification constitutes substantial modification, the original financial liability is derecognised and the new financial liability is recognised in accordance with the revised terms.

When transferring a financial asset, if the Group retains substantially all risks and rewards of ownership of the financial asset, the Group shall continue to recognize such financial asset.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 3. Derecognition of financial assets and recognition basis and measurement method for financial asset transfers (Continued)

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- (1) The book value of the financial asset transferred;
- (2) The sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the financial asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognized and the part to be recognized based on their respective fair value, with the difference between the following two included in current profit or loss:

- (1) The book value of the part that is derecognized;
- (2) The sum of the consideration attributable to the part derecognized and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognized (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognized and the consideration received is recognized as a financial liability.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 4. Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognized; if the Group signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognized while the new financial liability shall be recognized.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognized, and the financial liability after the modification of terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the book value of the financial liability derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Group repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognized and the part that is derecognized on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

##### 5. Determination of fair value of financial assets and financial liabilities

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Group adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

##### 6. Test and accounting methods for impairment of financial instruments

The Group performs impairment accounting on the basis of the expected credit losses for financial assets measured at amortized cost financial assets (debt instruments) measured at fair value through other comprehensive income and the financial guarantee contract, etc.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 6. Test and accounting methods for impairment of financial instruments (Continued)

For trade receivables and contract assets formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 14 – Revenue whether contain significant financing components or otherwise, the Group always measures the loss provision at the amount equal to the lifetime expected credit loss.

For lease receivables formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 21 – Lease, the Group chooses to always measure the loss provisions at the amount equal to the lifetime expected credit loss.

For other financial instruments, the Group assesses at each balance sheet date the changes in the credit risk of the relevant financial instrument since initial recognition.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Group will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Group measures the loss provisions according to the amount of the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Group measures the loss provisions at an amount equal to the next 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment losses or gains shall be included in current profit or loss, without reducing the book value of the financial asset as stated in the balance sheet.

If there is objective evidence that a certain receivable has been credit impaired, the Group shall make impairment provisions for the receivable on an individual basis.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial instruments (Continued)

##### 6. Test and accounting methods for impairment of financial instruments (Continued)

Except for the above-mentioned receivables for which bad debt provisions are made on individual basis, the Group divides the remaining financial instruments into several portfolios based on credit risk characteristics, and determines expected credit losses on the basis of the portfolios. The Group's portfolio categories and determination basis of expected credit losses for notes receivables, accounts receivables, receivables financing, other receivables, contract assets, long-term receivables, etc. are as follows:

Item	Basis for determination
Portfolio of notes receivables	Bank acceptance notes
Portfolio 1 of accounts receivables	Receivables from renewable energy subsidies and tariff
Portfolio 2 of accounts receivables	Receivables from waste treatment fee
Portfolio 1 of contract assets	Contract assets generated by electricity sales contract
Portfolio 2 of contract assets (Comprising contract assets included in other non-current assets)	Contract assets generated by PPP project construction services
Portfolio 1 of other receivables	VAT refunds receivable and other tax refunds receivable
Portfolio 2 of other receivables	Others
Portfolio 1 of long-term receivables	Receivables from BT projects (Note)
Portfolio 2 of long-term receivables	Performance bond

Note: BT projects refer to the Group's investment and construction business of public infrastructure in the environmental protection industry such as domestic waste incineration power plants on a "build-transfer" basis.

For accounts receivables, notes receivables and contract assets (including contract assets included in other non-current assets), long-term receivables (receivables from BT projects) arising from sale of goods and rendering of services in the ordinary course of operating activities which are classified into portfolios, the Group calculates the expected credit loss ("ECL") with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rates. For long-term receivables (performance bond) and other receivables that are classified into portfolios, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

Where the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset shall be written down directly.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) Inventories

##### 1. Classification and costs for inventories

Inventories are classified into turnover materials, etc.

Inventories are measured initially at cost. Cost of inventories comprises costs of purchase, costs of processing and other expenditures incurred in bringing the inventories to their present location and condition.

##### 2. Measurement for inventories delivered

The price of inventories is calculated using weighted average method at the end of the month when they are delivered.

##### 3. Inventory system

The Company adopts perpetual inventory system on-site inventory system.

##### 4. Amortization of low-value consumables

Low-value consumables are amortized using one-off write-off method.

##### 5. Recognition criteria and provision methods for the provision for impairment of inventories

On the balance sheet date, inventories are stated at the lower of cost and net realisable value. When the cost of inventories was higher than their net realisable value, the provision decline in value of inventories shall be made. Net realisable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

After the provision for decline in value of inventories has been made, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realisable value of the inventories became higher than its book value, it would be written back to the extent of the original provision for decline in value of inventories made, and such written-back amounts would be charged to the current profit or loss.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XII) Contract assets

##### 1. Recognition and standard of contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as a contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Group to charge the customer unconditionally (only depending on the passage of time) is listed as a receivable individually.

##### 2. Method of determination of expected credit loss of contract assets and accounting treatment methods

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to Note "III. (X) 6. Test and accounting methods for impairment of financial instruments".

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

##### 1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIII) Long-term equity investments (Continued)

##### 2. Determination of initial investment cost

(1) *Long-term equity investments acquired through business combination*

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the owner' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

(2) *Long-term equity investments acquired by other means other than business combination*

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIII) Long-term equity investments (Continued)

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

(1) *Long-term equity investment accounted for by cost method*

Long-term equity investment in a subsidiary is accounted for using cost method unless the investment meets the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company's share of the cash dividends or profits declared by the investee.

(2) *Long-term equity investment accounted for by equity method*

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realized by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "Other Changes of Owner's Equity"), except for net profits or losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable net assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and to other comprehensive income, etc.

The unrealized profit or loss which is attributable to the Company calculated based on its attributable percentage resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income shall be recognized, other than those assets consumed or disposed of which constitute business. Any unrealized losses resulting from transactions with the investee, which are attributable to impairment of assets, shall be fully recognized.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIII) Long-term equity investments (Continued)

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

(2) *Long-term equity investment accounted for by equity method (Continued)*

The Company discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Company's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. Where net profits are subsequently made by the associate or joint venture, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(3) *Disposal of long-term equity investments*

For disposal of a long-term equity investment, the difference between the book value and the consideration actually received shall be included in current profit or loss.

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

When the Group loses the mutual control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity recognized as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIII) Long-term equity investments (Continued)

##### 3. Subsequent measurement and recognition of profit or loss (Continued)

###### (3) Disposal of long-term equity investments (Continued)

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the Company does not account for a package deals, accounting treatment shall be conducted for each transaction individually.

#### (XIV) Fixed assets

##### 1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) Its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognised; all other subsequent expenses are included in current profit or loss upon occurrence.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIV) Fixed assets (Continued)

##### 2. Methods for depreciation

Except the subsidiary of the Company, Lvyi (Huludao) Environmental Services Co., Ltd. (defined as “Huludao Lvyi Company”), whose fixed asset is depreciated using the unit-of-production method, and fixed assets purchased with safety production expenses, other fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets that have made provision for the impairment, the amount of depreciation of it is determined by carrying value after deducting the provision for the impairment based on useful life during the future period. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation methods	Useful life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	20-50	5	1.90-4.75
Machinery and equipment	Straight-line method	3-15	0-5	6.33-33.33
Motor vehicles	Straight-line method	3-10	0-10	9.00-33.33
Others	Straight-line method	3-15	0-10	6.00-33.33

##### 3. Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in current profit or loss.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

#### (XVI) Borrowing costs

##### 1. Criteria for recognition of capitalised borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised into the cost of relevant assets. Other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

##### 2. Capitalisation period of borrowing costs

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset to get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVI) Borrowing costs (Continued)

##### 3. Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

##### 4. Capitalisation rate and calculation of capitalisation amount of borrowing costs

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific purpose borrowing are included in the current profits and losses.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVII) Intangible assets

##### 1. Measurement of intangible assets

- (1) *Intangible assets are initially measured at cost upon acquisition by the Company;*  
The costs of an intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.
- (2) *Subsequent measurement*  
The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortised over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

##### 2. Estimate of useful life for the intangible assets with finite useful life

Item	Estimated useful lives	Amortisation method	Determination basis of estimated useful life
Concession rights	25-30	Straight-line method	Term under concession rights agreements
Land use rights	50	Straight-line method	Land use rights certificate
Software	10	Straight-line method	Estimated useful life of software

##### 3. Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVII) Intangible assets (Continued)

##### 4. Specific conditions for capitalisation of expenditure incurred in development phase

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognised in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

#### (XVIII) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment properties measured at cost model, fixed assets, construction in progress, right-to-use assets, intangible assets with a finite useful life and oil and gas assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVIII) Impairment of long-term assets (Continued)

When the Group performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally. Once the above asset impairment loss is recognised, it will not be reversed in subsequent accounting periods.

#### (XIX) Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The amortization period and method of each expense is as follows:

<b>Item</b>	<b>Amortization method</b>	<b>Amortization period (year)</b>
Royalties of emission right and others	Straight-line method	2-5

#### (XX) Contract liabilities

The Group has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXI) Employee benefits

##### 1. Accounting treatment methods of short-term benefits

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognised as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Group should calculate and recognise the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Group's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

##### 2. Accounting treatment methods of post-employment benefits

###### (1) *Defined contribution scheme*

The Group will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Group will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

###### (2) *Defined benefit scheme*

In respect of the defined benefit scheme, the Group shall attribute the welfare obligations under the defined benefit scheme in accordance with the formula determined by projected unit credit method to the service period of relevant employee, and record the obligation in profit loss for the current period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets of a defined benefit scheme. When the defined benefit scheme has surplus, the Group will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual Reporting Period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXI) Employee benefits (Continued)

##### 2. Accounting treatment methods of post-employment benefits (Continued)

###### (2) *Defined benefit scheme (Continued)*

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

##### 3. Accounting treatment of termination benefits

When the Group provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognised and recorded in current profit or loss whichever of the following is earlier: when the Group cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Group recognises such cost or expenses associated with the restructuring involving the payment of termination benefits.

#### (XXII) Estimated liabilities

The Group shall recognise an obligation related to contingency as the estimated liability when all of the following conditions are satisfied:

- (1) such obligation is the present obligation of the Group;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Group;
- (3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Group shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXII) Estimated liabilities (Continued)

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value of the range. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognised as an asset only when it is virtually certain that the compensation will be received. The amount recognised for the compensation should not exceed the carrying amount of estimated liabilities.

The Group reviews the carrying amount of estimated liabilities on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

#### (XXIII) Revenue

##### 1. Accounting policies adopted for revenue recognition and measurement

The Group recognises revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Group allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognises the revenue according to the transaction price allocated to each individual performance obligation.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIII) Revenue (Continued)

##### 1. Accounting policies adopted for revenue recognition and measurement (Continued)

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Group determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognised which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid in cash when (or as) the customer had obtained control over such goods or services. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

When one of the following conditions is satisfied, the Group is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Group fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Group's performance.
- Goods produced in the course of the Group's performance are irreplaceable. In addition, during the entire contract period, the Group has the right to collect the payments for the cumulatively completed parts of performance.

Where performance of a single service contract takes place over a certain period of time, revenue should be recognised as performance takes place, except where the stage of performance cannot be determined. The Group considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Group should recognise revenue only to the extent of the cost until a reliable measure of progress can be made.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIII) Revenue (Continued)

##### 1. Accounting policies adopted for revenue recognition and measurement (Continued)

For a performance obligation satisfied at a point in time, the Group shall recognise revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Group considers the following indications:

- the Group enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- the Group has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Group has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Group has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods or services.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIII) Revenue (Continued)

##### 2. Disclosure of specific revenue recognition and measurement methods by business type

###### (1) Revenue from construction services

PPP project contract refers to the contract concluded between the private party and the government party on PPP project cooperation in accordance with laws and regulations, and the contract meets both the conditions of “dual characteristics” and “dual controls”. Among them, “dual characteristics” means that the private party uses the PPP project assets to provide public goods and services on behalf of the government during the operation period stipulated in the contract, and receives compensation for the public goods and services it provides; “dual controls” means that the government party controls or regulates the type, object and price of public goods and services that the private party provides when using the PPP project assets, and when the PPP project contract is terminated, the government party controls the material residual interests of the PPP project assets through ownership, income rights or other forms.

If the Group provides multiple services in accordance with the PPP project contract, it identifies the individual performance obligations in the contract and apportions the transaction price to each performance obligation in proportion to the individual selling price of each performance obligation.

The Group participates in public infrastructure construction business in the form of BOT and other forms based on PPP project contracts concluded with the government party. For the construction services provided by the Group to the government party as the primary responsible person, revenue is recognised over a period of time based on the progress of performance, and contract assets are recognised at the same time. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the separate selling price of the construction services is based on the cost of construction, with reference to the gross margin of comparable businesses, calculated using the cost plus method.

For the portion of revenue recognised as intangible assets of the infrastructure construction, contract assets recognised during the relevant construction period are presented “intangible assets” in the balance sheet; other contract assets recognised during construction are presented “contract assets” or “other non-current assets” in the balance sheet, depending on whether they are expected to be converted into cash within one year from the balance sheet date.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIII) Revenue (Continued)

##### 2. Disclosure of specific revenue recognition and measurement methods by business type (Continued)

(1) *Revenue from construction services (Continued)*

If the Group meets the conditions for receiving cash (or other financial assets) of an identifiable amount from the contract assets recognised during PPP project construction services during the operation of the project, it shall be recognised as receivables when the Group has the unconditional right to receive such consideration (the right only depends on the factor of time passing). Subsequently, the interest income of relevant PPP projects is recognised on the basis of amortised cost according to the effective interest rate method.

Contract costs include contract performance costs and contract acquisition costs. The cost incurred by the Group in providing the above services is recognised as the contract performance costs. Contract performance costs are carried forward to the cost of sale of main operations based on the progress of performance when recognising revenue.

(2) *Electricity tariff*

Revenue is recognised by the Group when the electricity is supplied to and controlled by the local grid company. The Group recognises the electricity tariff according to the actual volume of electricity supplied and the unit price and on-grid electricity as agreed in the electricity purchase and sale contracts.

(3) *Waste treatment fees*

Revenue is recognised by the Group during the course of providing waste treatment services. The Group recognises the waste treatment fees according to the actual volume of waste treated and the unit price as agreed in the agreements, deducting the portion recognised as financial assets.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIV) Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Group for the performance of the contract which do not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognised as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Group to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Group in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognised as an asset.

Assets related to the cost of the contract are amortised on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortisation period of the contract acquisition cost is less than one year, the Group will include it into the current profit or loss when it is incurred.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Group will make provision for impairment for the excess and recognise it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXV) Government grants

##### 1. Types

Government grants are monetary assets or non-monetary assets obtained by the Group from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Group for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

##### 2. Timing for recognition

Government grants are recognised when the Group can comply with the conditions attached to them and when they can be received.

##### 3. Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognised as deferred income. The amount recognised as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Group's daily activities shall be included in other income; and the government grants unrelated to the Group's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Group in subsequent periods are recognised as deferred income and recorded in current profit or loss when such costs and losses are recognised (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Group are recorded directly in current profit or loss (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Group are divided into two types and subject to accounting treatment separately:

- (1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Group at a policy-based preferential interest rate, the Group will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- (2) Where the interest subsidies are paid directly to the Group, the Group will use such interest subsidies to offset the corresponding borrowing costs.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVI) Deferred tax assets and deferred tax liabilities

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognised in current profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the temporary differences between the tax bases and the carrying amounts of assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. For deductible losses and tax credits that can be reversed in the future years, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognizing deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and the initial recognition of assets and liabilities does not result in an equal amount of taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which the benefits of the deferred tax asset will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.



## IX. Financial Report (Continued)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVI) Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

#### (XXVII) Lease

A lease is a contract that a lessor conveys the right to use an asset to a lessee for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate lease, the Group separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

#### 1. The Group as the lessee

##### (1) Right-of-use assets

At the commencement date of lease term, the Group recognises right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the Group;
- the costs of the Group expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Lease (Continued)

##### 1. The Group as the lessee (Continued)

###### (1) *Right-of-use assets (Continued)*

The Group accrues depreciation for the right-of-use assets by subsequently adopting straight-line method. If there is reasonable certainty that the Group will obtain the ownership of a leased asset at the end of the lease term, the Group depreciates the leased asset in the remaining useful life of the asset; otherwise, the Group depreciates the leased asset in the lease term or in the remaining useful life of the asset (whichever is shorter).

The Group determines whether the right-of-use assets have been impaired in accordance with the principles described in Note “III. (XVIII) Impairment of long-term assets” and conducts accounting treatment for impairment loss identified.

###### (2) *Lease liabilities*

At the commencement date of lease term, the Group recognises lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under the guaranteed residual value provided by the Company;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Group adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Group’s incremental borrowing rate is used.

The Group shall calculate the interest expenses of lease liabilities in each period of the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Lease (Continued)

##### 1. The Group as the lessee (Continued)

###### (2) *Lease liabilities (Continued)*

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Group remeasures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero and the lease liability still needs to be further reduced, the Group accounts for the difference in the current profit or loss:

- when there are changes in assessment results of the purchase, extension or termination option, or the actual exercise condition of the aforementioned options is inconsistent with the original assessment results, the Group remeasures the lease liabilities in accordance with the lease payments after changes and present value calculated based on the revised discount rate;
- when in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments changed, the Group remeasures the lease liabilities in accordance with the present value calculated based on the lease payments after changes and the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

###### (3) *Short-term leases and leases of low-value assets*

The right-of-use asset and lease liability are not recognised by the Group for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Lease (Continued)

##### 1. The Group as the lessee (Continued)

###### (4) Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- the lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Group reduces the carrying amount of the right-of-use asset accordingly, and recognises the related gains or losses from partially or completely terminated leases into the current profit and loss. For other lease change that causes the lease liabilities to be remeasured, the Group adjusts the carrying amount of the right-of-use assets accordingly.

