



DONGJIANG ENVIRONMENTAL COMPANY LIMITED\*

東江環保股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00895.HK, 002672.SZ)

# 2024

## Annual Report



\* For identification purposes only

# CONTENTS

2	CORPORATE INFORMATION
4	DEFINITIONS
7	FINANCIAL SUMMARY
8	CHAIRMAN'S STATEMENT
10	MANAGEMENT DISCUSSION AND ANALYSIS
18	PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
24	DIRECTORS' REPORT
45	SUPERVISORY COMMITTEE'S REPORT
46	CORPORATE GOVERNANCE REPORT
66	AUDITOR'S REPORT
73	CONSOLIDATED BALANCE SHEET
76	BALANCE SHEET OF THE PARENT COMPANY
79	CONSOLIDATED INCOME STATEMENT
81	INCOME STATEMENT OF THE PARENT COMPANY
83	CONSOLIDATED CASH FLOW STATEMENT
85	CASH FLOW STATEMENT OF THE PARENT COMPANY
87	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
89	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY
91	NOTES TO THE FINANCIAL STATEMENTS



# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

WANG Bi'an (*Chairman*)  
(*appointed on 21 February 2024*)  
LI Xiangli (*Chief executive officer*)  
(*appointed on 21 February 2024*)  
YU Fan (*appointed on 21 February 2024*)  
TAN Kan (*Chairman*) (*resigned on 21 February 2024*)  
YU Zhongmin (*Chief executive officer*)  
(*resigned on 16 January 2024*)  
LIN Peifeng (*resigned on 16 January 2024*)

## NON-EXECUTIVE DIRECTORS

WANG Shi (*appointed on 10 October 2024*)  
LIU Xiaoxuan (*appointed on 21 February 2024*)  
JIA Guorong (*appointed on 10 October 2024*)  
HUANG Honggang (*resigned on 23 July 2024*)  
JIN Yongfu (*resigned on 10 October 2024*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

LI Jinhui  
SIU Chi Hung  
XIANG Ling (*appointed on 10 October 2024*)  
GUO Suyi (*resigned on 10 October 2024*)

## SUPERVISORS

PENG Zhuozhuo (*appointed on 21 February 2024*)  
LIU Bin (*appointed on 10 October 2024*)  
CHEN Peihuan (*appointed on 10 October 2024*)  
YU Fan (*resigned on 21 February 2024*)  
ZHANG Hao (*resigned on 10 October 2024*)  
JIANG Ping (*resigned on 10 October 2024*)

## COMPANY SECRETARY

WU Qi

## AUDIT AND RISK MANAGEMENT COMMITTEE

SIU Chi Hung (*Chairman*)  
LI Jinhui  
WANG Shi (*appointed on 10 October 2024*)  
GUO Suyi (*resigned on 10 October 2024*)

## REMUNERATION AND APPRAISAL COMMITTEE

XIANG Ling (*Chairman*)  
(*appointed on 10 October 2024*)  
YU Fan (*appointed on 10 October 2024*)  
SIU Chi Hung  
GUO Suyi (*Chairman*) (*resigned on 10 October 2024*)  
HUANG Honggang (*resigned on 23 July 2024*)  
LI Jinhui (*resigned on 21 February 2024*)

## NOMINATION COMMITTEE

LI Jinhui (*Chairman*)  
WANG Bi'an (*appointed on 21 February 2024*)  
SIU Chi Hung  
TAN Kan (*resigned on 21 February 2024*)

## STRATEGIC DEVELOPMENT COMMITTEE

WANG Bi'an (*Chairman*)  
(*appointed on 21 February 2024*)  
WANG Shi (*appointed on 10 October 2024*)  
LI Jinhui  
TAN Kan (*Chairman*) (*resigned on 21 February 2024*)  
LIN Peifeng (*resigned on 16 January 2024*)  
LI Xiangli (*appointed on 21 February 2024*)

## AUTHORISED REPRESENTATIVES

WANG Bi'an (*appointed on 21 February 2024*)  
WU Qi  
TAN Kan (*resigned on 21 February 2024*)

# CORPORATE INFORMATION

## STOCK CODES

A shares listed on Shenzhen Stock Exchange: 002672  
H shares listed on The Stock Exchange of  
Hong Kong Limited: 00895

## AUTHORISED REPRESENTATIVE TO ACCEPT SERVICE OF PROCESSES AND NOTICES

Jeffrey Mak Law Firm

## AUDITORS

WUYIGE Certified Public Accountants LLP

## LEGAL ADVISERS

Jeffrey Mak Law Firm (*as to Hong Kong law*)  
Kangda Law Firm (*Guangzhou*) (*as to China law*)

## PRINCIPAL BANKER

China Merchants Bank

## HONG KONG H SHARE REGISTRAR

Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

1st Floor, 3rd Floor,  
North of 8th Floor, 9th – 12th Floors  
Dongjiang Environmental Building  
No. 9 Langshan Road  
North Zone of Hi-tech Industrial Park  
Nanshan District, Shenzhen  
The People's Republic of China