##### 2. The Group as a lessor

At the commencement date of lease term, the Group classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a financing lease. As a sub-leasing lessor, the Group classifies the sub-leases based on the right-of-use assets of the original leases.

###### (1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Group shall be capitalised and then allocated and included in the current profit and loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. In case of modification of an operating lease, the Company shall treat it as a new lease from the effective date of modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Lease (Continued)

##### 2. The Group as a lessor (Continued)

(2) *Accounting treatment of financing leases*

At the commencement date of lease term, the Group recognises financing lease receivable and derecognises the underlying assets. The Group initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments receivable which were not received at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Group calculates and recognises interest income in each period during the lease term, based on a fixed periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with the Note “III. (X) Financial instruments”.

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

When a financing lease is changed and the following conditions are simultaneously met, the Group accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

Where a change in a financing lease is not accounted for as a separate lease, the Group deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Group accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a financing lease assuming the modification became effective at the commencement date of the lease, the Group conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this Note “III. (X) Financial instruments”.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVIII) Segment reporting

The Group will determine operation segment on the basis of the internal organizational structure, management requirements and internal report system, and determine reporting segment on the basis of operation segment, and disclose such segment information.

An operating segment is a component of the Group that meets the following conditions simultaneously: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly evaluated by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) for which the accounting information on financial position, operating results and cash flows is available to the Group. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

The Group is under overall operation. It has centralised internal organisation structure, management requirements and internal reporting system. The Group's financial information is regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance. The Group has no individually managed operating segment, therefore, the Group has one single operating segment.

#### (XXIX) Safety production expenses

The Group makes provision for safety production expenses in accordance with the provisions under the Notice on Printing and Issuing the Administrative Measures for Appropriation and Usage of Safety Production Expenses of Enterprises (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management.

The safety production expenses are specially used to enhance and improve the safety production conditions of enterprises or projects. The provision for safety production expenses for the current year is based on the actual operating income in last year, which is extracted monthly by taking excess regressive manner. The Group's provision for safety production expenses is included in the cost of related products or charged to profit or loss when incurred, and special reserve is increased accordingly. When the Company uses safety production expenses, expensed items directly reduces the special reserves, while capitalized items are collected in construction in progress and recognized as fixed asset when the safety project is completed reaches the conditions for intended use. Meanwhile, the special reserve is reduced by the capitalized amount of safety production expenses and depreciation is recognized in the same amount. The fixed asset will not be depreciated in future periods.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXX) Critical accounting estimates and judgements

##### Critical accounting estimates and key assumptions

(1) *Measurement of ECL*

The Group calculates ECL through exposure at default and ECL rates, and determines the ECL rates based on probability of default and loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information.

When considering forward-looking information, the Group takes different economic scenarios into consideration to assess of the assumptions and parameters related to ECL, including the risk of economic downturn, external market environment, changes in customer conditions, Gross Domestic Product (“GDP”), Consumer Price Index (“CPI”), etc. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group’s provision for bad debts of the above assets in the future period.

(2) *Intangible assets – impairment provision for concession rights*

The intangible assets of the Group are mainly concession rights for waste-to-energy projects and hazardous waste projects. At the balance sheet date, management assesses the recoverable amount of concession rights of each project for waste-to-energy treatment projects that have not yet commenced operations, for waste-to-energy treatment projects that have shown indicator of impairment and hazardous waste projects accounted for as intangible assets with indefinite useful lives as no concession period was specified to assess the recoverable amount of the concession rights of these projects.

The recoverable amount of concession rights is determined based on the higher of the present value of the expected future cash flows and an asset’s fair value less costs to sell. The evaluation process involves the use of appropriate impairment test methods and models and the use of key assumptions (mainly compound revenue growth rates, EBIT margin and pre-tax discount rates) in the forecast of the present value of future cash flows.

(3) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognised for the carry-forward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXI) Changes in significant accounting policies and accounting estimates

##### 1. Changes in significant accounting policy

*Execution of the Provisions on Accounting Treatment for Standard Warehouse Receipts under the Implementation Q&A on Standards of Financial Instruments*

The Implementation Q&A on Accounting Treatment for Standard Warehouse Receipts issued by the Ministry of Finance of the PRC on 8 July 2025, clearly stipulates that, in accordance with the accounting standards for recognition and measurement of financial instruments, if a company frequently enters into contracts to purchase and sell standard warehouse receipts in a futures trading venue or the purpose of profiting from price differentials without extracting the underlying physical commodities, it typically indicates that the company has a practice of reselling the contract subject shortly after receiving it to profit from short-term price fluctuations. The company should treat such contracts as financial instruments and adopt the provisions of accounting standards for recognition and measurement of financial instruments. If a company obtains standard warehouse receipts under the aforementioned contracts and sells them within a short period, it should not be recognized as sales revenue. Instead, the difference between the consideration received and the carrying amount of the standard warehouse receipt sold should be recognized as investment income. Standard warehouse receipts held by a company at the end of the reporting period that have not yet been sold shall be classified as other current assets in the financial statements. For standard warehouse receipts obtained under the aforementioned contracts, a company may elect to measure them at fair value through profit or loss upon initial recognition if such election eliminates or significantly reduces an accounting mismatch, and this election shall be applied consistently to all standard warehouse receipts that meet the eligibility criteria. Once an enterprise has elected to measure standard warehouse receipts at fair value through profit or loss upon initial recognition, it shall not revoke such election in subsequent periods.

Pursuant to the requirements of the Notice on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Completing the 2025 Annual Report of Enterprises (Cai Kuai [2025] No. 33), where an enterprise adjusts its accounting policies as a result of implementing the aforementioned provisions relating to standard warehouse receipts, it shall restate the comparative information in its financial statements. The implementation of this regulation has had no material impact on the Company.

##### 2. Changes in significant accounting estimates

During the Year, there were no changes in significant accounting estimates of the Group.

### IV. TAXATION

#### (I) Major tax categories and tax rates

Tax categories	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	3%, 6%, 9% and 13%
City maintenance and construction tax	Based on value added tax and consumption tax effectively paid	5% and 7%
Educational surcharge	Based on VAT effectively paid	3%
Local educational surcharge	Based on VAT effectively paid	2%
Enterprise income tax	Based on taxable profits	25% and 15%
Property tax	Levied on the residual value of the property or rental income	12% and 1.2%



## IX. Financial Report (Continued)

### IV. TAXATION (Continued)

#### (II) Tax preference

##### 1. Enterprise income tax

Subsidiaries of the Company, Tianjin Dynagreen Renewable Energy Co., Ltd. (“Jizhou Company”), Anshun Dynagreen Renewable Energy Co., Ltd. (“Anshun Company”), Jiamusi Bohai Environmental Protection and Electricity Company Limited (“Jiamusi Company”), Shantou Dynagreen Renewable Energy Co., Ltd. (“Shantou Company”), Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (“Sihui Company”), Yichun Dynagreen Renewable Energy Co., Ltd. (“Yichun Company”), Hong’an Dynagreen Renewable Energy Co., Ltd. (“Hong’an Company”), Huizhou Dynagreen Renewable Energy Co., Ltd. (“Huizhou Phase II Company”), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (“Haining Expansion Project Company”), Pingyang Dynagreen Environmental Energy Co., Ltd. (“Pingyang Phase II Project Company”), Wenzhou Dynagreen Environmental Energy Co., Ltd. (“Yongjia Phase II Project Company”), Guizhou Jinsha Green Energy Co., Ltd. (“Jinsha Company”), Dengfeng Dynagreen Renewable Energy Co., Ltd. (“Dengfeng Company”), Fengcheng Dynagreen Environmental Protection Co., Ltd. (“Fengcheng Company”), Laizhou Haikang Environmental Protection Energy Co., Ltd. (“Laizhou Company”), Shishou Dynagreen Renewable Energy Co., Ltd. (“Shishou Company”), Enshi Green Power Renewable Energy Co., Ltd. (“Enshi Company”), Shantou Dynagreen Environmental Services Co., Ltd. (“Shantou Sludge Company”), Huludao Lvyi Company, Huizhou Dynagreen Environmental Services Co., Ltd. (“Huizhou Three-in-One Company”), Wuhan Dynagreen Renewable Energy Co., Ltd. (“Wuhan Company”), Huludao Dynagreen Environment Co., Ltd. (“Huludao Power Generation Company”), Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (“Shuozhou Company”), Jinan Dynagreen Environmental Co., Ltd. (“Zhangqiu Phase II Company”), and Baise Dynagreen Environmental Protection Co., Ltd. (“Jingxi Company”) were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in EIT for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the “3+3 tax holiday”). The details are as follows:

- (1) The phase II project of Anshun Company, Yichun Company, Hong’an Company, Huizhou Phase II Company, Haining Expansion Company, the phase II project of Jizhou Company, Fengcheng Company and the phase II project of Shantou Company were entitled to the 3+3 tax holiday from 2020 to 2025.
- (2) Pingyang Phase II Project Company, Yongjia Phase II Project Company, Shishou Company, Shantou Sludge Company, waste incineration project of Jinsha Company, Dengfeng Company, the phase II project of Jiamusi Company and the phase II project of Sihui Company were entitled to the 3+3 tax holiday from 2021 to 2026.
- (3) Huludao Lvyi Company, Huizhou Three-in-One Company, Laizhou Company and Enshi Company were entitled to the 3+3 tax holiday from 2022 to 2027.
- (4) The phase II project of Wuhan Company, Huludao Power Generation Company, Shuozhou Company and Zhangqiu Phase II Company completed the “EIT preferential benefits and approvals” in 2023 and were entitled to the 3+3 tax holiday from 2023 to 2028.



## IV. TAXATION (Continued)

### (II) Tax preference (Continued)

#### 1. Enterprise income tax (Continued)

- (5) Jingxi Company completed the “EIT preferential benefits and approvals” in 2024 and were entitled to the 3+3 tax holiday from 2024 to 2029.
- (6) The phase I project of Anshun Company, phase II project of Anshun Company, Guangyuan Boneng Renewable Energy Co., Ltd. (“Guangyuan Company”), Bobai Dynagreen Renewable Energy Co., Ltd. (“Bobai Company”), Enshi Company, Jingxi Company and Jinsha Company belong to encouraged industry established in the Western region and are thus subject to enterprise income tax at a preferential tax rate of 15%.
- (7) Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MOF STA Announcement [2023] No. 6) and MOF STA Announcement [2023] No. 12 jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income up to RMB1 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2023 to 31 December 2027. Pursuant to the Announcement on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MOF STA Announcement [2022] No. 13) and MOF STA Announcement [2023] No. 12 jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income exceeding RMB1 million but less than RMB3 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2022 to 31 December 2027.

Pingyao Dynagreen Renewable Energy Co., Ltd. (“Pingyao Company”), Longhui Dynagreen Renewable Energy Co., Ltd. (“Longhui Company”), Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (“Dongguan Company”), Shantou Dynagreen Environmental Protection Co., Ltd. (“Shantou Kitchen Waste Company”), Zhangye Boneng Environmental Protection Company Limited (“Zhangye Company”), and Wuhan Dynagreen Environment Co., Ltd. (“Wuhan Donghu Company”) being subsidiaries of the Company, meet the conditions of a small and low-profit enterprise and are subject to the preferential income tax policies under the announcement.



## IX. Financial Report (Continued)

### IV. TAXATION (Continued)

#### (II) Tax preference (Continued)

##### 1. Enterprise income tax (Continued)

- (8) According to the Notice on the Matters in relation to Implementation of the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Environmental Protection, the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Energy and Water Conservation and the Catalogue of Enterprise Income Tax Preferences for Special Purpose Equipment for Safety Production (Cai Shui [2008] No. 48) issued by the Ministry of Finance and the State Administration of Taxation, enterprises purchasing and actually using special equipment for environmental protection, energy saving, water saving and safe production included in the catalogues since 1 January 2008 can deduct 10% of the investment in special equipment for the current year's corporate income tax payable; if an enterprise's tax payable in the current year is insufficient for the credit, it can be carried forward to subsequent years, but the carry-forward period shall not exceed 5 tax years.

##### 2. VAT

According to the Notice on Publishing the VAT Catalogue for Products Generated from Comprehensive Utilisation of Resources and Services (Cai Shui [2015] No. 78) issued by the Ministry of Finance and the State Taxation Administration, 70% refund of VAT in respect of the waste treatment services and 100% refund of VAT in respect of the sale of power or heat produced from waste or methane from waste fermentation;

According to the Announcement on Improving the VAT Policy for Comprehensive Utilization of Resources (Cai Shui [2021] No. 40) issued by the Ministry of Finance and the State Taxation Administration, the VAT paid for waste treatment and sewage processing and disposal services shall be subject to the VAT refund policy, or the VAT exemption policy. Once selected, it shall not be changed within 36 months;



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (I) Cash at bank and on hand

Item	Closing balance	Balance at the end of the previous year
Cash on hand	<b>32.00</b>	1,210.00
Bank deposit	<b>1,542,841,759.84</b>	867,809,113.28
Other monetary funds	<b>634,500.00</b>	
Total	<b>1,543,476,291.84</b>	867,810,323.28
Including: Total deposits outside the PRC	<b>17,707,553.39</b>	34,508,968.46

### (II) Notes receivables

#### 1. Notes receivables by category

Item	Closing balance	Balance at the end of the previous year
Bank acceptance notes	<b>3,595,304.99</b>	
Total	<b>3,595,304.99</b>	

2. The Company had no notes receivables pledged at the end of the period

3. The Company had no notes receivables endorsed or discounted and not yet due on the balance sheet date at the end of the period

4. There were no notes receivables actually written off in current period



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(III) Accounts receivables**

**1. Accounts receivables based on their recording dates shown by aging**

<b>Aging</b>	<b>Closing balance</b>	Balance at the end of the previous year
Within 1 year (including 1 year)	<b>1,435,656,538.16</b>	1,520,216,989.35
1 to 2 years	<b>752,249,706.13</b>	584,134,705.60
2 to 3 years	<b>328,760,244.57</b>	236,296,658.84
3 to 4 years	<b>126,586,534.46</b>	229,817,405.92
4 to 5 years	<b>98,335,587.45</b>	26,907,777.54
Over 5 years	<b>31,653,302.94</b>	12,618,856.55
Sub-total	<b>2,773,241,913.71</b>	2,609,992,393.81
Less: provision for bad debts	<b>150,586,069.68</b>	97,814,389.24
Total	<b>2,622,655,844.03</b>	2,512,178,004.57



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (III) Accounts receivables (Continued)

#### 2. Accounts receivables disclosed according to the method of provision for bad debts

Category	Closing balance				Balance at the end of the previous year					
	Book balance		Allowance for bad debts		Book balance		Allowance for bad debts		Carrying amount	
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount	Proportion (%)	Amount	Proportion ratio (%)		
Provision for bad debts on an individual basis	226,674.30	0.01	226,674.30	100.00						
Provision for bad debts on credit risk characteristic group basis	2,773,015,239.41	99.99	150,359,395.38	5.42	2,622,655,844.03	2,609,992,393.81	100.00	97,814,389.24	3.75	2,512,178,004.57
<b>Total</b>	<b>2,773,241,913.71</b>	<b>100.00</b>	<b>150,586,069.68</b>	<b>5.43</b>	<b>2,622,655,844.03</b>	<b>2,609,992,393.81</b>	<b>100.00</b>	<b>97,814,389.24</b>	<b>3.75</b>	<b>2,512,178,004.57</b>

Provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Accounts receivables	Closing balance Allowance for bad debts	Provision ratio (%)
Receivables from waste treatment fee	1,688,405,867.68	116,695,728.70	6.91
Receivables from national renewable energy subsidies	764,973,556.00	29,510,527.46	3.86
Receivables from electricity sales	319,635,815.73	4,153,139.22	1.30
<b>Total</b>	<b>2,773,015,239.41</b>	<b>150,359,395.38</b>	<b>5.42</b>

#### 3. Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes during the period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Provision for bad debts on an individual basis		226,674.30			226,674.30
Provision for bad debts on credit risk characteristic group basis	97,814,389.24	52,545,006.14			150,359,395.38
<b>Total</b>	<b>97,814,389.24</b>	<b>52,771,680.44</b>			<b>150,586,069.68</b>

#### 4. There were no accounts receivables actually written off in current period



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(III) Accounts receivables (Continued)**

**5. Top five accounts receivables and contract assets according to closing balance of debtors**

Name	Closing balance of accounts receivables	Closing balance of contract assets	Closing balance of accounts receivables and contract assets	Percentage of total closing balance of accounts receivables and contract assets (%)	Closing balance of provision for bad debts of accounts receivables and provision for impairment of contract assets
Urban Management Committee of Tongzhou District, Beijing (北京市通州區城市管理委員會)	63,237,703.48	997,875,487.25	1,061,113,190.73	11.23	1,230,934.63
Chaoyang District City Management and Comprehensive Law Enforcement Bureau of Shantou City (汕頭市潮陽區城市管理和綜合執法局)	292,142,303.03	354,728,954.97	646,871,258.00	6.84	34,082,795.89
Environmental Health Care Center of Zhangqiu District, Ji'nan City (濟南市章丘區環境衛生管護中心)	117,340,579.09	425,948,085.42	543,288,664.51	5.75	8,090,555.70
Comprehensive Law Enforcement Bureau of Haining City (海甯市綜合行政執法局)	4,494,169.44	417,644,936.31	422,139,105.75	4.47	501,922.77
Comprehensive Law Enforcement Bureau of Pingyang County (平陽縣綜合行政執法局)	44,149,429.47	297,392,044.30	341,541,473.77	3.61	1,238,708.29
<b>Total</b>	<b>521,364,184.51</b>	<b>2,493,589,508.25</b>	<b>3,014,953,692.76</b>	<b>31.90</b>	<b>45,144,917.28</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (IV) Receivables financing

#### 1. Receivables financing by category

Item	Closing balance	Balance at the end of the previous year
Bank acceptance notes	<b>25,946,648.82</b>	3,840,258.02
Total	<b>25,946,648.82</b>	3,840,258.02

### (V) Advances to suppliers

#### 1. Advances to suppliers according to aging analysis

Aging	Closing balance		Balance at the end of the previous year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>25,409,582.21</b>	<b>90.79</b>	23,695,148.31	87.16
1 to 2 years	<b>1,563,137.31</b>	<b>5.58</b>	3,491,932.77	12.84
Over 2 years	<b>1,015,786.50</b>	<b>3.63</b>		
Total	<b>27,988,506.02</b>	<b>100.00</b>	27,187,081.08	100.00

#### 2. Top five advances to suppliers according to closing balance of counterparties

The total amount of top five advances to suppliers according to closing balance of counterparties was RMB7,455,053.70, representing 26.64% of the total balance of advances as at the end of the period.