## COMPANY'S WEBSITE

<http://www.dongjiang.com.cn>

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, O.T.B. Building  
259-265 Des Voeux Road Central, Hong Kong

# DEFINITIONS

In this annual report (except the sections of “Auditor’s Report” and the audited consolidated financial statements set out on pages 66 to 272), unless the context otherwise requires, the following expressions shall have the following meanings:

“2024” or “Reporting Period” or “Year”	for the year ended 31 December 2024
“A Share(s)”	A share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in RMB on the Shenzhen Stock Exchange
“Articles”	the articles of association of the Company currently in force
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Baowu Environment”	Baowu Group Environmental Resources Technology Co., Ltd.* (寶武集團環境資源科技有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company as at the date of report, which is controlled by China Baowu Steel Group Co., Ltd., * (中國寶武鋼鐵集團有限公司)
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Company”	東江環保股份有限公司 (Dongjiang Environmental Company Limited*), a joint stock limited company incorporated in the PRC, whose H Shares and A Shares are listed on the Stock Exchange and on the Shenzhen Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“ESG”	environment, society and governance
“Group”	the Company and its subsidiaries

## DEFINITIONS

“Guangdong Rising Holdings Group”	Guangdong Rising Holdings Group Co., Ltd.* (廣東省廣晟控股集團有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company as at the date of this report; which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會)
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company, with a par value of RMB1.00 each, which are subscribed for and traded in HK\$ on the Stock Exchange
“High Hope Group”	Jiangsu High Hope International Group Co., Ltd.,* (江蘇匯鴻國際集團股份有限公司), a joint stock limited company established in the PRC, which is listed on the Shanghai Stock Exchange with the stock code of 600981 and is a substantial shareholder of the Company as at the date of the report and is controlled by Jiangsu SOHO Holdings Group Co., Ltd.,* (江蘇省蘇豪控股集團有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 April 2025, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mianyang Dongjiang”	Mianyang Dongjiang Environmental Technology Co., Ltd.* (綿陽東江環保科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board

# DEFINITIONS

"Rising Finance"	Guangdong Rising Finance Co., Ltd.* (廣東省廣晟財務有限公司), a company established in the PRC with limited liability and a subsidiary of Guangdong Rising Holdings Group
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong
"Shaoguan Sustainable Resources"	Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.* (韶關東江環保再生資源發展有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Development Committee"	the strategic development committee of the Board
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Tangshan Wandesi"	Wandesi (Tangshan Caofeidian) Environmental Protection Technology Co., Ltd.* (萬德斯(唐山曹妃甸)環保科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
"Wosen Environmental"	Karamay Wosen Environmental Technology Co., Ltd. * (克拉瑪依沃森環保科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Xiongfeng Environment"	Chenzhou Xiongfeng Environment Technology Company Limited* (郴州雄風環保科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
"%"	per cent

In this annual report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purposes only. In the event of any inconsistency between the Chinese and English names, the Chinese names shall prevail.

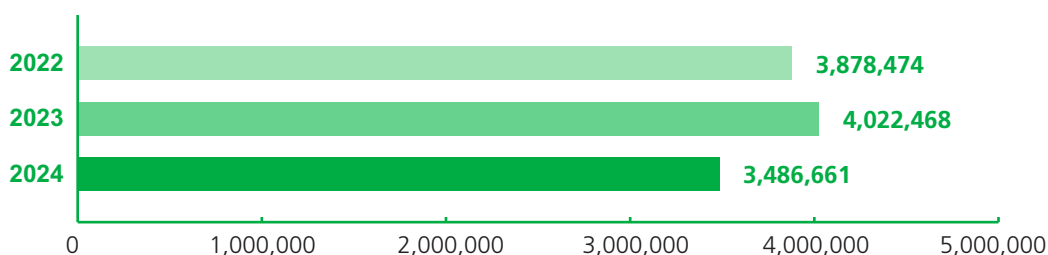
# FINANCIAL SUMMARY

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
<b>Results</b>					
Total operating revenue	<b>3,486,661</b>	4,022,468	3,878,474	4,015,230	3,308,295
Gross profit	<b>195,020</b>	174,146	610,382	1,103,577	1,128,659
Gross profit margin	<b>5.59%</b>	4.33%	15.74%	27.48%	34.12%
Net (loss) profit attributable to owners of the parent company	<b>(804,186)</b>	(750,471)	(499,072)	160,745	304,920
<b>Financial position</b>					
Total assets	<b>11,278,479</b>	12,161,498	11,738,379	11,813,210	10,447,497
Total liabilities	<b>7,127,590</b>	7,119,601	6,958,951	6,365,415	5,055,766
Minority interests	<b>551,040</b>	545,473	720,833	842,876	834,981
Total equity attributable to owners of the parent company	<b>3,599,850</b>	4,496,423	4,058,595	4,604,919	4,556,750

*Note:* The above financial summary for the years ended 31 December 2024 and 2023 are not comparable to the financial summary for the years ended 31 December 2020, 2021 and 2022 as the Company's financial statements for the years ended 31 December 2024 and 2023 were prepared under China Accounting Standards for Business Enterprises while the Company's financial statements for the years ended 31 December 2020, 2021 and 2022 were prepared under International Financial Reporting Standards.