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(VI) Other receivables**

<b>Item</b>	<b>Closing balance</b>	Balance at the end of the previous year
Interests receivable		
Dividends receivable		
Other receivables	<b>55,607,921.07</b>	44,856,695.09
<b>Total</b>	<b>55,607,921.07</b>	44,856,695.09

**1. Other receivables**

(1) *Disclosed by aging*

<b>Aging</b>	<b>Closing balance</b>	Balance at the end of the previous year
Within 1 year (including 1 year)	<b>39,306,362.54</b>	28,797,711.85
1 to 2 years	<b>4,155,444.49</b>	1,304,817.80
2 to 3 years	<b>772,174.60</b>	1,608,320.71
Over 3 years	<b>32,804,188.01</b>	36,175,742.45
Sub-total	<b>77,038,169.64</b>	67,886,592.81
Less: provision for bad debts	<b>21,430,248.57</b>	23,029,897.72
<b>Total</b>	<b>55,607,921.07</b>	44,856,695.09



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (VI) Other receivables (Continued)

#### 1. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts

Category	Book balance		Closing balance		Carrying amount	Book balance		Balance at the end of the previous year		Carrying amount
	Amount	Proportion (%)	Allowance for bad debts			Amount	Proportion (%)	Allowance for bad debts		
			Amount	Proportion ratio (%)				Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis	18,582,452.21	24.12	18,582,452.21	100.00			18,750,678.21	27.62	18,750,678.21	100.00
Including:										
Receivable current accounts of former shareholders	12,961,261.85	16.82	12,961,261.85	100.00			12,961,261.85	19.09	12,961,261.85	100.00
Others	5,621,190.36	7.30	5,621,190.36	100.00			5,789,416.36	8.53	5,789,416.36	100.00
Provision for bad debts on credit risk characteristic group basis	58,455,717.43	75.88	2,847,796.36	4.87	55,607,919.55		49,135,914.60	72.38	4,279,219.51	8.71
Including:										
VAT refunds receivable and other tax refunds receivable	22,431,578.23	29.12			22,431,578.23		17,144,447.45	25.25		17,144,447.45
Others	36,024,139.20	46.76	2,847,796.36	7.91	36,024,139.20		31,991,467.15	47.13	4,279,219.51	13.38
Total	77,038,169.64	100.00	21,430,246.57	27.82	77,038,169.64		67,886,592.81	100.00	23,029,897.72	33.92



## IX. Financial Report (Continued)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (VI) Other receivables (Continued)

#### 1. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts (Continued)

Other significant receivables with provision for bad debts made on individual basis:

Name	Book balance	Closing balance			Balance at the end of the previous year	
		Allowance for bad debts	Proportion ratio (%)	Provision basis	Book balance	Allowance for bad debts
Shenzhen Hanyang Holdings Company	6,988,073.50	6,988,073.50	100.00	Had long ageing and risk on collection	6,988,073.50	6,988,073.50
Dynagreen Environment Investment Limited	5,160,600.00	5,160,600.00	100.00	Had long ageing and risk on collection	5,160,600.00	5,160,600.00
Guizhou Xijie Environmental Health Management Co., Ltd. (貴州西潔環境衛生管理有限公司)	2,668,488.18	2,668,488.18	100.00	Had long ageing and risk on collection	2,668,488.18	2,668,488.18
Jiamusi New Era City Infrastructure Construction Investment (Group) Co., Ltd. (佳木斯市新時代城基礎設施建設投資(集團)有限公司)	2,046,323.98	2,046,323.98	100.00	Had long ageing and risk on collection	2,046,323.98	2,046,323.98
<b>Total</b>	<b>16,863,485.66</b>	<b>16,863,485.66</b>			16,863,485.66	16,863,485.66

Provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Other receivables	Closing balance Allowance for bad debts	Proportion ratio (%)
VAT refunds receivable and other tax refunds receivable	22,431,578.23		
Other	36,024,139.20	2,847,796.36	7.91
<b>Total</b>	<b>58,455,717.43</b>	<b>2,847,796.36</b>	<b>4.87</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (VI) Other receivables (Continued)

#### 1. Other receivables (Continued)

(3) Allowance for bad debts

Allowance for bad debts	Stage 1 ECL for the following 12 months	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Balance at the end of last year	4,279,219.51		18,750,678.21	23,029,897.72
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period	–1,431,423.15		–168,226.00	–1,599,649.15
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
Closing balance	<b>2,847,796.36</b>		<b>18,582,452.21</b>	<b>21,430,248.57</b>

(4) Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes during the period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Provision for bad debts on an individual basis	18,750,678.21	–168,226.00			<b>18,582,452.21</b>
Provision for bad debts on credit risk characteristic group basis Including: VAT refunds receivable and other tax refunds receivable					
Others	4,279,219.51	–1,431,423.15			<b>2,847,796.36</b>
Total	23,029,897.72	–1,599,649.15			<b>21,430,248.57</b>



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VI) Other receivables (Continued)

##### 1. Other receivables (Continued)

(5) There were no other receivables written off during the period

(6) Receivables by nature

Nature	Book balance at the end of the period	Book balance at the end of the last year
Compensation receivable for assets	12,550,215.00	12,550,215.00
Receivable current accounts of former shareholders	12,961,261.85	12,961,261.85
VAT refunds receivable and other tax refunds receivable	22,431,578.23	17,144,447.45
Others	29,095,114.56	25,230,668.51
<b>Total</b>	<b>77,038,169.64</b>	67,886,592.81

(7) Top five other receivables according to closing balance of debtors

Name of unit	Nature of payment	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huludao City Land Reserve Center	Compensation receivable for assets	12,550,215.00	4-5 years	16.29	1,255,021.50
Xixiu District Environmental Health Management Office of Anshun City	Current accounts	7,567,599.83	Within 1 year, 1-2 years	9.82	378,379.99
Heping Tax Sub-bureau of Shantou Chaoyang District Tax Bureau of the State Administration of Taxation	VAT refunds receivable and other tax refunds receivable	7,017,647.73	Within 1 year	9.11	
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 5 years	9.07	6,988,073.50
Wuhan Chemical Industry Zone Tax Bureau under the State Administration of Taxation	VAT refunds receivable and other tax refunds receivable	6,518,081.34	Within 1 year	8.46	
<b>Total</b>		<b>40,641,617.40</b>		<b>52.76</b>	<b>8,621,474.99</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (VII) Inventories

Category	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount
Raw materials	47,647,742.18		47,647,742.18	49,795,449.07		49,795,449.07
Total	47,647,742.18		47,647,742.18	49,795,449.07		49,795,449.07

### (VIII) Contract assets

#### 1. Contract assets

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	306,911,315.69	2,221,585.77	304,689,729.92	212,419,196.31	1,537,602.04	210,881,594.27
PPP project construction services	6,370,835,439.03	52,559,074.88	6,318,276,364.15	6,532,020,545.69	50,530,020.09	6,481,490,525.60
Sub-total	6,677,746,754.72	54,780,660.65	6,622,966,094.07	6,744,439,742.00	52,067,622.13	6,692,372,119.87
Less: Contract assets included in other non-current assets	6,191,507,585.28	51,355,112.44	6,140,152,472.84	6,370,918,642.43	49,510,617.52	6,321,408,024.91
Total	486,239,169.44	3,425,548.21	482,813,621.23	373,521,099.57	2,557,004.61	370,964,094.96



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(VIII) Contract assets (Continued)**

**2. Disclosure based on classification of impairment provision method for contract assets**

Category	Book balance		Closing balance Provision for impairment		Carrying amount	Book balance		Balance at the end of the previous year Provision for impairment		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for impairment on individual basis										
Provision for impairment on credit risk characteristics portfolio	6,677,746,754.72	100.00	54,780,660.65	0.82	6,622,966,094.07	6,744,439,742.00	100.00	52,067,622.13	0.77	6,692,372,119.87
<b>Total</b>	<b>6,677,746,754.72</b>	<b>100.00</b>	<b>54,780,660.65</b>	<b>0.82</b>	<b>6,622,966,094.07</b>	<b>6,744,439,742.00</b>	<b>100.00</b>	<b>52,067,622.13</b>	<b>0.77</b>	<b>6,692,372,119.87</b>

Provision for impairment on credit risk characteristics portfolio:

Items for which allowance is made on group basis:

Name	Contract assets	Closing balance Provision for impairment	Proportion ratio (%)
Contract assets generated by electricity sales contract	306,911,315.69	2,221,585.77	0.72
PPP project construction services	6,370,835,439.03	52,559,074.88	0.82
<b>Total</b>	<b>6,677,746,754.72</b>	<b>54,780,660.65</b>	<b>0.82</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (VIII) Contract assets (Continued)

#### 3. Particulars of impairment provision for contract assets in the period

Item	Balance at the end of the previous year	Changes in the current period			Closing balance
		Provision in the period	Reversed in the period	Charged off/written off in the period	
Contract assets generated by electricity sales contract	1,537,602.04	683,983.73			2,221,585.77
PPP project construction services	50,530,020.09	2,029,054.79			52,559,074.88
<b>Total</b>	<b>52,067,622.13</b>	<b>2,713,038.52</b>			<b>54,780,660.65</b>

#### 4. There were no contract assets actually written off during the period

### (IX) Current portion of non-current assets

Item	Closing balance	Balance at the end of the previous year
Current portion of long-term receivables	46,454,709.89	46,454,709.89
<b>Total</b>	<b>46,454,709.89</b>	<b>46,454,709.89</b>

### (X) Other current assets

Item	Closing balance	Balance at the end of the previous year
Input VAT to be deducted and others	136,959,508.09	200,537,444.73
<b>Total</b>	<b>136,959,508.09</b>	<b>200,537,444.73</b>



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XI) Long-term receivables**

**1. Long-term receivables**

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Allowance for bad debts	Carrying amount	Book balance	Allowance for bad debts	Carrying amount
Receivables of BT projects	73,359,064.98	26,904,355.09	46,454,709.89	73,359,064.98	26,904,355.09	46,454,709.89
Performance bond	33,000,000.00	102,015.31	32,897,984.69	36,000,000.00	107,065.90	35,892,934.10
Sub-total	106,359,064.98	27,006,370.40	79,352,694.58	109,359,064.98	27,011,420.99	82,347,643.99
Less: Due within one year	73,359,064.98	26,904,355.09	46,454,709.89	73,359,064.98	26,904,355.09	46,454,709.89
Total	33,000,000.00	102,015.31	32,897,984.69	36,000,000.00	107,065.90	35,892,934.10

**2. Long-term receivables disclosed according to the method of provision for bad debts**

Category	Book balance		Closing balance			Book balance		Balance at the end of the previous year			Carrying amount
	Amount	Proportion (%)	Allowance for bad debts		Carrying amount	Amount	Proportion (%)	Allowance for bad debts			
			Amount	Proportion ratio (%)				Amount	Proportion ratio (%)		
Provision for bad debts on an individual basis											
Provision for bad debts on credit risk characteristic group basis	106,359,064.98	100.00	27,006,370.40	25.39	79,352,694.58	109,359,064.98	100.00	27,011,420.99	24.70	82,347,643.99	
Total	106,359,064.98	100.00	27,006,370.40	25.39	79,352,694.58	109,359,064.98	100.00	27,011,420.99	24.70	82,347,643.99	



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XI) Long-term receivables (Continued)

#### 2. Long-term receivables disclosed according to the method of provision for bad debts (Continued)

Provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Closing balance		Proportion ratio (%)
	Long-term receivables	Allowance for bad debts	
Receivables of BT projects	73,359,064.98	26,904,355.09	36.67
Performance bond	33,000,000.00	102,015.31	0.31
Total	106,359,064.98	27,006,370.40	25.39

#### 3. Provision for bad debts of long-term receivables

Category	Balance at the end of the previous year	Changes in the current period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Receivables of BT projects	26,904,355.09				26,904,355.09
Performance bond	107,065.90	294,949.41		300,000.00	102,015.31
Total	27,011,420.99	294,949.41		300,000.00	27,006,370.40

#### 4. There were no long-term receivables actually written off during the period

### (XII) Fixed assets

#### 1. Fixed assets

Item	Closing balance	Balance at the end of the previous year
Fixed assets	83,624,641.25	255,311,964.44
Total	83,624,641.25	255,311,964.44



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XII) Fixed assets (Continued)

##### 2. Fixed assets

Item	Buildings	Machinery and equipment	Motor vehicles	Others	Total
1. Original carrying amount					
(1) Balance at the end of the previous year	231,589,010.38	105,754,498.54	39,298,652.31	45,719,089.36	422,361,250.59
(2) Increase in the period	2,772,284.35	2,149,831.30	2,150,966.97	4,030,263.56	11,103,346.18
– Purchase		295,244.14	2,150,966.97	1,101,936.53	3,548,147.64
– Transferred from construction in progress	2,772,284.35	1,854,587.16		2,928,327.03	7,555,198.54
(3) Decrease in the period		80,000.00	1,482,832.99	211,953.89	1,774,786.88
– Disposal or retirement		80,000.00	1,482,832.99	211,953.89	1,774,786.88
– Others					
(4) Closing balance	234,361,294.73	107,824,329.84	39,966,786.29	49,537,399.03	431,689,809.89
2. Accumulated depreciation					
(1) Balance at the end of the previous year	19,230,733.30	28,193,518.88	22,137,527.29	33,913,353.40	103,475,132.87
(2) Increase in the period	3,337,539.30	5,553,139.32	4,361,917.28	3,710,564.80	16,963,160.70
– Provision	3,337,539.30	5,553,139.32	4,361,917.28	3,710,564.80	16,963,160.70
(3) Decrease in the period		76,000.00	1,221,602.08	201,012.43	1,498,614.51
– Disposal or retirement		76,000.00	1,221,602.08	201,012.43	1,498,614.51
(4) Closing balance	22,568,272.60	33,670,658.20	25,277,842.49	37,422,905.77	118,939,679.06
3. Provision for impairment					
(1) Balance at the end of the previous year	46,424,851.10	17,149,302.18			63,574,153.28
(2) Increase in the period	122,467,931.87	41,947,768.42		1,135,636.01	165,551,336.30
– Provision	122,467,931.87	41,947,768.42		1,135,636.01	165,551,336.30
(3) Decrease in the period					
– Disposal or retirement					
(4) Closing balance	168,892,782.97	59,097,070.60		1,135,636.01	229,125,489.58
4. Carrying amount					
(1) Carrying amount at the end of the period	42,900,239.16	15,056,601.04	14,688,943.80	10,978,857.25	83,624,641.25
(2) Carrying amount at the end of the previous year	165,933,425.98	60,411,677.48	17,161,125.02	11,805,735.96	255,311,964.44



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XII) Fixed assets (Continued)

#### 3. Fixed assets with pending certificates of ownership

Item	Carrying amount	Reasons for not obtaining certificates of ownership
Dongguan Company	7,187,031.10	The land occupied by Dongguan Company's aforementioned buildings, was owned and provided free of charge by the Chang'an Town People's Government and the Chongtuo Community Residents Committee of Chang'an Town, Dongguan City. Thus, it is impossible for Dongguan Company to obtain a House Title Certificate. However, management believes that the Group can effectively use the above fixed assets, and it will not have a significant impact on its operation.

#### 4. Impairment test of fixed assets

The Group conducted an impairment test on the asset group of Huludao hazardous waste treatment project. As at 31 December 2025, the long-term asset group comprising each asset group included fixed assets, intangible assets, etc. The Group determined the recoverable amount of the relevant asset group based on the asset group of the business of Huludao Hazardous Waste Company. After comparing the net fair value of the relevant asset group after deducting disposal expenses and the present value of the estimated future cash flows, the present value of the estimated future cash flows was used to determine the recoverable amount of the relevant asset group.

According to the test, the impairment of asset group of Huludao hazardous waste treatment project was RMB197,708,400 (impairment of fixed assets of RMB161,065,600 and the impairment of intangible assets of RMB36,642,800).

For the hazardous waste project of Huludao Lvyi Company, the Group adopted the remaining term of the land use right specified in the land use right certificate of the projects as the term of forecast period.

In 2025 and 2024, the key assumptions used by the Group in applying the discounted future cash flow method are as follows:

Item	2025	2024
Compound income growth rate	2.87%	2.56%
EBIT margin	-79.65%-23.76%	-35.99%-24.46%
Pre-tax discount rate	6.43%	8.55%



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XIII) Construction in progress**

**1. Construction in progress**

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction in progress	6,351,047.48		6,351,047.48	1,542,278.08		1,542,278.08
Total	6,351,047.48		6,351,047.48	1,542,278.08		1,542,278.08

**(XIV) Right-of-use assets**

**1. Right-of-use assets**

Item	Buildings	Motor vehicles	Others	Total
1 Original carrying amount				
(1) Balance at the end of the previous year	7,789,914.18	1,634,427.76	1,681,228.25	11,105,570.19
(2) Increase in the period	1,236,373.30	177,715.85	39,922.65	1,454,011.80
(3) Decrease in the period	1,035,875.70	127,359.51		1,163,235.21
(4) Closing balance	7,990,411.78	1,684,784.10	1,721,150.90	11,396,346.78
2. Accumulated depreciation				
(1) Balance at the end of the previous year	2,679,618.54	866,043.95	278,642.72	3,824,305.21
(2) Increase in the period	3,572,880.64	740,569.56	67,696.50	4,381,146.70
(3) Decrease in the period	1,035,875.70	127,359.51		1,163,235.21
(4) Closing balance	5,216,623.48	1,479,254.00	346,339.22	7,042,216.70
3 Provision for impairment				
(1) Balance at the end of the previous year				
(2) Increase in the period				
(3) Decrease in the period				
(4) Closing balance				
4. Carrying amount				
(1) Carrying amount at the end of the period	2,773,788.30	205,530.10	1,374,811.68	4,354,130.08
(2) Carrying amount at the end of the previous year	5,110,295.64	768,383.81	1,402,585.53	7,281,264.98



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XV) Intangible assets

#### 1. Intangible assets

Item	BOT				Total
	concession rights	Land use rights	Software	Others	
1 Original carrying amount					
(1) Balance at the end of the previous year	13,445,592,180.59	71,446,558.44	6,512,317.08	6,529,123.58	13,530,080,179.69
(2) Increase in the period	64,543,301.82		638,812.81		65,182,114.63
(3) Decrease in the period					
(4) Closing balance	13,510,135,482.41	71,446,558.44	7,151,129.89	6,529,123.58	13,595,262,294.32
2 Accumulated amortisation					
(1) Balance at the end of the previous year	2,479,792,607.73	8,918,292.01	2,557,931.23	3,396,442.65	2,494,665,273.62
(2) Increase in the period	491,163,720.83	1,096,182.20	611,629.53		492,871,532.56
(3) Decrease in the period					
(4) Closing balance	2,970,956,328.56	10,014,474.21	3,169,560.76	3,396,442.65	2,987,536,806.18
3 Provision for impairment					
(1) Balance at the end of the previous year	358,151,440.18	14,560,635.29		3,132,680.93	375,844,756.40
(2) Increase in the period		36,642,848.65			36,642,848.65
(3) Decrease in the period					
(4) Closing balance	358,151,440.18	51,203,483.94		3,132,680.93	412,487,605.05
4 Carrying amount					
(1) Carrying amount at the end of the period	10,181,027,713.67	10,228,600.29	3,981,569.13		10,195,237,883.09
(2) Carrying amount at the end of the previous year	10,607,648,132.68	47,967,631.14	3,954,385.85		10,659,570,149.67



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XV) Intangible assets (Continued)

##### 2. Impairment test of intangible assets

In 2025, except for Huludao hazardous waste treatment project, no project company showed signs of impairment due to consecutive losses during the operating period.

#### (XVI) Goodwill

##### 1. Changes in goodwill

Name of the investee	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Original carrying amount Huludao Lvyi Company	43,910,821.67			<b>43,910,821.67</b>
Sub-total	43,910,821.67			<b>43,910,821.67</b>
Provision for impairment Huludao Lvyi Company	43,910,821.67			<b>43,910,821.67</b>
Sub-total	43,910,821.67			<b>43,910,821.67</b>
Carrying amount	0.00			<b>0.00</b>

#### (XVII) Long-term prepaid expenses

Item	Balance at the end of the previous year	Increase in the period	Amortisation in the period	Other decreases	Closing balance
Royalties of emission right and others	3,935,477.65	554,040.69	2,265,277.81		<b>2,224,240.53</b>
Total	3,935,477.65	554,040.69	2,265,277.81		<b>2,224,240.53</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XVIII) Deferred tax assets and deferred tax liabilities

#### 1. Deferred tax assets before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Deferred income	2,354,864.94	9,419,461.35	2,454,140.99	9,816,565.23
Provision for impairment	41,769,850.37	237,398,234.47	30,078,942.24	183,778,782.97
Unrealised profits	234,534,299.56	1,014,214,083.37	246,630,375.73	1,048,105,395.79
Deductible losses	13,432,353.16	60,446,609.87	18,247,234.28	72,988,937.10
<b>Total</b>	<b>292,091,368.03</b>	<b>1,321,478,389.06</b>	297,410,693.24	1,314,689,681.09

#### 2. Deferred tax liabilities before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Temporary difference from concession rights and long-term receivables	516,650,373.30	2,066,601,493.18	505,607,987.14	2,022,379,811.85
Fair value gain from business combinations not under common control	32,552,892.03	130,211,568.12	34,457,619.99	137,830,480.00
<b>Total</b>	<b>549,203,265.33</b>	<b>2,196,813,061.30</b>	540,065,607.13	2,160,210,291.85



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XVIII) Deferred tax assets and deferred tax liabilities (Continued)

#### 3. Deferred tax assets or liabilities presented on a net basis after offsetting

Item	End of the period		End of the previous year	
	Balance of deferred tax assets or liabilities after offsetting	Amount offset of deferred tax assets or liabilities	Balance of deferred tax assets or liabilities after offsetting	Amount offset of deferred tax assets or liabilities
Deferred tax assets	235,330,642.92	56,760,725.11	250,070,335.93	47,340,357.31
Deferred tax liabilities	492,442,540.22	56,760,725.11	492,725,249.82	47,340,357.31

#### 4. Breakdown of unrecognised deferred tax assets

Item	Closing balance	Balance at the end of the previous year
Deductible temporary differences	583,143,409.08	400,000,250.25
Deductible losses	234,931,820.20	198,321,931.57
Total	818,075,229.28	598,322,181.82

#### 5. Deductible losses that are not recognised as deferred tax assets will be expired in following years

Year	Closing balance	Balance at the end of the previous year
2025		102,014.88
2026	98,123.36	203,778.85
2027	44,174,745.27	60,650,770.94
2028	61,620,748.76	75,124,347.18
2029	56,597,226.41	62,241,019.72
2030	72,440,976.40	
Total	234,931,820.20	198,321,931.57



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XIX) Other non-current assets

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
PPP project construction services	6,191,507,585.28	51,355,112.44	6,140,152,472.84	6,370,918,642.43	49,510,617.52	6,321,408,024.91
Prepayments for projects and equipment	33,776,667.31		33,776,667.31	34,822,935.12		34,822,935.12
Input VAT to be deducted	199,637,953.59		199,637,953.59	295,313,509.87		295,313,509.87
Total	6,424,922,206.18	51,355,112.44	6,373,567,093.74	6,701,055,087.42	49,510,617.52	6,651,544,469.90

### (XX) Assets with restricted ownerships or right to use

Item	Carrying amount	End of the period		Carrying amount	End of the previous year	
		Restricted type	Restricted situation		Restricted type	Restricted situation
Cash at bank and on hand	634,000.00	Frozen	Litigation			
Cash at bank and on hand	500.00	Frozen	Deposit			
Accounts receivables	1,716,111,131.49	Pledge	Used for pledged	1,733,445,921.40	Pledge	Used for pledged
Contract assets	295,649,290.39	Pledge	borrowings	297,894,159.93	Pledge	borrowings
Other non-current assets	3,825,627,809.80	Pledge		4,154,508,984.18	Pledge	
Intangible assets	4,760,823,554.92	Pledge		5,901,317,945.15	Pledge	
Total	10,598,846,286.60			12,087,167,010.66		

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXI) Short-term borrowings

#### 1. Categories of short-term borrowings

Item	Closing balance	Balance at the end of the previous year
Guaranteed borrowings		34,029,088.87
Unsecured borrowings	<b>293,188,903.61</b>	511,776,315.78
Total	<b>293,188,903.61</b>	545,805,404.65

As at 31 December 2025, guaranteed borrowings of RMB0.00 (31 December 2024: RMB34,000,000.00) represented bank borrowings of subsidiaries guaranteed by the Company of RMB0.00 (31 December 2024: RMB34,000,000.00)

### (XXII) Accounts payables

#### 1. Presentation of accounts payables

Item	Closing balance	Balance at the end of the previous year
Payables for engineering, equipment and others	<b>522,488,062.31</b>	661,561,718.22
Total	<b>522,488,062.31</b>	661,561,718.22

Explanation: As at 31 December 2025 and 31 December 2024, the balance of accounts payable of the Group aged over one year based on their recording dates was RMB224,590,414.45 and RMB303,379,368.50, respectively, which were mainly used as the balance payable for engineering and equipment quality assurance retention balances, and balances of all remaining accounts payables were aged within 1 year.



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXIII) Contract liabilities

#### 1. Contract liabilities

Item	Closing balance	Balance at the end of the previous year
Tariff and waste treatment fees received in advance	<b>2,879,063.65</b>	1,780,465.71
Total	<b>2,879,063.65</b>	1,780,465.71

### (XXIV) Employee benefits payable

#### 1. Presentation of employee benefits payable

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Short-term employee benefits	107,045,200.28	498,732,399.89	484,787,845.60	<b>120,989,754.57</b>
Post-employment Benefits – Defined Contribution Plans	2,150,621.03	55,117,764.25	55,226,972.99	<b>2,041,412.29</b>
Termination benefits	80,000.00	1,015,577.60	1,074,339.02	<b>21,238.58</b>
Total	109,275,821.31	554,865,741.74	541,089,157.61	<b>123,052,405.44</b>

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXIV) Employee benefits payable (Continued)

#### 2. Presentation of short-term employee benefits

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
(1) Wages and salaries, bonus, allowances and subsidies	104,094,556.84	391,778,718.13	377,936,099.28	<b>117,937,175.69</b>
(2) Staff welfare	173,117.19	28,569,929.93	28,552,515.99	<b>190,531.13</b>
(3) Social insurance	353,438.99	28,344,772.90	28,391,946.22	<b>306,265.67</b>
Including: Medical insurance	308,667.28	24,884,148.77	24,931,238.83	<b>261,577.22</b>
Work injury insurance	28,226.89	2,448,885.04	2,449,098.89	<b>28,013.04</b>
Maternity insurance	16,544.82	1,011,739.09	1,011,608.50	<b>16,675.41</b>
(4) Housing funds	131,910.04	41,866,295.31	41,861,837.31	<b>136,368.04</b>
(5) Union running costs and employee education costs	2,292,177.22	7,605,797.19	7,478,560.37	<b>2,419,414.04</b>
(6) Other short-term employee benefits		566,886.43	566,886.43	
<b>Total</b>	<b>107,045,200.28</b>	<b>498,732,399.89</b>	<b>484,787,845.60</b>	<b>120,989,754.57</b>

#### 3. Presentation of defined contribution plans

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Basic pensions	2,133,618.08	53,011,410.19	53,118,059.86	<b>2,026,968.41</b>
Unemployment insurance	17,002.95	2,106,354.06	2,108,913.13	<b>14,443.88</b>
<b>Total</b>	<b>2,150,621.03</b>	<b>55,117,764.25</b>	<b>55,226,972.99</b>	<b>2,041,412.29</b>



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXV) Taxes payable

<b>Tax item</b>	<b>Closing balance</b>	Balance at the end of the previous year
Enterprise income tax	<b>55,556,384.08</b>	50,746,255.31
Property tax	<b>11,028,054.89</b>	10,850,976.15
VAT	<b>8,253,098.33</b>	8,817,202.64
Urban land use tax	<b>4,951,343.33</b>	5,365,850.46
City maintenance and construction tax	<b>517,057.14</b>	556,823.28
Individual income tax	<b>211,342.74</b>	281,348.15
Others	<b>1,881,343.25</b>	1,416,151.42
Total	<b>82,398,623.76</b>	78,034,607.41



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XXVI) Other payables**

<b>Item</b>	<b>Closing balance</b>	Balance at the end of the previous year
Interests payable		
Dividends payable	<b>23,600,000.00</b>	1,400,000.00
Other payables	<b>259,212,388.24</b>	151,750,819.25
<b>Total</b>	<b>282,812,388.24</b>	153,150,819.25

**1. Dividends payable**

<b>Item</b>	<b>Closing balance</b>	Balance at the end of the previous year
Dividends payable to minority shareholders	<b>23,600,000.00</b>	1,400,000.00
<b>Total</b>	<b>23,600,000.00</b>	1,400,000.00

**2. Other payables**

(1) *Presentation by nature*

<b>Item</b>	<b>Closing balance</b>	Balance at the end of the previous year
Deposits and guarantees payable	<b>69,667,982.01</b>	62,450,280.22
Management fee payable to Urban Construction Bureau	<b>16,607,861.25</b>	25,147,268.22
Refund of tariff	<b>21,295,502.37</b>	25,722,341.44
Fees payable	<b>25,815,888.47</b>	25,541,373.38
Payable for purchase of equity	<b>1,234,620.00</b>	1,234,620.00
Restricted shares repurchase obligation	<b>110,363,100.00</b>	
Others	<b>14,227,434.14</b>	11,654,935.99
<b>Total</b>	<b>259,212,388.24</b>	151,750,819.25

Other explanations: other payables aged over one year are mainly deposits and guarantees payable



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXVII) Current portion of non-current liabilities

Item	Closing balance	Balance at the end of the previous year
Current portion of long-term borrowings	<b>839,414,897.65</b>	1,082,903,535.74
Current portion of debentures payable	<b>31,047,213.53</b>	12,064,461.98
Current portion of long-term payables	<b>10,480,824.45</b>	9,811,153.15
Current portion of lease liabilities	<b>2,304,415.81</b>	3,989,788.05
Total	<b>883,247,351.44</b>	1,108,768,938.92

### (XXVIII) Long-term borrowings

Item	Closing balance	Balance at the end of the previous year
Guaranteed and pledged borrowings	<b>6,596,025,244.09</b>	7,387,774,009.80
Unsecured borrowings	<b>1,490,143,961.39</b>	1,223,541,542.75
Sub-total	<b>8,086,169,205.48</b>	8,611,315,552.55
Less: Current portion of long-term borrowings	<b>839,414,897.65</b>	1,082,903,535.74
Including: Guaranteed and pledged borrowings	<b>789,771,936.26</b>	825,512,992.99
Unsecured borrowings	<b>49,642,961.39</b>	257,390,542.75
Total	<b>7,246,754,307.83</b>	7,528,412,016.81



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXVIII) Long-term borrowings (Continued)

As at 31 December 2025, pledged borrowings of RMB5,874,887,817.06 (31 December 2024: RMB6,562,753,659.04) represented bank borrowings of the Group. According to the Fixed Assets Loan Contract and the Rights Pledge Contract, the Group is required to pledge the collection rights of concession rights (including the rights to charge for electricity or processing of waste) under relevant PPP contracts to the lenders.

As at 31 December 2025, pledged borrowings of RMB75,000,000.00 (31 December 2024: RMB95,000,000.00) were in relation to the financial leasing contract entered into between Huizhou Dynagreen Environment Co., Ltd. (Huizhou Company) and BOC Financial Leasing Co., Ltd., pursuant to which BOC Financial Leasing Co., Ltd. purchased the relevant equipment of Lanzilong domestic waste-to-energy project in Huiyang District, Huizhou City, Guangdong Province and leased it to Huizhou Company.

As at 31 December 2025, the Group's guaranteed borrowings of RMB638,008,582.72 (31 December 2024: RMB719,890,804.94) included the bank borrowings of RMB638,008,582.72 (31 December 2024: 719,890,804.94) from subsidiaries only guaranteed by the Company.

Explanations on classification of long-term borrowings:

Other explanations including the range of interest rate: as at 31 December 2025, the Group had no overdue long-term borrowings and the range of interest rate was from 2.34% to 3.28%.

#### (XXIX) Debentures payable

##### 1. Details of debentures payable

Item	Closing balance	Balance at the end of the previous year
Convertible bonds	<b>2,416,715,435.61</b>	2,354,143,208.17
Medium-term notes	<b>498,945,806.69</b>	
Total	<b>2,915,661,242.30</b>	2,354,143,208.17



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXIX) Debentures payable (Continued)

#### 2. Changes in debentures payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name	Par value	Coupon rate	Issue date	Term	Issue amount	Balance at the end of the previous year	Issue in the period	Interest at par value	Interest amortisation	Conversion during the period	Repayment in the period	Interests on current portion of debentures payable	Closing balance	Default or not
Convertible bonds	2,360,000,000.00	0.2%-2%	2022/2/25	6 years	2,360,000,000.00	2,354,143,208.17		32,197,563.11	62,587,458.59	15,231.15	2,094,794.02	30,102,769.09	2,416,715,435.61	No
Medium-term notes	500,000,000.00	2.00%	2025/11/28	3 years	500,000,000.00		498,912,264.16	944,444.44	33,542.53			944,444.44	498,945,806.69	No
Total					2,860,000,000.00	2,354,143,208.17	498,912,264.16	33,142,007.55	62,621,001.12	15,231.15		31,047,213.53	2,915,661,242.30	

The Company publicly issued convertible debentures totalling RMB2.36 billion on 25 February 2022. The convertible debentures have a term of six years, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the conversion period. Within five trading days after the expiration of the conversion period, the Company will redeem all the convertible debentures that have not been converted at 109% of the par value of such convertible debentures (including the final installment of interest).

During the conversion period, if the closing price of the Company's stocks is not less than 130% (inclusive) of the current conversion price for at least 15 out of 30 consecutive trading days, the Company shall have the right to redeem all or part of the outstanding convertible debentures at par value of the convertible debentures plus the current accrued interest. During the last two interest bearing years of the convertible debentures issued, where the closing price of the Company's shares is lower than 70% (excluding 70%) of the current conversion price in any 30 consecutive trading days, holders of the convertible debentures shall have the right to sell all or part of the convertible debentures back to the Company at par value plus the current accrued interest.

In addition, the Company shall have the right to redeem all or part of the outstanding convertible debentures at par value of the debentures plus the current accrued interest if the balance of the outstanding convertible debentures is less than RMB30 million.