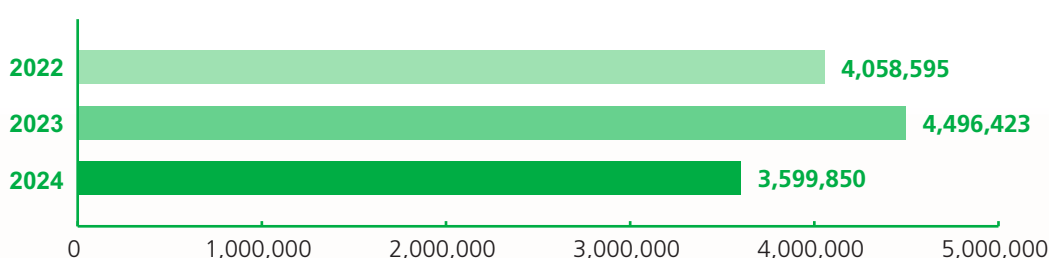
## Total operating revenue

(RMB'000)



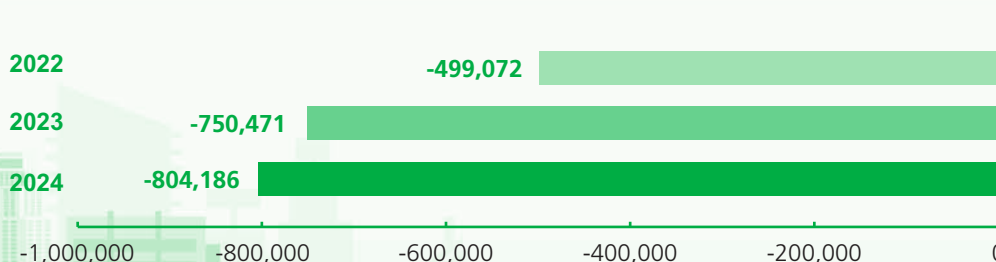
## Total equity attributable to owners of the parent company

(RMB'000)



## Net profit (loss) attributable to owners of the parent company

(RMB'000)





# CHAIRMAN'S STATEMENT

On behalf of the Board of Dongjiang Environmental the Company, I am hereby reporting the audited consolidated results of the Group for the Reporting Period.

## OVERVIEW

In 2024, the Company continued to focus on the core hazardous waste treatment and disposal business with the new goal of “ensuring business operation” and lighting up “new hope”, enhanced its market dominance, made a number of breakthroughs achievements in scientific and technology innovation. However, the industry environment continues to deteriorate, the competition landscape in the hazardous waste treatment and disposal market has not improved significantly, neither has the declining trend of both volume and price been reversed, and the impact of adverse factors such as large amount of depreciation and amortization brought by the transfer of new production projects to fixed assets, severe challenges remained for survival and development of the Company.

During the Reporting Period, against the backdrop of intensified competition in the industry, the Company recorded an operating profit loss of approximately RMB841 million, representing a decrease in loss of approximately RMB46.27 million as compared with last year, and a total profit loss of approximately RMB880 million, representing a decrease in loss of approximately RMB7.17 million as compared with last year. Despite the operating pressure, the consolidated gross profit margin of the Company increased by 1.26 percentage points to 5.59% against the trend, and the net operating cash flow reached approximately RMB125 million, a surge of 120 times over the same period last year, demonstrating the operating resilience and the effectiveness of reform.

In addition, in terms of business expansion, the Company responded to the challenges through business transformation and upgrading, relying on its subsidiary to innovatively launch service models such as “Environmental Smart Diagnosis” and “Environmental Stewardship”, and established joint ventures with multiple enterprises to expand the business of intelligent environmental protection and soil remediation. At the same time, it advanced the development of recycling products toward high-end and differentiated offerings, with new products such as firework-grade copper oxide and anhydrous copper chloride achieving mass production, enhanced added value and strengthened market competitiveness. In terms of asset and capital management and control, the Company completed the restructuring of 10 loss-making enterprises and 5 sub-scale enterprises, successfully issued medium-term notes, raising RMB500 million at an interest rate of 2.77%, with the annual comprehensive financing cost dropping to 3.3%, and ensured the stability of cash flow through the collection of accounts receivable. In terms of scientific and technological innovation, two provincial-level R & D platforms and two specialized new enterprises have been added, with a total of 632 patents (including one authorized by the United States), deepening cooperation with universities such as Tsinghua University and Central South University, and promoting the transformation of technological achievements. The Group simultaneously promoted cost reduction and efficiency enhancement, implemented 23 “extreme rate efficiency improvement” projects, and exceeded the cost reduction target by 123% through measures such as process optimization and substitution of auxiliary materials. The Group also implemented “one enterprise, one strategy” to optimize the utilization efficiency of resources, realized the increase of comprehensive gross profit margin against the trend, and provided solid support for business transformation.

# CHAIRMAN'S STATEMENT

Considering that the Company recorded losses during the Reporting Period and the fierce competition in the hazardous waste treatment industry, as well as the high demand for funds for daily operations, business expansion, and project construction, in order to ensure the Company's sustainable development and stable operation, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024, which is subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting.

## OUTLOOK

In 2025, the Company will adhere to the important means of "extreme cost reduction, extreme efficiency enhancement, extreme transformation" and "strong performance assessment, strong incentives, strong restraint, strong constraints and strengthening fault tolerance", focus on upgrading the industrial chain, strengthen scientific and technological innovation, promote the transformation from harmless disposal to recycling, extend high value-added products such as copper salt and tin salt, and build a recycling industry chain of renewable resources, which will create new profit growth points. At the same time, the Company will continue to implement lean management to reduce costs and increase efficiency internally, actively promote asset optimization and overseas layout externally, and rely on the capital platform to promote the merger and integration of the industrial chain, so as to form new momentum for high-quality development.

## ACKNOWLEDGEMENTS

Finally, on behalf of the Board, I would like to express my gratitude to the Shareholders, clients, suppliers, partners and staff who made unremitting effort to the Group's development.

**Dongjiang Environmental Company Limited**

**Wang Bi'an**

*Chairman*

Shenzhen, Guangdong Province, the PRC

28 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the Company tackled various difficulties, forged ahead with determination and actively addressed the fierce competition and operational challenges of the Company in the hazardous waste industry. Following the appointment of new management team at the beginning of the Reporting Period, the Company swiftly unified its vision and established a new goal of “ensuring operational stability and igniting new hope”. It precisely devised the “Three Pillars and Four Strengths” reform measures, implemented multiple rounds of reforms across systems such as market, operation, research and development, talent management and investment, optimized the management structure and enhanced operational efficiency. Through a series of reform and development initiatives, the Company achieved certain operational success.

Despite facing adverse factors such as a continuously deteriorating industry environment, intense market competition, and significant depreciation and amortization from transfer of newly commissioned projects to fixed assets, the Company recorded the following results during the Reporting Period: an operating loss of RMB841 million, representing a year-on-year loss reduction of approximately RMB46.27 million; a total profit of loss of RMB880 million, representing a year-on-year loss reduction of approximately RMB7.17 million; a comprehensive gross profit margin of 5.59%, up by 1.26 percentage points year-on-year; and a net operating cash flow of RMB125 million, representing a year-on-year increase of 12,084.36%. These figures indicate that the new management team’s measures of “stabilizing operations” have achieved preliminary success, laying a solid foundation for subsequent industrial upgrades and transformational development.

In expanding its comprehensive environmental services business, the Company relied on its subsidiary, Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd. (“**Qianhai Dongjiang**”), to innovatively launch service models such as “Environmental Smart Diagnosis” and “Environmental Stewardship”, and established joint ventures with multiple enterprises, collaborating in areas such as smart environmental stewardship, online monitoring and soil remediation, thereby enhancing the Company’s brand influence. Regarding the transformation and upgrading of its existing industrial hazardous waste business, the Company promoted process development and technical improvements to achieve efficient resource utilization of industrial hazardous waste and municipal waste. At the same time, it advanced the development of recycling products toward high-end and differentiated offerings, with new products such as firework-grade copper oxide and anhydrous copper chloride achieving mass production, increasing additional value of products. Additionally, the Company deeply integrated into the domestic circular economy framework, actively explored new opportunities and built a recycling resource utilization industrial chain to strive to create new profit growth drivers.

In terms of asset and capital management, the Company further optimized its capital allocation structure, vigorously implemented the “loss reduction and scale compression” special initiative, and completed the restructuring of 10 loss-making enterprises and 5 sub-scale enterprises throughout the year. Simultaneously, it decisively disposed of inefficient and obsolete assets, revitalized multiple assets, effectively recovered funds, and reduced operational risks. In financial control and management, the Company successfully issued medium-term notes, raising RMB500 million at an interest rate of 2.77%, with the annual comprehensive financing cost dropping to 3.3%. It also recovered a significant amount of accounts receivable, strongly safeguarding the Company’s operational “lifeline”.