## IX. Financial Report (Continued)

# V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (XXIX) Debentures payable (Continued)

### 2. Changes in debentures payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities) (Continued)

Such convertible debentures were issued at the initial conversion price of RMB9.82 per share, which should be not less than the average trading price of the Company's stocks in the first twenty trading days before the announcement date of the prospectus (the average trading price on the trading day before adjustment shall be adjusted accordingly in case of stock price adjustment arising from ex-rights and ex-dividend within such twenty trading days), and the average trading price on the previous trading day. After the issuance, the Company will adjust the conversion price accordingly in the event of bonus shares distribution, transfer to share capital, issuance of new shares (excluding share capital increased due to issuance of convertible debentures into shares), allotment of shares and distribution of cash dividends. During the duration of the convertible debentures issued, where the closing price of the Company's shares is lower than 85% of the current conversion price in at least 15 of 30 consecutive trading days, the Board of Directors of the Company shall have the right to propose a plan for conversion price reduction and submit it to the shareholders' meeting of the Company for deliberation and voting.

On 19 July 2023, due to the distribution of cash dividends for 2022, the Company adjusted the conversion price to RMB9.60.

On 26 June 2024, due to the distribution of cash dividends for 2023, the Company adjusted the conversion price to RMB9.45.

On 19 November 2024, due to the distribution of cash dividends for 2023, the Company adjusted the conversion price to RMB9.35.

On 30 July 2025, due to the distribution of cash dividends for 2024, the Company adjusted the conversion price to RMB9.15.

On 11 November 2025, due to the distribution of cash dividends for 2024, the Company adjusted the conversion price to RMB9.05.

On 26 December 2025, due to the issuance of new shares upon completion of the registration of the granted restricted shares, the Company adjusted the conversion price to RMB8.89.

During the reporting period, convertible bonds with a total par value of RMB15,000.00 have been converted into shares. As a result, the Company's share capital increased by RMB1,625.00 and the capital reserve increased by RMB15,109.26.

As at 31 December 2025, convertible bonds with a total par value of RMB139,000.00 have been converted into shares. As a result, the Company's share capital increased by RMB14,350.00 and the capital reserve increased by RMB130,162.56.



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXX) Lease liabilities

Item	Closing balance	Balance at the end of the previous year
Lease liabilities	<b>4,542,624.34</b>	7,511,712.37
Less: Reclassification to current portion of non-current liabilities	<b>2,304,415.81</b>	3,989,788.05
Total	<b>2,238,208.53</b>	3,521,924.32

### (XXXI) Long-term payables

Item	Closing balance	Balance at the end of the previous year
Long-term payables for leachate treatment stations	<b>237,111,975.55</b>	246,923,128.75
Less: Current portion of long-term payables	<b>10,480,824.45</b>	9,811,153.15
Total	<b>226,631,151.10</b>	237,111,975.60

### (XXXII) Estimated liabilities

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Decommissioning costs of hazardous waste landfill	14,273,331.60	642,299.91		<b>14,915,631.51</b>
Total	14,273,331.60	642,299.91		<b>14,915,631.51</b>

Explanation: Decommissioning costs of hazardous waste landfill represent a decommissioning cost of hazardous waste landfill appropriated by the Company's subsidiary Huludao Lvyi Company according to the Administrative Measures for the Accrual of Decommissioning Costs of Centralised Hazardous Waste Disposal Facilities and Sites, which came into effect in 2022, and is included in the cost of related fixed assets.



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXXIII) Deferred income

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Government grants related to assets	171,417,020.67	1,500,000.00	7,221,391.68	<b>165,695,628.99</b>
Total	171,417,020.67	1,500,000.00	7,221,391.68	<b>165,695,628.99</b>

#### (XXXIV) Share capital

Item	Balance at the end of the previous year	Increase (+) or (-) in the period					Closing balance
		New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	
RMB ordinary shares	989,092,933.00	37,130,000.00			1,625.00	37,131,625.00	<b>1,026,224,558.00</b>
Overseas listed foreign shares	404,359,792.00						<b>404,359,792.00</b>
Total	1,393,452,725.00	37,130,000.00			1,625.00	37,131,625.00	<b>1,430,584,350.00</b>

Other explanations:

- For details of increase in share capital, please refer to Note V (XXIX)
- Pursuant to the resolutions of the 2025 third extraordinary general meeting of Shareholders of the Company, the resolutions of the 17th meeting of the fifth session of the Board, and the payment of incentive participants, the actual number of incentive participants under the initial grant of the incentive scheme is 188, the number of restricted shares granted under the initial grant is 35.77 million shares at the initial grant price of RMB2.95 per share, and the grant date is 2 December 2025; pursuant to the Resolution on Grant of Reserved Restricted Shares (First Batch) to Incentive Participants, 1.36 million restricted shares are granted to 3 incentive participants at the grant price of RMB3.56 per share, and the grant date is 2 December 2025.



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXXV) Other equity instruments

Item	Opening balance	Increase in the year	Conversion during the year	Others	Closing balance
Convertible bonds	217,557,451.40		1,382.85		217,556,068.55
Total	217,557,451.40		1,382.85		217,556,068.55

### (XXXVI) Capital surplus

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Capital premium (share premium)	2,412,108,859.03	73,323,970.38		2,485,432,829.41
Other capital surplus		4,408,434.00		4,408,434.00
Total	2,412,108,859.03	77,732,404.38		2,489,841,263.41

Other explanations, including changes in the current period, reasons for the changes:

- (1) For details of increase in capital surplus by RMB15,109.26 in the period, please refer to Note V (XXIX);
- (2) The increase in capital surplus by RMB75,761.12 in the period was due to purchase of minority interests;
- (3) For details of increase in capital surplus by RMB73,233,100.00 in the period, please refer to Note V (XXXIV) 2;
- (4) The increase in capital surplus – other capital surplus was due to share-based incentive.



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XXXVII) Treasury shares**

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Restricted shares		110,363,100.00		110,363,100.00
Total		110,363,100.00		110,363,100.00

Other explanations, including changes in the current period, reasons for the changes:

For details of increase in treasury shares in the period, please refer to the description in Note V (XXXIV) 2.

**(XXXVIII) Other comprehensive income**

Item	Balance at the end of the previous year	Amount for the period			Closing balance
		Amount before income tax for the period	Less: Amount transferred to profit or loss for the period for those previously included in other comprehensive income	Less: Amount transferred to retained profit for the period for those previously included in other comprehensive income Less: Income tax expenses	
1. Other comprehensive income that cannot be reclassified to profit or loss					
2. Other comprehensive income that will be reclassified to profit or loss	2,079,875.32				2,079,875.32
Including: Other comprehensive income that may be reclassified to profit or loss under equity method					
Exchange differences from translation of foreign currency financial statements	2,079,875.32				2,079,875.32
Total other comprehensive income	2,079,875.32				2,079,875.32



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XXXIX) Special reserve

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Safety production expenses	25,723,632.46	48,514,803.73	39,212,339.95	<b>35,026,096.24</b>
Total	25,723,632.46	48,514,803.73	39,212,339.95	<b>35,026,096.24</b>

### (XL) Surplus reserve

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	340,338,359.75	101,017,120.63		<b>441,355,480.38</b>
Total	340,338,359.75	101,017,120.63		<b>441,355,480.38</b>

### (XLI) Undistributed profits

Item	Amount for the period	Amount for the previous period
Undistributed profits at end of last year before adjustment	<b>3,661,556,189.50</b>	3,424,837,011.73
Adjustment for undistributed profits at beginning of year ("+" for plus; "-" for less)		
Undistributed profits at beginning of year after adjustment	<b>3,661,556,189.50</b>	3,424,837,011.73
Add: net profit attributable to owners of the parent for the period	<b>617,500,625.79</b>	585,082,147.27
Including: Appropriation of statutory surplus reserve	<b>101,017,120.63</b>	
Dividends payable on ordinary shares	<b>418,036,042.80</b>	348,362,969.50
Undistributed profits at end of period	<b>3,760,003,651.86</b>	3,661,556,189.50



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XLII) Revenue and operating costs**

**1. Revenue and operating costs**

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Principal businesses	<b>3,426,076,958.39</b>	<b>1,881,549,303.88</b>	3,301,064,084.61	1,852,508,366.78
Other businesses	<b>107,482,916.52</b>	<b>2,983,607.15</b>	97,508,188.05	1,907,249.10
Total	<b>3,533,559,874.91</b>	<b>1,884,532,911.03</b>	3,398,572,272.66	1,854,415,615.88

Presentation of revenue from principal businesses:

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Waste treatment, power generation and steam supply business	<b>2,942,346,169.55</b>	<b>1,801,257,159.56</b>	2,764,652,482.95	1,741,746,946.66
Interest income from PPP projects	<b>388,352,805.89</b>		397,203,881.14	
Others	<b>95,377,982.95</b>	<b>80,292,144.32</b>	139,207,720.52	110,761,420.12
Total	<b>3,426,076,958.39</b>	<b>1,881,549,303.88</b>	3,301,064,084.61	1,852,508,366.78

Revenue and cost of sale from other operations:

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Revenue from sludge and others	<b>107,482,916.52</b>	<b>2,983,607.15</b>	97,508,188.05	1,907,249.10
Total	<b>107,482,916.52</b>	<b>2,983,607.15</b>	97,508,188.05	1,907,249.10



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XLII) Revenue and operating costs (Continued)

#### 2. Disaggregated of revenue and operating costs

The revenue generated by customer contracts in the period is as follows:

Category	Amount for the period	Amount for the previous period
Revenue from main operations	<b>3,426,076,958.39</b>	3,301,064,084.61
Including: Waste treatment fees	<b>527,761,202.99</b>	502,096,152.17
Revenue from power generation and steam supply	<b>2,414,584,966.56</b>	2,262,556,330.78
Interest income	<b>388,352,805.89</b>	397,203,881.14
Others	<b>95,377,982.95</b>	139,207,720.52
Revenue from other operations	<b>107,482,916.52</b>	97,508,188.05
<b>Total</b>	<b>3,533,559,874.91</b>	3,398,572,272.66

Category	Amount for the period	Amount for the previous period
Revenue from main operations	<b>3,426,076,958.39</b>	3,301,064,084.61
Including: Recognised at a point in time	<b>2,522,726,624.12</b>	2,364,437,744.11
Recognised over a period of time	<b>514,997,528.38</b>	539,422,459.36
Interest income	<b>388,352,805.89</b>	397,203,881.14
Revenue from other operations	<b>107,482,916.52</b>	97,508,188.05
<b>Total</b>	<b>3,533,559,874.91</b>	3,398,572,272.66

#### 3. There were no material changes in contracts or material adjustments to transaction prices



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(XLIII) Taxes and surcharges**

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period
Property tax	<b>45,878,763.42</b>	44,556,388.89
Land use tax	<b>11,426,604.93</b>	12,228,071.35
City maintenance and construction tax	<b>7,356,640.06</b>	5,895,930.28
Educational surcharge (including local)	<b>5,741,826.17</b>	4,514,318.33
Others	<b>6,607,132.13</b>	4,252,985.77
<b>Total</b>	<b>77,010,966.71</b>	71,447,694.62

**(XLIV) Selling expenses**

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period
Employee benefits	<b>874,945.80</b>	1,161,399.87
Depreciation and amortisation	<b>4,720.68</b>	7,172.54
Others	<b>170,226.59</b>	147,093.96
<b>Total</b>	<b>1,049,893.07</b>	1,315,666.37



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XLV) General and administrative expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	157,938,519.34	149,464,318.64
External labour costs	17,276,233.80	17,586,306.67
Depreciation and amortisation	8,413,955.30	7,529,807.98
Intermediary service fees	5,894,096.87	5,099,733.96
Auditor's fees	2,425,264.17	2,892,981.04
Including: Audit fees	2,293,188.69	2,746,754.63
Non-audit services	132,075.48	146,226.41
General office and communication expenses	3,569,389.64	4,143,701.53
Transportation expenses	5,272,038.25	5,725,866.69
Business entertainment expenses	4,219,181.95	4,821,906.18
Utilities and leasing expenses	3,427,000.64	3,663,090.99
Share-based incentive expenses	3,658,602.00	
Others	35,075,946.23	31,936,720.90
<b>Total</b>	<b>247,170,228.19</b>	<b>232,864,434.58</b>

### (XLVI) Research and development expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	6,614,334.82	6,333,539.80
Depreciation and amortisation	181,713.06	108,297.14
Travel expenses	266,459.66	345,759.98
Intermediary service fees	93,566.97	157,512.26
Share-based incentive expenses	222,084.00	
Materials expenses	375,247.79	
Others	96,668.81	152,303.71
<b>Total</b>	<b>7,850,075.11</b>	<b>7,097,412.89</b>



## IX. Financial Report (Continued)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLVII) Financial capitalisation

Item	Amount for the period	Amount for the previous period
Interest expenses	<b>378,868,279.29</b>	453,395,045.98
Including: Interest costs on lease liabilities	<b>269,364.91</b>	290,981.02
Net interest expenses	<b>378,868,279.29</b>	453,395,045.98
Less: Interest income	<b>5,082,253.06</b>	8,597,630.34
Exchange gains or losses	<b>150,692.12</b>	999,257.95
Handling fees and others	<b>7,707,844.89</b>	1,756,865.50
Total	<b>381,644,563.24</b>	447,553,539.09

#### (XLVIII) Other income

Item	Amount for the period	Amount for the previous period
VAT refund income	<b>98,551,050.10</b>	80,193,728.32
Handling fee for withholding individual income tax	<b>349,634.21</b>	264,196.41
Amortisation of deferred income	<b>7,221,391.68</b>	7,046,701.63
Others	<b>4,981,376.84</b>	4,284,855.08
Total	<b>111,103,452.83</b>	91,789,481.44

#### (XLIX) Credit impairment losses

Item	Amount for the period	Amount for the previous period
Losses on bad debts of accounts receivables	<b>-52,771,680.44</b>	-37,332,094.94
Losses on bad debts of other receivables	<b>1,599,649.15</b>	-788,742.38
Losses on bad debts of long-term receivables	<b>-294,949.41</b>	-7,054,138.45
Total	<b>-51,466,980.70</b>	-45,174,975.77



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (L) Impairment losses on assets

Item	Amount for the period	Amount for the previous period
Impairment losses on contract assets	<b>-2,713,038.52</b>	2,853,372.52
Impairment losses on fixed assets	<b>-165,551,336.30</b>	-63,574,153.28
Impairment losses on intangible assets	<b>-36,642,848.65</b>	-65,780,671.24
Total	<b>-204,907,223.47</b>	-126,501,452.00

### (LI) Gains on disposal of assets

Item	Amount for the period	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Gains on disposal of fixed assets (loss is represented by "-")	<b>-87,470.37</b>	5,936.38	-87,470.37
Total	<b>-87,470.37</b>	5,936.38	-87,470.37



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(LII) Non-operating income**

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Gains on destroy or scrap of non-current assets	<b>13,668.30</b>	2,116.98	13,668.30
Others	<b>2,023,314.03</b>	2,663,025.98	2,023,314.03
<b>Total</b>	<b>2,036,982.33</b>	2,665,142.96	2,036,982.33

**(LIII) Non-operating expenses**

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Losses on destroy or scrap of non-current assets	<b>8,081.85</b>	4,555.82	8,081.85
Others	<b>1,053,525.49</b>	517,969.13	1,053,525.49
<b>Total</b>	<b>1,061,607.34</b>	522,524.95	1,061,607.34



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LIV) Income tax expenses

#### 1. List of income tax expenses

Item	Amount for the period	Amount for the previous period
Income tax expenses for the current period	170,927,334.29	122,181,159.12
Deferred income tax expenses	14,456,983.41	-16,785,005.83
Total	185,384,317.70	105,396,153.29

#### 2. Reconciliation from accounting profit to income tax expenses

Item	Amount for the period
Total profit	789,918,390.84
Income tax expenses calculated based on the statutory or applicable tax rate	197,479,597.71
Effect of different tax rates applied to subsidiaries	-93,038,651.80
Effect of non-deductible costs, expenses and losses	30,220,097.90
Effect of temporary differences for which no deferred tax assets were recognised	45,785,789.71
Effect of tax losses for which no deferred tax assets was recognized	18,110,244.10
Reversal and utilisation of tax losses for which deferred tax assets were recognised in prior years	2,945,803.34
Utilisation of tax losses of deferred tax assets not recognised of previous years	-7,158,732.08
Credit for investment in special equipment	-4,988,792.26
Adjustment of filing difference	595,636.96
Non-taxable income	-2,414,970.05
Additional deduction on research and development expenses	-1,945,179.53
Others	-206,526.30
Income tax expenses	185,384,317.70

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LV) Earnings per share

#### 1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the Company by weighted average number of ordinary shares in issue of the Company:

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the Company	<b>617,500,625.79</b>	585,082,147.27
Weighted average number of ordinary shares in issue of the Company	<b>1,393,453,337.62</b>	1,393,451,723.94
Basic earnings per share	<b>0.44</b>	0.42
Including: Basic earnings per share relating to continuing operations	<b>0.44</b>	0.42
Basic earnings per share relating to discontinued operations		

#### 2. Diluted earnings per share

Diluted earnings per share is calculated by consolidated net profit attributable to holders of ordinary shares of the Company (diluted) by the weighted average number of ordinary shares in issue of the Company (diluted):

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the Company (diluted)	<b>704,978,222.77</b>	673,869,708.75
Weighted average number of ordinary shares in issue of the Company (diluted)	<b>1,645,845,880.08</b>	1,639,273,129.83
Diluted earnings per share	<b>0.43</b>	0.41
Including: Diluted earnings per share relating to continuing operations	<b>0.43</b>	0.41
Diluted earnings per share relating to discontinued operations		



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LVI) Supplementary information of income statement classification of expenses by nature

Operating costs, selling expenses, general and administrative expenses, research and development expenses in income statement classified by nature were set out as follows:

Item	Amount for the period	Amount for the previous period
Employee benefits	557,139,776.89	541,424,412.44
Depreciation and amortisation expenses	516,446,269.42	511,210,142.79
Environmental protection expenses	235,471,071.47	256,765,448.66
Maintenance expenses	219,234,153.82	136,508,446.13
Fuel expenses	198,488,505.09	234,044,607.08
Materials expenses	62,783,931.59	79,206,048.28
Utilities	29,335,380.77	27,826,851.34
Waste transfer costs	77,553,645.75	64,259,495.82
External labour costs	44,825,797.41	41,853,478.63
Safety production expenses	51,045,883.43	49,535,623.69
Intermediary service fees	6,008,890.26	5,201,114.14
Auditor's fees	2,425,264.17	2,892,981.04
Including: Audit fees	2,293,188.69	2,746,754.63
Non-audit fees	132,075.48	146,226.41
Share-based incentive expenses	4,402,464.00	
Transportation expenses	46,630,021.94	7,972,735.61
Other expenses	88,812,051.39	136,991,744.07
<b>Total</b>	<b>2,140,603,107.40</b>	<b>2,095,693,129.72</b>