# MANAGEMENT DISCUSSION AND ANALYSIS

In technological innovation, the Company newly established two provincial-level science and technology innovation platforms during the year, bringing the total number of research platforms at all levels to 21. It also added two provincial-level “Specialization and Innovation” SMEs, accumulating a total of 14 such enterprises across all levels. The Company established a multi-tiered research framework, including national, provincial and municipal platforms such as postdoctoral research stations, provincial key laboratories and engineering technology research centers. It also deepened industry-academia-research cooperation with renowned universities such as Tsinghua University, Central South University and Wuhan University, providing robust support for technological innovation. Throughout the year, the Company secured 61 new patents, including 6 invention patents (including 1 U.S. patent) and 55 utility model patents. In particular, it obtained a U.S. patent for “A Method for Preparing Basic Copper Carbonate”, bringing its total valid patents to 632, including 2 international invention patents and 128 domestic invention patents.

In cost reduction and efficiency enhancement, the Company deeply explored opportunities to improve efficiency in all aspects. By systematically reviewing business areas such as waste packaging material recycling, recycled product structure adjustment and steam resource utilization, it formulated an “extreme rate efficiency improvement” strategy and simultaneously advanced 23 related projects, which yielded significant cost-saving and efficiency enhancement results, driving a counter-trend increase in the Company’s overall gross profit margin. At the same time, it implemented differentiated cost-reduction strategies tailored to each enterprise, deeply executed key cost-cutting measures such as technological upgrades, process optimization, auxiliary material substitution, and waste-to-waste treatment, thereby exceeding its annual cost-reduction “peak-climbing” target by 123%, effectively lowering operational costs.

In talent development, the Company comprehensively optimized its talent structure, streamlined 65 organizational units throughout the year. It vigorously promoted competitive recruitment, and conducted 7 rounds of competitions for 82 mid-level management positions. The Company recruited talents from 211/985 and “Double First-Class” universities in China and prestigious overseas universities through market-oriented channels, and established multiple development pathways for management, functional, business, technical, and production talents, thereby breaking through traditional seniority-based constraints and fostering a proactive and positive culture through a series of incentive measures.

Currently, the hazardous waste industry continues to face severe overcapacity. The company will strive to optimize its existing business, improve resource utilization efficiency, and actively phase out outdated production capacity. In addition, the Company is actively gaining strength from national policies, corporate culture and its own advantages, steadfastly pursuing an upscale industrial transformation in line with its latest strategic plan, and striving toward the goals of transforming to a “leading enterprise in China’s resource recycling industry” and an “outstanding comprehensive environmental service provider in China”.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Total operating revenue

For the year ended 31 December 2024, the Group's total operating revenue decreased by 13.32% as compared to 2023 to approximately RMB3,486,660,703 (2023: approximately RMB4,022,468,105). The decrease in total operating revenue was mainly because revenue of rare and precious metals recycling business decreased by approximately 42.85% as compared to the last year to RMB858,015,108 (2023: approximately RMB1,501,434,131). Meanwhile, affected by the increase in metal prices and the growth in collection and transportation volume of the non-hazardous treatment business, revenue from recycled products and non-hazardous treatment business increased. In particular, operating revenue from sale of recycled products increased by approximately 15.24% over the last year to approximately RMB1,301,252,838 (2023: approximately RMB1,129,149,057), and operating revenue from industrial waste treatment and disposal increased by approximately 2.38% over the last year to RMB935,401,534 (2023: approximately RMB913,656,623).

### Profit

For the year ended 31 December 2024, the Group's integrated gross profit margin was 5.59% (2023: 4.33%). The integrated gross profit margin increased by approximately 1.26 percentage points as compared with last year.

For the year ended 31 December 2024, net profit attributable to equity holders of the parent was approximately RMB-804,185,867 (2023: approximately RMB-750,470,569), representing a decrease of 7.16% over last year. The was mainly due to the fact that the hazardous waste market has continued to decline over the past year, with the profit margins of the Company's various businesses being squeezed to the limit. Under intense competition, the prices of some paid services have even fallen below the cost line, and due to rising metal prices, the costs of the Group's paid services have increased to varying degrees. With pressure from both ends, the Company continued to record operating losses. Meanwhile, considering the adverse effects of the industry where we operate and the changes in the business environment, the Company has made provision for asset impairment losses and credit impairment losses for certain assets, which has a significant impact on the profit for the year.

### Selling expenses

For the year ended 31 December 2024, the Group's selling expenses were approximately RMB86,936,913 (2023: approximately RMB90,592,850), accounting for 2.49% of the total operating revenue (2023: 2.25%). The decrease in selling expenses was mainly due to the decrease in both remuneration and other expenses as a result of the Company's efforts in extreme cost reduction.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative expenses

For the year ended 31 December 2024, the Group's administrative expenses were approximately RMB394,933,198 (2023: approximately RMB436,797,025), accounting for 11.33% of the total operating revenue (2023: 10.86%). During the Reporting Period, the Company's staff optimization and efficiency enhancement measures resulted in a decrease in administrative expenses.

## Finance costs

For the year ended 31 December 2024, the Group's finance costs were approximately RMB185,776,247 (2023: approximately RMB168,968,799), accounting for 5.33% (2023: 4.20%) of the total operating revenue.