### (LVII) Statement of cash flows

#### 1. Cash relating to operating activities

(1) Cash received relating to other operating activities

Item	Amount for the period	Amount for the previous period
Government grants	6,462,510.75	9,754,684.69
Refund of income tax	15,916,643.93	28,079,326.13
Deposits	23,105,486.46	19,912,578.18
Restricted deposits	6,600,000.00	
Others	6,996,731.18	10,693,351.79
<b>Total</b>	<b>59,081,372.32</b>	<b>68,439,940.79</b>



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(LVII) Statement of cash flows (Continued)**

**1. Cash relating to operating activities (Continued)**

(2) *Cash paid relating to other operating activities*

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period
Payment of deposits	<b>16,638,304.43</b>	6,304,527.91
Restricted deposits	<b>7,234,500.00</b>	
Others	<b>85,501,281.69</b>	83,732,342.37
<b>Total</b>	<b>109,374,086.12</b>	90,036,870.28

**2. Cash relating to investing activities**

(1) *Cash received relating to other investing activities*

<b>Item</b>	<b>Amount for the period</b>	Amount for the previous period
Refund of performance bond	<b>2,700,000.00</b>	2,039,180.00
<b>Total</b>	<b>2,700,000.00</b>	2,039,180.00

(2) *There was no cash paid relating to other investing activities in the period*



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LVII) Statement of cash flows (Continued)

#### 3. Cash relating to financing activities

(1) There was no cash received relating to other financing activities during the period

(2) Cash paid relating to other financing activities

Item	Amount for the period	Amount for the previous period
Cash repayments of principal and interest of lease liabilities	4,692,464.74	3,016,301.84
Purchase of minority interests	3,918,000.00	417,100.00
Payment of expenses for medium-term notes	478,000.00	
Others	6,349,545.73	
<b>Total</b>	<b>15,438,010.47</b>	3,433,401.84

(3) Changes in liabilities arising from financing activities

Item	Balance at the end of the previous year	Increase in the period		Decrease in the period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Borrowings (including those due within one year)	9,157,120,957.20	2,364,931,396.89	265,631,304.66	3,408,325,549.66		8,379,358,109.09
Debentures payable (including those due within one year)	2,366,207,670.15	499,325,000.00	95,828,272.83	14,637,256.00	15,231.15	2,946,708,455.83
Lease liabilities (including those due within one year)	7,511,712.37		1,723,376.71	4,692,464.74		4,542,624.34
Dividends payable	1,400,000.00		471,367,129.65	449,167,129.65		23,600,000.00
Other payables		110,363,100.00				110,363,100.00
<b>Total</b>	11,532,240,339.72	2,974,619,496.89	834,550,083.85	3,876,822,400.05	15,231.15	11,464,572,289.26



IX. Financial Report (Continued)

**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(LVIII) Supplementary information to the statements of cash flow**

**1. Supplementary information to the statements of cash flow**

<b>Supplementary information</b>	<b>Amount for the period</b>	Amount for the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	<b>604,534,073.14</b>	600,743,364.00
Add: Credit impairment losses	<b>51,466,980.70</b>	45,174,975.77
Losses on asset impairment	<b>204,907,223.47</b>	126,501,452.00
Depreciation of fixed assets	<b>16,928,312.34</b>	19,126,363.82
Depletion of oil and gas assets		
Depreciation of right-of-use assets	<b>4,381,146.70</b>	2,911,232.67
Amortisation of intangible assets	<b>492,871,532.56</b>	486,971,906.75
Amortisation of long-term prepaid expenses	<b>2,265,277.81</b>	2,200,639.58
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by “-”)	<b>87,470.37</b>	-5,936.38
Losses on scrap of fixed assets (gain is represented by “-”)	<b>-5,586.45</b>	2,438.84
Loss on changes in fair value (gain is represented by “-”)		
Financial expenses (gain is represented by “-”)	<b>369,619,895.58</b>	439,019,267.89
Investment losses (gain is represented by “-”)		
Decrease in deferred tax assets (increase is represented by “-”)	<b>14,739,693.01</b>	16,457,581.70
Increase in deferred tax liabilities (decrease is represented by “-”)	<b>-282,709.60</b>	-33,242,587.53
Decrease in inventories (increase is represented by “-”)	<b>2,147,706.89</b>	12,939,333.97
Decrease in operating receivables (increase is represented by “-”)	<b>12,214,150.94</b>	-266,614,457.72
Increase in operating payables (decrease is represented by “-”)	<b>55,900,031.73</b>	-23,246,596.78
Others	<b>14,136,468.28</b>	9,531,510.04
<b>Net cash flows from operating activities</b>	<b>1,845,911,667.47</b>	1,438,470,488.62
2. Major investment and financing activities not involving cash receipts and payments		
Conversion of debts to capital		
Convertible corporate bonds due within one year		
Right-of-use assets acquired by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Closing balance of cash	<b>1,542,841,791.84</b>	867,810,323.28
Less: Opening balance of cash	<b>867,810,323.28</b>	1,032,534,956.93
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
<b>Net increase in cash and cash equivalents</b>	<b>675,031,468.56</b>	-164,724,633.65



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LVIII) Supplementary information to the statements of cash flow (Continued)

#### 2. Composition of cash and cash equivalents

Item	Closing balance	Balance at the end of the previous year
I. Cash	<b>1,542,841,791.84</b>	867,810,323.28
Including: Cash on hand	<b>32.00</b>	1,210.00
Digital currency readily available for payment		
Bank deposits readily available for payment	<b>1,542,841,759.84</b>	867,809,113.28
Other cash at bank and on hand readily available for payment		
Central bank deposits available for payment		
Deposits in other banks		
Call loans to banks		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Balance of cash and cash equivalents at the end of the period	<b>1,542,841,791.84</b>	867,810,323.28
Including: Cash and cash equivalents held but not available for use by the parent company or other subsidiaries of the Group		

### (LIX) Foreign currency items

#### 1. Foreign currency items

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash at bank and on hand			
Including: USD	<b>285.28</b>	<b>7.03</b>	<b>2,005.18</b>
HKD	<b>849,966.45</b>	<b>0.90</b>	<b>767,706.70</b>
JPY	<b>11.00</b>	<b>0.04</b>	<b>0.49</b>

### (LX) Leases

#### 1. As lessee

Item	Amount for the period	Amount for the previous period
Interest expenses of lease liabilities	<b>269,364.91</b>	290,981.02
Simplified short-term lease expenses included in the related cost of assets or current profit and loss	<b>2,357,591.93</b>	2,828,022.91
Total cash outflow related to leases	<b>7,050,056.67</b>	5,844,324.75



## IX. Financial Report (Continued)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LXI) PPP project contract

The Company enters into a PPP project contract with the government and its authorized implementing agency (contract grantor) in accordance with relevant procedures to participate in the construction and operation of the project in the mode of concession rights. The Company uses the PPP project assets to provide public goods and services on behalf of the government during the operation period stipulated in the contract, and receives compensation for the public goods and services it provides in the period as stipulated in the contract. The government party controls or regulates the type, object and price of public goods and services that the Company provides when using the PPP project assets; when the PPP project contract is terminated, the government party controls the material residual interests of the PPP project assets through ownership, income rights or other forms.

The accounting treatment related to PPP project contracts is as follows:

- (1) If the Company provides construction services (including construction, renovation and expansion, the same below) or outsource the services to other parties, etc., it is required to determine whether its identity is the main responsible person or agent, and carry out accounting treatment and recognize contract assets in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.
- (2) If the Company provides multiple services according to the PPP project contract, in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue, it is required to identify individual performance obligations under the contract, and the transaction price shall be allocated to performance obligations according to the relative proportion of the stand-alone selling price of each performance obligation.
- (3) Borrowing costs incurred during the construction of PPP project assets shall be accounted for by the Company in accordance with the requirements of the Accounting Standards for Business Enterprises No. 17 – Borrowing Costs. The Company shall capitalise the part of the borrowing costs recognised as intangible assets when the relevant borrowing costs meet the conditions for capitalisation and shall carry forward to intangible assets when the assets of the PPP project reach the predetermined usable state. Borrowing costs other than those mentioned above shall be expensed.
- (4) According to the PPP project contracts, the Company has the right to charge fees to those who obtain public goods and services during the operation of the project. However, if the amount of fees is uncertain, this right does not constitute an unconditional right to receive cash. The consideration amount of relevant PPP project assets or the recognized construction revenue amount shall be recognized as intangible assets when the PPP project assets reach the predetermined usable state, and accounting treatment shall be carried out in accordance with the Accounting Standards for Business Enterprises No. 6 – Intangible Assets.



## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (LXI) PPP project contract (Continued)

- (5) According to the PPP project contracts, during the operation of project, the conditions for the right to receive cash (or other financial assets) in an identifiable amount shall be recognized as receivables when the Company has the right to receive the consideration (which is only dependent on the factors of the passage of time), and accounting treatment shall be carried out in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. When the PPP project assets reach the predetermined usable state, the Company shall recognize the difference between the consideration amount of the relevant PPP project assets or the recognized construction revenue amount and the cash (or other financial assets) which is entitled to receive the ascertainable amount as intangible assets.
- (6) The PPP project assets of the Company in accordance with the provisions of this interpretation are not recognised as fixed assets.
- (7) According to the PPP project contracts, if the Company obtains other assets from the government that form part of the contract consideration payable by the government, the Company shall conduct accounting treatment in accordance with the provisions of the Accounting Standards for Business Enterprises No. 14 – Revenue, and shall not be regarded as government grants.
- (8) After the PPP project assets reach the predetermined usable state, the Company recognizes revenue related to operating services in accordance with the Accounting Standard for Business Enterprises No. 14 – Revenue.
- (9) In order to maintain a certain service capacity of PPP project assets or maintain a certain state of use before handing over the assets to the government, if the services provided by the Company under the PPP project contract do not constitute a single performance obligation, accounting treatment shall be carried out for the estimated expenditure in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies.

## VI. RESEARCH AND DEVELOPMENT EXPENDITURES

### (I) Research and development expenditures

Item	Amount for the period	Amount for the previous period
Employee benefits	<b>6,614,334.82</b>	6,333,539.80
Depreciation and amortisation	<b>181,713.06</b>	108,297.14
Travel expenses	<b>266,459.66</b>	345,759.98
Intermediary service fees	<b>93,566.97</b>	157,512.26
Share-based incentive expenses	<b>222,084.00</b>	
Materials expenses	<b>375,247.79</b>	
Others	<b>96,668.81</b>	152,303.71
Total	<b>7,850,075.11</b>	7,097,412.89
Including: Expensed research and development expenditure	<b>7,850,075.11</b>	7,097,412.89
Capitalized research and development expenditure		



## IX. Financial Report (Continued)

### VII. CHANGES IN SCOPE OF COMBINATION

During the period, the subsidiary Longhui Company was undergoing the deregistration process.

### VIII. INTERESTS IN OTHER ENTITIES

#### 1. Composition of the Group

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Changzhou Dynagreen Environmental and Thermolectric Co., Ltd. (Changzhou Company)	Limited liability company	138.40 million	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	75.00	25.00	Business combination under common control
Haining Dynagreen Renewable Energy Co., Ltd. (Haining Company)	Limited liability company	100.00 million	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	100.00		Business combination not under common control
Yongjia Dynagreen Renewable Energy Co., Ltd. (Yongjia Company)	Limited liability company	100.00 million	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	100.00		Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. (Pingyang Company)	Limited liability company	100.00 million	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	100.00		Establishment
Wuhan Company	Limited liability company	279.4843 million	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	100.00		Business combination under common control
Taizhou Dynagreen Renewable Energy Co., Ltd. (Taizhou Company)	Limited liability company	180.00 million	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	100.00		Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. (Rushan Company)	Limited liability company	100.88 million	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	100.00		Establishment
Anshun Company	Limited liability company	100.00 million	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	100.00		Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. (Jurong Company)	Limited liability company	100.00 million	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	100.00		Establishment
Zhangqiu Dynagreen Renewable Energy Co., Ltd. (Zhangqiu Company)	Limited liability company	172.94 million	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	100.00		Establishment
Dynagreen Investment Holding Company Limited (Hong Kong Dynagreen)	Limited liability company	HK\$806.7499 million	Hong Kong	Hong Kong	Investment holding	100.00		Business combination under common control
Pingyao Company	Limited liability company	100.00 million	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	100.00		Establishment
Huizhou Company	Limited liability company	220.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	100.00		Establishment



## VIII. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Composition of the Group (Continued)

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Jizhou Company	Limited liability company	120.00 million	Jizhou, Tianjin	Jizhou, Tianjin	Waste treatment and power generation	60.00	40.00	Establishment
Tianjin Dynagreen Environmental Energy Co., Ltd. (Ninghe Company)	Limited liability company	150.00 million	Ninghe, Tianjin	Ninghe, Tianjin	Waste treatment and power generation	100.00		Establishment
Shenzhen Jingxiu Environmental Engineering Technology Limited Company (Shenzhen Jingxiu Company)	Limited liability company	20.80 million	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	100.00		Business combination not under common control
Beijing Dynagreen Environment Co., Ltd. (Tongzhou Company)	Limited liability company	375.00 million	Tongzhou, Beijing	Tongzhou, Beijing	Waste treatment and power generation	100.00		Establishment
Hong'an Company	Limited liability company	100.00 million	Hong'an, Hubei	Hong'an, Hubei	Waste treatment and power generation	100.00		Establishment
Shantou Company	Limited liability company	210.00 million	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	75.00	25.00	Establishment
Bobai Company	Limited liability company	100.00 million	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	75.00	25.00	Establishment
Bengbu Dynagreen Renewable Energy Co., Ltd. (Bengbu Company)	Limited liability company	166.00 million	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	100.00		Establishment
Beijing Dynagreen Renewable Energy Co., Ltd. (Miyun Company)	Limited liability company	120.00 million	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	100.00		Establishment
Yichun Company	Limited liability company	165.00 million	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation		60.00	Establishment
Yongjia Phase II Company	Limited liability company	100.00 million	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	51.00	49.00	Establishment
Huludao Lvji Company	Limited liability company	100.00 million	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	80.00		Business combination not under common control
Fengcheng Company	Limited liability company	135.375 million	Fengcheng, Jiangxi	Fengcheng, Jiangxi	Waste treatment and power generation	51.00		Business combination not under common control
Huizhou Phase II Company	Limited liability company	450.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	100.00		Establishment
Dengfeng Company	Limited liability company	100.00 million	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	100.00		Establishment
Haining Expansion Company	Limited liability company	390.00 million	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	60.00		Establishment
Shishou Company	Limited liability company	100.00 million	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	100.00		Establishment
Jinsha Company	Limited liability company	160.00 million	Bijie, Guizhou	Bijie, Guizhou	Garbage transfer, treatment and power generation	100.00		Business combination not under common control
Pingyang Phase II Company	Limited liability company	110.00 million	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	100.00		Establishment

## VIII. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Composition of the Group (Continued)

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Jingxi Company	Limited liability company	120.00 million	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	100.00		Establishment
Enshi Company	Limited liability company	200.00 million	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	100.00		Establishment
Huludao Power Generation Company	Limited liability company	122.6575 million	Huludao, Liaoning	Huludao, Liaoning	Waste treatment and power generation	100.00		Establishment
Laizhou Company	Limited liability company	200.00 million	Laizhou, Shandong	Laizhou, Shandong	Waste treatment and power generation		87.50	Business combination not under common control
Shuozhou Company	Limited liability company	195.00 million	Shuozhou, Shanxi	Shuozhou, Shanxi	Waste treatment and power generation	100.00		Establishment
Zhangqiu Phase II Company	Limited liability company	255.00 million	Jinan, Shandong	Jinan, Shandong	Waste treatment and power generation		100.00	Establishment
Shantou Sludge Company	Limited liability company	13.00 million	Shantou, Guangdong	Shantou, Guangdong	Sludge treatment	100.00		Establishment
Huizhou Three-in-One Company	Limited liability company	63.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Collection, storage, transportation and disposals of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	80.00		Establishment
Shantou Kitchen Waste Company	Limited liability company	32.72 million	Shantou, Guangdong	Shantou, Guangdong	Disposal of kitchen waste and municipal domestic waste operational services	80.00		Establishment
Wuhan Donghu Company	Limited liability company	10.00 million	Wuhan, Hubei	Wuhan, Hubei	Garbage transfer	100.00		Establishment
Guangdong Promising Environmental Protection Company Limited (Guangdong Promising Company)	Limited liability company	584.50 million	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	100.00		Business combination not under common control
Dongguan Company	Limited liability company	10.00 million	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer		100.00	Business combination not under common control
Guangyuan Company	Limited liability company	178.00 million	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	100.00		Business combination not under common control
Jiamusi Company	Limited liability company	209.00 million	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation		100.00	Business combination not under common control
Shui Company	Limited liability company	225.00 million	Shui, Guangdong	Shui, Guangdong	Waste treatment and power generation	100.00		Business combination not under common control
Shulan Boneng Environmental Protection Company Limited (Shulan Company)	Limited liability company	90.00 million	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation		100.00	Business combination not under common control
Zhangye Company	Limited liability company	6.00 million	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer		100.00	Business combination not under common control

### 2. Significant non-wholly-owned subsidiaries

The Group has no significant non-wholly-owned subsidiaries



## IX. GOVERNMENT GRANTS

### (I) Government grants recognized in the profit or loss during the period

Type	Amount for the period	Amount for the previous period
Government grants related to assets	<b>7,221,391.68</b>	7,046,701.63
Government grants related to income	<b>103,532,426.94</b>	85,478,583.40
Total	<b>110,753,818.62</b>	92,525,285.03

#### 1. Liabilities involving government grants

Liability	Balance at the end of the previous year	Increase in grants in the period	Amount included in non-operating income in the period	Amount transferred to other income in the period	Costs offset in the period	Other changes	Closing balance	Assets/ income-related
Infrastructure subsidies for the Anshun WTE project	25,326,956.31			<b>1,234,764.48</b>			24,092,191.83	Government grants related to assets
Subsidies for ecological civilisation construction of Zhangjiu	12,360,179.84			<b>549,341.28</b>			11,810,838.56	Government grants related to assets
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	26,077,719.77			<b>1,029,383.76</b>			25,048,336.01	Government grants related to assets
Specific fund for ecological civilisation construction of Shishou	15,559,147.84			<b>596,516.88</b>			14,962,630.96	Government grants related to assets
Enshi special financial subsidies	17,439,130.44			<b>711,801.24</b>			16,727,329.20	Government grants related to assets
Laizhou ecological civilisation subsidies	15,813,253.12			<b>632,530.08</b>			15,180,723.04	Government grants related to assets
Shuozhou City Human Settlement Improvement Award Supplementary Fund	13,416,257.67			<b>527,852.76</b>			12,888,404.91	Government grants related to assets
Special fund for pollution control, energy conservation and carbon reduction of Zhangjiu	19,009,288.00			<b>743,034.00</b>			18,266,254.00	Government grants related to assets
Special fund for ecological civilization construction of Dengfeng	9,419,950.71			<b>400,849.08</b>			9,019,101.63	Government grants related to assets
Others	16,995,136.97	<b>1,500,000.00</b>		<b>795,318.12</b>			17,699,818.85	Government grants related to assets
Total	171,417,020.67	<b>1,500,000.00</b>		<b>7,221,391.68</b>			165,695,628.99	



## IX. Financial Report (Continued)

# X. RISK RELATING TO FINANCIAL INSTRUMENTS

## (I) Categories of risks arising from financial instruments

The Group is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk.). The above financial risks and the risk management policies adopted by the Group to minimize such risks are listed as follows:

The Group 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 Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and the relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's operating activities. The internal audit department of the Group undertakes both regular and random inspection of the internal control system for its compliance with risk management policies.