The increase in finance costs was mainly due to an increase in expensed interest as a result of a decrease in capitalized interest following the transfer of new projects to fixed assets in last year.

## Income tax expense

For the year ended 31 December 2024, the Group's income tax expense were approximately RMB7,534,712 (2023: approximately RMB2,276,655). The increase in income tax expense was mainly due to the increase in income tax paid by the wastewater treatment business companies during the Reporting Period.

## Financial Position and Liquidity

As of 31 December 2024, net current assets of the Group amounted to approximately RMB313,272,316 (2023: approximately RMB384,885,371), including cash and cash equivalents of approximately RMB1,016,307,175 in total (2023: approximately RMB1,237,810,787).

As of 31 December 2024, total liabilities of the Group amounted to approximately RMB7,127,589,599 (2023: approximately RMB7,119,601,251). The gearing ratio was 63.20% (2023: 58.54%). Such gearing ratio refers to total debt as at the end of the year divided by total assets as at the end of the year. The current liabilities of the Group amounted to approximately RMB3,877,229,219 (2023: approximately RMB3,276,071,947). As of 31 December 2024, bank loans of the Group amounted to approximately RMB5,088,018,406 (2023: approximately RMB5,351,626,699).

The Board believes that the Group has a sound financial position and liquidity to meet the business development needs in the future.

## Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had no other significant investment, acquisition and disposal of subsidiaries, associate and joint ventures.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have other future plans for material investments or capital assets.

## INTEREST RATE AND FOREIGN EXCHANGE RISKS

### Interest rate risk

The Group is exposed to the fair value interest rate risks as a result of its fixed-rate bank loans. The Group currently has no interest rate hedging policy. However, the management closely monitors the interest rate risk, and will consider other necessary actions should a significant risk be foreseeable.

The Group is also exposed to cash flow interest rate risk as a result of its floating-rate bank loans. The Group's policy is to maintain the floating-rate bank loans to reduce the cash flow interest rate risk.

The Group's cash interest rate risk mainly concentrated on the Group's RMB borrowings resulting from fluctuations in the benchmark interest rate published by the People's Bank of China.

Financial liabilities at floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities at fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportions of contracts between fixed and floating interest rates depending on the market conditions.

### Foreign exchange risk

The Group primarily operates in the Mainland China, and its business are primarily settled in Renminbi. However, the recognized foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in Hong Kong dollars and US dollars) of the Company are still exposed to foreign exchange risks. The Company has established the Foreign Exchange Hedging Management System with a sound management process, and pays close attention to the impact of exchange rate changes on the Company. At present, the Company has not taken other measures to avoid foreign exchange risks.

### Contingent liabilities

Since its incorporation, the Group has not incurred any material expenses due to environmental restoration. However, there is no guarantee that the PRC authorities will not implement stringent environmental protection policies and/or environmental restoration standards in the future which would cause the Group to take environmental protection measures. The financial position of the Group may be adversely affected due to any environmental protection obligation which may arise as a result of the promulgation of new environmental protection policies and/or standards.

Save as disclosed above, the Group had no other significant contingent liabilities for the year ended 31 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital commitment

As at 31 December 2024, the capital expenditure commitment of the Group was as follows:

Items	2024 RMB	2023 RMB
External investment		
– External investment commitments	<b>23,406,302.44</b>	16,926,302.44
– Significant outsourcing contracts	<b>71,830,125.95</b>	148,897,680.73
– Commitments to purchase and build long-term assets	<b>23,002,506.21</b>	32,489,879.43
Total	<b>118,238,934.60</b>	198,313,862.60

## FUTURE PROSPECTS

The Company's next steps will continue to be guided by the "Three Pillars and Four Strengths" reform measures, focusing on upgrading existing industries and expanding new business areas, while steadfastly advancing transformation and upgrading in accordance with the strategic plan set by the Board.

First, the Company will focus on industrial chain upgrades to expand high-quality development potentials and continuously build a new pattern for industrial upgrading. Starting with iterating the shift of non-hazardous disposal businesses toward resource utilization and waste reduction, the Company will accelerate the expansion of copper salts, tin salts and other products into diverse and high-value-added categories, while actively exploring downstream deep processing in rare and precious metal recycling. At the same time, it will explore the creation of a resource recycling industrial chain. Targeting emerging fields such as recycled metals and plastic recycling, the Company will leverage the "Green Sorting Center + Digital Recycling Network" model to integrate upstream and downstream resources, achieving economies of scale and intensive advantages. It will enhance its "one-stop" comprehensive environmental service ecosystem, use the "Environmental Smart Diagnosis" platform as an entry point to integrate full-chain capabilities such as testing and consulting, intelligent management and engineering operations, thereby solidifying the foundation of municipal environmental protection businesses while expanding into incremental markets such as mine restoration and marine ecological management, eventually establishing a benchmark for comprehensive environmental management service providers.