### 1. Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Group.

Credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, contract assets, other receivables, etc. As at the balance sheet date, the carrying amount of the Group's financial assets represents their full credit risk exposure;

The Group's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Group considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

In addition, the Group develops relevant policies to limit the credit risk exposure on bills receivable, trade receivables, receivables financing, contract assets and other receivables, etc. The Group assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Group regularly monitors the credit record of the customers. For customers with a poor credit history, the Group will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Group is limited to a controllable extent.

### 2. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.



## X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

### (I) Categories of risks arising from financial instruments (Continued)

#### 2. Liquidity risk (Continued)

The financial liabilities of the Group are analysed by their maturity date below at their undiscounted contractual cash flows:

Item	Closing balance				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings	295,022,464.71				295,022,464.71
Accounts payables	522,488,062.31				522,488,062.31
Other payables	282,812,388.24				282,812,388.24
Long-term borrowings	1,048,319,671.98	1,958,197,954.39	3,253,611,562.46	2,654,282,203.52	8,914,411,392.35
Debentures payable	72,457,925.05	186,784,614.49	2,391,864,594.38		2,651,107,133.92
Lease liabilities	2,279,107.40	650,555.03	606,433.94	1,969,519.83	5,505,616.20
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	262,016,414.31	393,883,085.06
<b>Total</b>	<b>2,249,752,953.84</b>	<b>2,172,006,458.06</b>	<b>5,725,202,593.23</b>	<b>2,918,268,137.66</b>	<b>13,065,230,142.79</b>

Item	Balance at the end of the previous year				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings	549,275,845.83			549,275,845.83	
Accounts payables	661,561,718.22				661,561,718.22
Other payables	153,150,819.25				153,150,819.25
Long-term borrowings	1,338,779,901.98	1,072,515,954.61	4,010,692,012.26	3,272,646,693.91	9,694,634,562.76
Debentures payable	14,198,048.50	35,398,140.00	2,614,742,608.00		2,664,338,796.50
Lease liabilities	4,253,405.37	1,780,970.43	457,254.24	2,066,414.36	8,558,044.40
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	287,108,176.88	418,974,847.63
<b>Total</b>	<b>2,747,593,073.30</b>	<b>1,136,068,399.19</b>	<b>6,705,011,876.95</b>	<b>3,561,821,285.15</b>	<b>14,150,494,634.59</b>

The maturity analysis of bank borrowings and other borrowings is set out below:

Item	2025		2024	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	830,116,091.95		1,071,622,447.17	
1-2 years	1,788,411,487.35		849,686,192.77	
2-5 years	2,951,232,709.69		3,599,468,177.80	
Over 5 years	2,507,110,110.79		3,079,257,646.24	
<b>Total</b>	<b>8,076,870,399.78</b>		<b>8,600,034,463.98</b>	



## IX. Financial Report (Continued)

# X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

## (I) Categories of risks arising from financial instruments (Continued)

### 3. Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

#### (1) *Interest rate risk*

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate.

Interest-bearing financial instruments at fixed rates and at floating rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate instruments. The Group will adopt interest rate swap instruments to hedge interest rate risk when necessary.

As at 31 December 2025, if other variables remain constant and the borrowing rate calculated at floating interest rates increases or decreases by 50 basis points, the Group's net profit will decrease or increase by approximately RMB30,290,000.00 (31 December 2024: approximately RMB32,250,000.00).

#### (2) *Exchange rate risk*

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 31 December 2025, the Group had only a small number of financial instruments and foreign currencies measured at fair value, and there was no significant risk of fluctuations due to changes in foreign exchange rates.



## XI. DISCLOSURE OF FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

### (I) Fair value of assets and liabilities measured at fair value as at the end of the period

As at 31 December 2025 and 31 December 2024, the Group had no assets and liabilities measured at fair value except for receivables financing

### (II) Assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 31 December 2025 and 31 December 2024, financial assets and financial liabilities measured at amortised cost mainly include cash at bank and on hand, notes receivables, accounts receivables, other receivables, contract assets (including contract assets included in other non-current assets), long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable and long-term payables. Their carrying amount is a reasonable approximation of their fair value.



## IX. Financial Report (Continued)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (I) Information on the parent company of the Company

Name of the parent company	Type	Legal representative	Place of registration	Nature of Business	Registered Capital	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
BSAM	Limited liability company	Zhao Jifeng	Beijing	Investment management	30,000.00 million	31.79	31.79

Other explanations: in addition to the above direct shareholding, BSAM also holds 100% equity interest in Beijing State-Owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”), which holds 1.78% of the shares of the Company. BSAM also holds 100% equity interest in Beijing Industrial Development Investment Management Co., Ltd. (“Beijing Industrial Investment”), which holds 9.74% of the shares of the Company. BSAM is the ultimate controlling party of the Company.

### (II) Information on the subsidiaries of the Company

Please refer to Note “VIII. Interests in other entities” for details of the information on the subsidiaries of the Company.

### (III) Information on other related parties

Name of other related parties	Relationship between other related party and the Company
BSAM (HK)	Shareholder and a subsidiary of the Company’s ultimate controlling party
Shenzhen Crystal Digital Technology Co., Ltd. (“Shenzhen CDT”)	A former subsidiary of the Company’s ultimate controlling party
Beijing Software and Information Service Exchange Co., Ltd. (“Beijing Software and Information Service”)	Shareholder and a subsidiary of the Company’s ultimate controlling party
Beijing Securities Co., Ltd. (“Beijing Securities”)	Shareholder and a subsidiary of the Company’s ultimate controlling party
Bank of Beijing Co., Ltd. (“Bank of Beijing”)	An associated company of the Company’s ultimate controlling party
Beijing Rural Commercial Bank Co., Ltd. (“Beijing Rural Commercial Bank”)	An associated company of the Company’s ultimate controlling party



## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (IV) Related party transactions

#### 1. Related party transactions for purchase and sales of goods/provision and receipt of services

*Purchase of goods/receipt of services*

Name of related parties	Amount for the period	Amount for the previous period
Shenzhen CDT	25,000.00	4,872,739.88
Beijing Software and Information Service	323,100.00	323,100.00
Beijing Securities	250,000.00	
Bank of Beijing	211,000.00	
Others	90,167.00	118,310.00
<b>Total</b>	<b>899,267.00</b>	<b>5,314,149.88</b>

#### 2. Borrowings from related parties

(1) *Interest expenses*

Borrower	2025	2024
BSAM		23,495,416.67
Bank of Beijing	13,038,419.45	14,520,837.57
Beijing Rural Commercial Bank	4,498,285.01	14,837,374.01
<b>Total</b>	<b>17,536,704.46</b>	<b>52,853,628.25</b>

#### 3. Remuneration of key management

Item	Amount for the period	Amount for the previous period
Remuneration of key management	8,647,812.94	18,417,029.13

Note: The decision-making procedures for the performance-based remuneration of the Directors and senior management of the Company for 2025 have not been completed. The remuneration of key management for 2025 does not include performance-based remuneration.

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (IV) Related party transactions (Continued)

#### 4. Other related party transactions

As at 31 December 2025, the deposits with the Bank of Beijing amounted to RMB68,933,068.81 (2024: RMB8,124,990.52) and the deposits with the Rural Commercial Bank of Beijing amounted to RMB408,287.37 (2024: RMB1,263,432.08); the interests income from the deposits with the Bank of Beijing amounted to RMB218,094.17 (2024: RMB34,235.16) and the interests income from the deposits with the Rural Commercial Bank of Beijing amounted to RMB11,056.54 (2024: RMB47,147.48); handling fees for the transactions with the Bank of Beijing amounted to RMB970.00 (2024: RMB618.05) and handling fees for the transactions with the Rural Commercial Bank of Beijing amounted to RMB1,726.00 (2024: RMB2,300.37).

#### 5. Remuneration of directors and general manager and directors' rights and interests

(a) Remuneration of directors, supervisors and general manager for 2025 is as follows:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing funds	Total
<b>Executive Directors:</b>						
Qiao Dewei		221,625.00	18,410.64		15,717.24	255,752.88
Cheng Suning		738,750.00	44,047.68		52,827.12	835,624.80
Hu Shengyong		530,844.00	57,015.00		63,305.28	651,164.28
<b>Non-Executive Directors:</b>						
Liu Shuguang						
Hu Yong						
Zhao Zhixiong						
Hu Tianhe						
Yan Chunxu						
<b>Independent Non-Executive Directors</b>						
Zhou Beihai	80,000.00					80,000.00
Ouyang Jiejiao	110,571.60					110,571.60
Zheng Zhiming	80,000.00					80,000.00
<b>Supervisors</b>						
Yu Lijun		173,829.42	27,910.41	27,000.00	24,131.52	252,871.35
Yan Shiwen		177,117.34	28,789.40		21,677.04	227,583.78
Tian Yingying						
<b>Total</b>	<b>270,571.60</b>	<b>1,842,165.76</b>	<b>176,173.13</b>	<b>27,000.00</b>	<b>177,658.20</b>	<b>2,493,568.69</b>



## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (IV) Related party transactions (Continued)

#### 5. Remuneration of directors, supervisors and general manager and directors' rights and interests (Continued)

(a) (Continued)

Remuneration of directors, supervisors and general manager for 2024 is as follows:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing funds	Total
<b>Executive Directors:</b>						
Qiao Dewei		888,500.00	46,927.17	1,083,700.00	61,091.28	2,080,218.45
Hu Shengyong		532,844.00	50,108.49	957,976.36	61,091.28	1,602,020.13
Zhong Xia		148,750.00		180,617.00		329,367.00
<b>Non-Executive Directors:</b>						
Liu Shuguang						
Yue Peng						
Zhao Zhixiong						
Hu Tianhe						
Yan Chunxu						
Tong Xiangyu						
<b>Independent Non-Executive Directors</b>						
Zhou Beihai	80,000.00					
Ouyang Jiejiao	20,000.00					
Zheng Zhiming	73,500.00					
Fu Jie	36,300.00					
Xie Lanjun	60,000.00					
<b>Supervisors</b>						
Yu Lijun		178,376.78	24,570.00	28,000.00	24,343.92	255,290.70
Yan Shiwen		174,982.06	24,310.00		23,196.24	222,488.30
Tian Yingying						
Luo Zhaoguo						
<b>Total</b>	<b>269,800.00</b>	<b>1,923,452.84</b>	<b>145,915.66</b>	<b>2,250,293.36</b>	<b>169,722.72</b>	<b>4,489,384.58</b>

Note 1: Qiao Dewei resigned as the chairman of the Company in April 2025; Cheng Suning was appointed as the general manager in February 2025, as the acting chairman in May 2025 and as the chairman in October 2025; Liu Shuguang, a non-executive Director, resigned in April 2025; Hu Yong was appointed as a non-executive Director in May 2025; the supervisory committee was abolished pursuant to the new Articles of Association of the Company amended in September 2025. The Company has no supervisors from the effective date of the Articles of Association.

Note 2: As decision-making procedures have not been completed for the performance-based remuneration of the Company's Directors and senior management for 2025, the remuneration is not disclosed in the above table. The provisional estimated performance-based remuneration amounts to RMB2,335,600.



## IX. Financial Report (Continued)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (IV) Related party transactions (Continued)

#### 5. Remuneration of directors, supervisors and general manager and directors' rights and interests (Continued)

(b) *Retirement benefits of Directors*

No Directors waived fees in 2025 (2024: nil).

(c) *Termination benefits of Directors*

There was no termination benefit of Directors in 2025 (2024: nil).

(d) *Payment to Directors as an incentive to join the Company*

There was no payment to Directors as an incentive to join the Company in 2025 (2024: nil).

(e) *Consideration paid to a third party for services provided by Directors*

There was no consideration paid to a third party for services provided by Directors in 2025 (2024: nil).

(f) *Loans and quasi-loans granted to Directors, corporations controlled by Directors and connected entities of such Directors and other transactions benefiting such persons*

There were no loans and quasi-loans granted to Directors, corporations controlled by Directors and connected entities of such Directors and other transactions benefiting such persons in 2025 (2024: nil).

(g) *Material interests of Directors in transactions, arrangements or contracts*

There were no material interests of Directors in transactions, arrangements or contracts in 2025 (2024: nil).



## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (IV) Related party transactions (Continued)

#### 6. Five highest paid individuals

In 2025, the five individuals whose emoluments were the highest in the Group for the year included two Directors (2024: two Directors) directors whose emoluments are reflected in the analysis shown in Note XII(IV) 5. Remuneration of directors and general manager and directors' rights and interests; the emoluments to the remaining three Directors (2024: three Directors) highest paid individuals during the year are as follows:

	2025	2024
Salaries, housing fund and other allowances	1,782,447.84	1,598,532.00
Bonus		2,871,162.56
Contribution to retirement benefit scheme	171,045.00	150,325.47
<b>Total</b>	<b>1,953,492.84</b>	<b>4,620,020.03</b>

	Number of persons	
	2025	2024
Emolument bands:		
HK\$1,500,000 – HK\$2,000,000	0	3

Note: As decision-making procedures have not been completed for the performance-based remuneration of the Company's other three Directors and senior management for 2025, the remuneration is not disclosed in the above table. The provisional estimated performance-based remuneration amounts to RMB3,302,400.

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (V) Outstanding items such as receivables from and payables to related parties

#### 1. Receivables from related parties

Item	Related party	Book balance at the end of the period	Book balance at the end of the previous year
Prepayments	Other	59,979.96	

#### 2. Payables to related parties

Item	Related party	Book balance at the end of the period	Book balance at the end of the previous year
Accounts payables	Shenzhen CDT		2,461,250.08
	Beijing Software and Information	38,000.00	
Other payables	Beijing Software and Information	16,100.00	

#### 3. Long-term borrowings

Item	Related party	Book balance at the end of the period	Book balance at the end of the previous year
Long-term borrowings	Bank of Beijing	395,330,366.66	498,464,093.06
	Beijing Rural Commercial Bank	56,655,713.28	383,985,973.00
Total		451,986,079.94	882,450,066.06



## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (VI) Share-based payment

#### (I) Summary of share-based payment

Grantees	Equity instruments granted during the period		Equity instruments exercised during the period		Equity instruments lapsed during the period	
	Number	Amount	Number	Amount	Number	Amount
Research staff	1,860,000.00	222,084.00				
Administrative staff	30,850,000.00	3,658,602.00				
Production, operation and other staff	4,420,000.00	527,748.00				

Pursuant to the resolutions of the 2025 third extraordinary general meeting of Shareholders of the Company, the resolutions of the 17th meeting of the fifth session of the Board, and the payment of incentive participants, the actual number of incentive participants under the initial grant of the incentive scheme is 188, the number of restricted shares granted under the initial grant is 35.77 million shares at the initial grant price of RMB2.95 per share, and the grant date is 2 December 2025; pursuant to the Resolution on Grant of Reserved Restricted Shares (First Batch) to Incentive Participants, 1.36 million restricted shares are granted to 3 incentive participants at the grant price of RMB3.56 per share, and the grant date is 2 December 2025. The Company completed the registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 23 December 2025.

The lock-up period of the restricted shares granted under the incentive scheme shall be 24 months, 36 months and 48 months respectively from the date of registration of the equity under the grant. Upon the expiry of the lock-up period, the Company will process the unlocking of the restricted shares for the incentive participants that meet the unlocking conditions. The restricted shares held by any incentive participant who fails to meet the unlocking conditions shall be repurchased and cancelled by the Company.

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

Method for determining the fair value of equity instruments on the grant date: Based on the market price of the tradable A shares on the grant date

Method for determining the best estimate of the number of exercisable equity instruments: The Company's management makes the best estimate after considering the impact of relevant factors such as the latest changes in the number of exercisable employees and the degree of achievement of performance targets

Reasons for significant differences between current period estimates and prior period estimates: Nil

Cumulative amount of equity-settled share-based payments included in capital reserve: RMB4,408,434.00

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

Nil



IX. Financial Report (Continued)

**XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**

**(VI) Share-based payment (Continued)**

**(IV) Share-based payment expenses**

Grantees	Amount for the period		Total
	Equity-settled share-based payment	Cash-settled share-based payment	
Research staff	222,084.00		222,084.00
Administrative staff	3,658,602.00		3,658,602.00
Production, operation and other staff	527,748.00		527,748.00
Total	4,408,434.00		4,408,434.00

**(V) Modifications and termination of share-based payment**

Nil



### XIII. COMMITMENTS AND CONTINGENCIES

#### (I) Significant commitments

##### 1. Significant commitments as at the balance sheet date

As at the balance sheet date, the Company had no significant commitments

#### (II) Contingencies

##### 1. Significant contingencies as at the balance sheet date

As at the balance sheet date, the Company had no significant contingencies.

### XIV. POST BALANCE SHEET EVENTS

According to the resolution of the Board on 27 March 2026, the Board proposed that the Company distribute a cash dividend of RMB0.22 for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. Calculated based on the approximately 1,430,580,000 issued shares of the Company as at 31 December 2025, it is proposed to distribute cash dividends of approximately RMB314.73 million. The abovementioned proposal is subject to approval at the Shareholders' general meeting and is not recognised as liabilities in the financial statements.

### XV. CAPITAL MANAGEMENT

The main objectives of the Group capital management are:

- To ensure the Group's ability to continue as a going concern so as to continuously provide returns to shareholders and other stakeholders;
- In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts;
- The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.
- As at 31 December 2025 and 31 December 2024, the gearing ratios of the Group are shown as follows:

	Closing balance	Balance at the end of the previous year
Gearing ratio	<b>60.45%</b>	61.21%



IX. Financial Report (Continued)

## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY

### (I) Accounts receivables

#### 1. Accounts receivables disclosed by aging based on their recording dates

Aging	Closing balance	Balance at the end of the previous year
Within 1 year (including 1 year)	<b>27,004,421.64</b>	57,657,886.09
1 to 2 years	<b>35,570,954.80</b>	41,231,663.30
2 to 3 years		110,877,456.61
Over 3 years	<b>189,374,250.00</b>	93,093,454.05
Sub-total	<b>251,949,626.44</b>	302,860,460.05
Less: provision for bad debts		
Total	<b>251,949,626.44</b>	302,860,460.05



## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (I) Accounts receivables (Continued)

#### 2. Accounts receivables disclosed according to the method of provision for bad debts

Category	Closing balance				Balance at the end of the previous year				
	Book balance		Allowance for bad debts		Book balance		Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis									
Provision for bad debts on credit risk characteristic group basis	251,949,626.44	100.00			251,949,626.44				302,860,460.05
Including:									
Total outsourcing service fees and royalties receivable	251,949,626.44	100.00			251,949,626.44				302,860,460.05
Total	251,949,626.44	100.00			251,949,626.44				302,860,460.05

#### 3. Five largest accounts receivables and contract assets aggregated by debtors

Name	Closing balance of accounts receivables	Closing balance of contract assets	Closing balance of accounts receivables and contract assets	Percentage of total balance of accounts receivables and contract assets (%)	Closing balance of provision for bad debts of accounts receivables and provision for impairment of contract assets
Huizhou Phase II Company	96,192,500.00		96,192,500.00	38.18	
Tongzhou Company	39,832,649.71		39,832,649.71	15.81	
Dengfeng Company	34,960,000.00		34,960,000.00	13.88	
Jinsha Company	30,821,750.00		30,821,750.00	12.23	
Bobai Company	24,000,000.00		24,000,000.00	9.53	
Total	225,806,899.71		225,806,899.71	89.63	



IX. Financial Report (Continued)

## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (II) Other receivables

Item	Closing balance	Balance at the end of the previous year
Interests receivable	<b>90,139,623.10</b>	81,492,210.51
Dividends receivable	<b>1,887,850,000.00</b>	1,256,550,000.00
Other receivables	<b>1,083,882,237.81</b>	540,807,861.82
Total	<b>3,061,871,860.91</b>	1,878,850,072.33

#### 1. Interests receivable

(1) *Classification of interests receivable*

Item	Closing balance	Balance at the end of the previous year
Interests on borrowings receivable from subsidiaries	<b>90,139,623.10</b>	81,492,210.51
Sub-total	<b>90,139,623.10</b>	81,492,210.51
Less: provision for bad debts		
Total	<b>90,139,623.10</b>	81,492,210.51



## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (II) Other receivables (Continued)

#### 2. Dividends receivable

(1) Details of dividends receivable

Item (or Investee)	Closing balance	Balance at the end of the previous year
Dividends receivable aged within 1 year	<b>947,300,000.00</b>	
Dividends receivable aged over 1 year	<b>940,550,000.00</b>	1,256,550,000.00
Sub-total	<b>1,887,850,000.00</b>	1,256,550,000.00
Less: provision for bad debts		
Total	<b>1,887,850,000.00</b>	1,256,550,000.00

#### 3. Other receivables

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year (including 1 year)	<b>320,795,248.58</b>	234,249,843.05
1 to 2 years	<b>125,349,296.76</b>	166,949,356.84
2 to 3 years	<b>167,284,423.87</b>	132,138,016.27
Over 3 years	<b>479,302,003.62</b>	17,707,253.20
Sub-total	<b>1,092,730,972.83</b>	551,044,469.36
Less: provision for bad debts	<b>8,848,735.02</b>	10,236,607.54
Total	<b>1,083,882,237.81</b>	540,807,861.82

## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (II) Other receivables (Continued)

#### 3. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts

Category	Closing balance				Balance at the end of the previous year				Carrying amount	
	Book balance		Allowance for bad debts		Book balance		Allowance for bad debts			
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount	Proportion (%)	Amount	Proportion ratio (%)		
Provision for bad debts on an individual basis	8,641,676.53	0.79	8,641,676.53	100.00	8,641,676.53	1.57	8,641,676.53	100.00		
Provision for bad debts on credit risk characteristic group basis	1,084,089,296.30	99.21	207,058.49	0.02	1,083,882,237.81	542,402,792.83	98.43	1,594,931.01	0.29	540,807,861.82
<b>Total</b>	<b>1,092,730,972.83</b>	<b>100.00</b>	<b>8,848,735.02</b>	<b>0.81</b>	<b>1,083,882,237.81</b>	<b>551,044,469.36</b>	<b>100.00</b>	<b>10,236,607.54</b>	<b>1.86</b>	<b>540,807,861.82</b>

Significant other receivables with provision for bad debts on an individual basis:

Name	Book balance	Closing balance		Provision basis	Balance at the end of the previous year	
		Allowance for bad debts	Proportion ratio (%)		Book balance	Allowance for bad debts
Dynagreen Environment Investment Limited	5,160,600.00	5,160,600.00	100.00	Had long ageing and risk on collection	5,160,600.00	5,160,600.00
Guizhou Xijie Environmental Health Management Co., Ltd. (貴州西潔環境衛生管理有限公司)	2,668,488.18	2,668,488.18	100.00	Had long ageing and risk on collection	2,668,488.18	2,668,488.18
<b>Total</b>	<b>7,829,088.18</b>	<b>7,829,088.18</b>	<b>100.00</b>		<b>7,829,088.18</b>	<b>7,829,088.18</b>



## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (II) Other receivables (Continued)

#### 3. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts (Continued)

Provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Other receivables	Closing balance Allowance for bad debts	Proportion ratio (%)
Receivable from related parties	1,077,357,880.88		
Others	6,731,415.42	207,058.49	3.08
<b>Total</b>	<b>1,084,089,296.30</b>	<b>207,058.49</b>	<b>0.02</b>

(3) Provision for bad debts

Allowance for bad debts	Stage 1 ECL for the following 12 months	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Balance at the end of the previous year	1,594,931.01		8,641,676.53	10,236,607.54
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period	-1,387,872.52			-1,387,872.52
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
<b>Closing balance</b>	<b>207,058.49</b>		<b>8,641,676.53</b>	<b>8,848,735.02</b>



IX. Financial Report (Continued)

**XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)**

**(II) Other receivables (Continued)**

**3. Other receivables (Continued)**

(4) Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes in the current period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Provision on an individual basis	8,641,676.53				<b>8,641,676.53</b>
Others	1,594,931.01	-1,387,872.52			<b>207,058.49</b>
Total	10,236,607.54	-1,387,872.52			<b>8,848,735.02</b>

(5) There were no accounts receivables actually written off in current period

(6) Receivables by nature

Nature	Book balance at the end of the period	Book balance at the end of the previous year
Current accounts within the Group	<b>1,077,357,880.88</b>	535,762,639.78
Receivable current accounts of former shareholders	<b>5,973,188.35</b>	5,973,188.35
Others	<b>9,399,903.60</b>	9,308,641.23
Total	<b>1,092,730,972.83</b>	551,044,469.36



## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (II) Other receivables (Continued)

#### 3. Other receivables (Continued)

(7) Five largest other receivables aggregated by debtors

Name	Nature	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Dengfeng Company	Current accounts	166,814,669.08	Within 1 year, 1-2 years, 2-3 years, 3-4 years	15.27	
Jinsha Company	Borrowings + current accounts	196,148,189.79	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years	17.95	
Huludao Power Generation Company	Borrowings + current accounts	379,182,656.95	Within 1 year, 1-2 years, 2-3 years	34.70	
Pingyang Phase II Company	Borrowings + current accounts	17,113,446.68	Within 1 year, 1-2 years, 2-3 years	1.57	
Ninghe Company	Borrowings + current accounts	277,547,625.97	Within 1 year, 1-2 years, 3-4 years, 4-5 years, over 5 years	25.40	
Total		1,036,806,588.47		94.89	

### (III) Long-term equity investments

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	6,763,846,518.17	326,139,358.86	6,437,707,159.31	6,767,492,470.17	326,139,358.86	6,441,353,111.31
Total	6,763,846,518.17	326,139,358.86	6,437,707,159.31	6,767,492,470.17	326,139,358.86	6,441,353,111.31



## IX. Financial Report (Continued)

## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (III) Long-term equity investments (Continued)

#### 1. Investment in subsidiaries

Investee	Balance at the end of the previous year	Balance of provision for impairment at the end of the previous year	Increase in the period	Decrease in the period	Closing balance	Closing balance of provision for impairment
Changzhou Company	142,146,967.22		108,654.00		142,255,621.22	
Taizhou Company	180,000,000.00		23,880.00		180,023,880.00	
Haining Company	86,000,000.00				86,000,000.00	
Yongjia Company	100,000,000.00		60,894.00		100,060,894.00	
Pingyang Company	100,000,000.00		33,432.00		100,033,432.00	
Wuhan Company	277,874,320.40		148,056.00		278,022,376.40	
Rushan Company	100,880,000.00		33,432.00		100,913,432.00	
Anshun Company	102,083,479.98		48,954.00		102,132,433.98	
Zhangqiu Company	172,940,000.00		84,774.00		173,024,774.00	
Jurong Company	100,026,752.87		48,954.00		100,075,706.87	
Huizhou Company	220,954,159.23		33,432.00		220,987,591.23	
Pingyao Company	20,017,204.55				20,017,204.55	
Jizhou Company	72,000,000.00		78,804.00		72,078,804.00	
Hong Kong Dynagreen	741,687,991.55		142,086.00		741,830,077.55	
Shenzhen Jingxiu	27,047,295.00	6,529,123.47			27,047,295.00	6,529,123.47
Ninghe Company	149,610,235.39	149,610,235.39	84,774.00		149,695,009.39	149,610,235.39
Hong'an Company	100,029,152.08		57,312.00		100,086,464.08	
Tongzhou Company	375,066,706.59		21,492.00		375,088,198.59	
Shantou Company	157,500,000.00		78,804.00		157,578,804.00	
Longhui Company	20,000,000.00			20,000,000.00		
Bobai Company	75,000,000.00		57,312.00		75,057,312.00	
Bengbu Company	166,000,000.00		84,774.00		166,084,774.00	
Miyun Company	120,000,000.00		57,312.00		120,057,312.00	
Yongjia Phase II Company	51,000,000.00		5,970.00		51,005,970.00	
Huludao Lvji Company	170,000,000.00	170,000,000.00	5,970.00		170,005,970.00	170,000,000.00
Huizhou Phase II Company	450,000,000.00		69,252.00		450,069,252.00	



## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (III) Long-term equity investments (Continued)

#### 1. Investment in subsidiaries (Continued)

Investee	Balance at the end of the previous year	Balance of provision for impairment at the end of the previous year	Increase in the period	Decrease in the period	Closing balance	Closing balance of provision for impairment
Dengfeng Company	100,000,000.00		35,820.00		100,035,820.00	
Shishou Company	100,000,000.00		57,312.00		100,057,312.00	
Haining Expansion Company	234,000,000.00		114,624.00		234,114,624.00	
Guangdong Promising Company	610,000,000.00		113,430.00		610,113,430.00	
Jinsha Company	162,360,400.00		63,282.00		162,423,682.00	
Pingyang Phase II Company	110,000,000.00		102,684.00		110,102,684.00	
Jingxi Company	120,000,000.00		57,312.00		120,057,312.00	
Enshi Company	200,000,000.00		54,018.00		200,054,018.00	
Guangyuan Company	140,365,600.00		10,084,774.00		150,450,374.00	
Sihui Company	225,871,016.18		78,804.00		225,949,820.18	
Huludao Power Generation Company	123,074,600.00		78,804.00		123,153,404.00	
Shuozhou Company	191,100,000.00		3,981,282.00		195,081,282.00	
Shantou Sludge Company	13,000,000.00		35,820.00		13,035,820.00	
Huizhou Three-in-One Company	50,400,000.00		21,492.00		50,421,492.00	
Fengcheng Company	97,056,589.13		100,296.00		97,156,885.13	
Shantou Kitchen Waste Company	2,400,000.00		5,970.00		2,405,970.00	
Wuhan Donghu Company	10,000,000.00				10,000,000.00	
<b>Total</b>	<b>6,767,492,470.17</b>	<b>326,139,358.86</b>	<b>16,354,048.00</b>	<b>20,000,000.00</b>	<b>6,763,846,518.17</b>	<b>326,139,358.86</b>



## IX. Financial Report (Continued)

## XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE COMPANY (Continued)

### (III) Long-term equity investments (Continued)

#### 2. Impairment test of long-term equity investments

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance at the end of the year
Ninghe Company	149,610,235.39			<b>149,610,235.39</b>
Shenzhen Jingxiu	6,529,123.47			<b>6,529,123.47</b>
Huludao Lvyi Company	170,000,000.00			<b>170,000,000.00</b>
Total	326,139,358.86			<b>326,139,358.86</b>

### (IV) Revenue and operating costs

#### 1. Revenue and operating costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	<b>77,101,451.88</b>	<b>12,415,962.91</b>	116,798,035.06	10,397,960.14
Other businesses	<b>2,672,527.41</b>		9,304,182.86	
Total	<b>79,773,979.29</b>	<b>12,415,962.91</b>	126,102,217.92	10,397,960.14

### (V) Investment income

Item	Amount for the period	Amount for the previous period
Investment income from long-term equity investments under cost method	<b>1,117,700,000.00</b>	10,802,646.51
Investment income from disposals of long-term equity investments	<b>-3,147,679.17</b>	4,443,717.60
Interest income	<b>42,014,317.23</b>	39,933,614.64
Total	<b>1,156,566,638.06</b>	55,179,978.75



## XVII. SUPPLEMENTAL INFORMATION

### (I) Breakdown of non-recurring gains and losses items for the current period

Item	Amount	Note
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	-81,883.92	
Government grants recognised through profit or loss, except for government grants which are closely related to the Company's normal operation, comply with the provisions of national policies, are enjoyed in accordance with the defined standards, and have a continuous impact on the profit or loss of the Company	4,981,377.88	
Other non-operating income and expenses apart from the aforesaid items	969,788.54	
Other gain or loss items meeting the definition of non-recurring gains or losses	349,634.21	
Sub-total	6,218,916.71	
Effect of income tax	-766,304.16	
Effect of non-controlling interests (after tax)	-164,285.00	
Total	5,288,327.55	

### (II) Return on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	7.53	0.44	0.43
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	7.46	0.44	0.43

Dyngreen Environmental Protection Group Co., Ltd.  
(company seal)  
27 March 2026



## X. Five-Year Operations Highlights

Unit: RMB'000

Year	2025	2024	2023	2022	2021
<b>Results</b>					
Revenue	<b>3,533,560</b>	3,398,572	3,955,549	4,567,118	5,056,889
Gross profit	<b>1,649,027</b>	1,544,157	1,523,750	1,569,998	1,731,716
Gross profit margin	<b>46.67%</b>	45.44%	38.52%	34.38%	34.24%
Net profit attributable to shareholders of the parent company	<b>617,501</b>	585,082	629,281	744,767	697,786
<b>Financial position</b>					
Total assets	<b>21,926,734</b>	21,988,773	22,537,266	22,677,440	20,214,466
Total liabilities	<b>13,254,406</b>	13,459,983	14,263,309	14,864,161	13,296,885

Chairman: Cheng Suning

Date of approval by the Board for submission: 27 March 2026

### Amendments

Applicable  Not applicable

By Order of the Board  
**Dynagreen Environmental Protection Group Co., Ltd.\***  
**Cheng Suning**  
*Chairman*

Shenzhen, the PRC  
27 March 2026

*As of the date of this announcement, the executive directors are Mr. Cheng Suning and Mr. Hu Shengyong; the non-executive directors are Mr. Zhao Zhixiong, Mr. Hu Tianhe, Mr. Yan Chunxu and Mr. Hu Yong; and the independent non-executive directors are Ms. Ouyang Jiejiao, Mr. Zheng Zhiming and Mr. Zhou Beihai.*