# MANAGEMENT DISCUSSION AND ANALYSIS

Second, the Company will deepen reform and innovation to unleash vitality for high-quality development and continuously build a new pattern of corporate governance. The Company will strengthen the “production based on sales” model, improve incentive mechanisms for high-value-added products, accelerate overseas market expansion, and break through the bottleneck of low-end homogeneous competition. It will deepen penetrating management of production and operations, enhance dynamic scheduling and risk early warning through biweekly meeting mechanisms, implement “one enterprise, one strategy” for precise policy execution, and improve resource utilization efficiency. The Company will promote procurement centralization reform, expand the scope of headquarters’ centralized procurement, and optimize supply chain resilience, thereby achieving cost reduction and efficiency enhancement. It will also strengthen strategic guidance, scientifically formulate the “15th Five-Year Plan”, and strictly control investment risks and returns. The Company will deepen reforms of the three institutional systems, establish a talent evaluation system based on “innovation value + capability contribution”, extend term-based contractual management to grassroots levels, use rigid assessments to enforce a “capable up, incapable down” mechanism for cadres, and stimulate the entrepreneurial spirit of all employees.

Third, the Company will strengthen technological leadership to drive momentum for high-quality development and continuously build a new pattern of technological innovation. The Company will target the high-end development of copper resource recovery products, accelerate research and development of differentiated products and seize commanding heights in different market segments. It will break through industrial technology bottlenecks such as producing monoammonium phosphate from waste phosphoric acid etching solutions and purifying calcium fluoride from fluorine-containing waste liquids, while advancing pilot projects such as the dismantling and recycling of waste photovoltaic components. The Company will accelerate the application of achievements by promoting the large-scale use of core processes such as “BOE full waste liquid resource recovery” and “EFBC collaborative treatment of landfill leachate” to improve resource recovery efficiency. It will also deepen industry-academia-research collaboration by jointly establishing national environmental engineering technology centers or key laboratories with universities and institutes, forming a closed loop of “technology research and development – pilot incubation – industrialization” to solidify the technical foundation for green development.

Fourth, the Company will implement lean management to tap into the potential for high-quality development and continuously build a new pattern of cost control. The Company will improve the cost control system, strictly manage non-operating expenses and capital investments, and leverage the financial sharing platform to enhance data collection capabilities, thereby achieving refined cost management and striving to meet annual cost reduction targets. The Company will use “extreme rate efficiency improvement” to expand profit margins, focus on revitalizing idle assets and expanding overseas incremental businesses to cultivate new growth drivers. It will also advance the “slimming and fitness” initiative, accelerate the disposal of equity in loss-making, low-efficiency, and non-performing enterprises and optimize the asset structure to ensure resources are concentrated on high-return businesses, and resolutely eliminate loss-making factors.

Fifth, the Company will deepen industrial-finance collaboration and leverage high-quality development to continuously build a new pattern of capital-driven growth. Leveraging the advantages of the listed company platform, the Company will focus on core areas such as resource recycling and environmental services, collaborate with leading institutions to identify high-quality merger and acquisition targets and accelerate industrial chain integration.

# MANAGEMENT DISCUSSION AND ANALYSIS

## POSSIBLE RISKS AND COUNTERMEASURES

### 1. Risk related to continuous competition in the industry

Encouraged by the national policy regarding strengthening support of the industrial waste treatment and disposal industry, large state-owned enterprises and private capital entered the industry aggressively, leading to a substantial increase in the hazardous waste treatment and disposal capacity and increasingly intensified competition in the industry, rising collection and transportation cost and falling disposal price, which had an impact on the Company's revenue and profit. In the next step, the Company will make bold changes on the basis of strengthening and improving our main business. Focusing on "extreme cost reduction, extreme rate efficiency improvement and extreme pace transformation", the Company will continuously improve the efficiency of our production and management, deepen reform and promote high-quality development adhere to the working guideline of "strengthening incentives, strengthening performance assessments, strengthening constraints and strengthening fault tolerance".

### 2. Risk related to production safety and environmental protection

In terms of safety, hazardous wastes are corrosive, toxic, flammable, reactive or infectious in nature, which have high industry standards and requirements on the skills of operators, operating techniques and processes and safety management measures. There are certain safety risks during its collection, storage, and disposal processes. In terms of environmental protection, factors such as management capabilities, techniques and processes, environmental protection equipment and facilities, capital investment, and natural disasters collectively impact the environmental management effectiveness of hazardous waste disposal companies, increasing environmental risks. At the same time, changes in environmental policies and regulations may impose new requirements on the Company's hazardous waste disposal operations. If an enterprise fails to adapt in a timely manner, it may face risks of non-compliance and environmental pressure. The Company will continue to strengthen the management of its pollutant treatment facilities, raise employees' awareness of compliance operations, and fully enhance its safety protection capability to minimise the risk related to safety and environmental protection.

### 3. Risk related to metal price fluctuation

The main products of the Company's recycling business are recycled products such as copper sulfate, basic copper chloride and copper oxide, and rare and precious metal products such as refined bismuth, crude silver, refined tellurium and antimony oxide. The selling prices of these products are determined based on their metal element content and with reference to the spot prices of metals published by metal exchanges, and may be subject to fluctuations in metal prices. The Company will firmly implement the procurement-production-sales plan, increase efforts in product sales, accelerate operating turnover, reduce inventory backlog and prevent and control the price risk caused by fluctuations in metal prices.

# PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Wang Bi'an (王碧安)** (whose former name was Wang Bi'an (王必安), "**Mr. Wang**"), aged 52, is a member of Communist Party of China and holds a bachelor's degree. He has served as the secretary of the Party Committee and chairman of the People's Congress in Dabu Town, Ruyuan County, Guangdong Province; secretary of the Party Committee and chairman of the People's Congress of Daqiao Town; a member of the Standing Committee of Ruyuan County Party Committee, deputy secretary (cadre sent to aid Tibet) of Linzhi County Party Committee in Tibet; deputy secretary of the Party Group and deputy director of the Development and Reform Bureau of Shaoguan City, Guangdong Province; secretary of the Party Group and director of the Land and Resources Bureau of Shaoguan City, Guangdong Province; deputy secretary of the Communist Party of China Nanxiong Municipal Committee, Mayor, Party Secretary of the Municipal Government, and secretary of the Communist Party of China Nanxiong Municipal Committee; secretary of the Party Committee and chairman of Shenzhen Zhongjin Lingnan Nonferrous Metals Co., Ltd.\* (深圳市中金嶺南有色金屬股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000060). Mr. Wang is currently the vice president of the Guangdong Enterprise Federation and Guangdong Entrepreneur Association and a representative member of the China Listed Companies Association. Mr. Wang was appointed as an executive director and chairman of the Company on 21 February 2024, and served as the secretary of the Communist Party of the Company.

**Mr. Li Xiangli (李向利) ("Mr. Li")**, aged 44, is a member of the Communist Party of China, holds a master's degree in engineering, and is a senior political engineer, a senior human resources specialist and an economist. He served as the deputy director of the Party Public Affairs and Human Resources Department and general manager of the Party and Human Resources Department of Guangdong Rising Non-Ferrous Metal Company Limited\* (廣晟有色金屬股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600259), secretary of the party branch, executive director and general manager of Dabu Guangdong Rising Rare-Earth Mining Company Limited\* (大埔廣晟稀土礦業有限公司)\* (now known as Dabu County Xinchengji Industry and Trade Company Limited\* (大埔縣新誠基工貿有限公司)), general manager of Pingyuan Huaqi Rare Earth Industrial Company Limited\* (平遠華企稀土有限公司), and deputy director of human resources department and director of human resources department (party committee organization department) of Guangdong Rising Holdings Group Co., Ltd. ("**Guangdong Rising Holdings Group**"). Mr. Li was appointed as chief executive officer of the Company on 16 January 2024, successively appointed as an executive director of the Company on 21 February 2024 and serves as the deputy secretary of the Communist Party of the Company.

## PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Yu Fan (余帆) ("Mr. Yu")**, aged 46, is a member of the Communist Party of China, graduated from Wuhan University majoring in business administration (bachelor's degree) and Shanghai University of Finance and Economics majoring in business administration (master's degree), and is a first-level enterprise human resource specialist. He served as the secretary of the Youth League Committee, deputy secretary of the Disciplinary Committee, director of the Party and Human Resources Department and director of the Supervision and Audit Office of Guangdong Hongling Group Co., Ltd.\* (廣東省紅嶺集團有限公司), member of the Party Committee, secretary of the Disciplinary Committee, and Chairman of the Supervisors Committee of Guangdong Rising Construction Investment Group Co., Ltd.\* (廣東省廣晟建設投資集團有限公司), member of the Party Committee, secretary of the Disciplinary Committee and Chairman of Supervisory Committee of Guangdong Rising Real Estate Group Co., Ltd.\* (廣東省廣晟置業集團有限公司), Chairman of the Supervisory Committee of Guangdong Rising Guohong Underground Space Investment and Construction Co., Ltd.\* (廣東省廣晟國宏地下空間投資建設有限公司), and supervisor of the Supervisory Committee of the Company. Mr. Yu was appointed as an executive director of the Company on 21 February 2024, and served as deputy secretary of the Party Committee and chairman of the trade union of the Company.

### NON-EXECUTIVE DIRECTORS

**Mr. Wang Shi (王石)**, aged 57, member of the Communist Party of China, holds a bachelor's degree and is a senior engineer. He previously served as the chief engineer of the Environmental Protection Branch at the Changsha Metallurgical Design and Research Institute under the China Metallurgical Group Corporation\* (中國冶金科工集團有限公司長沙冶金設計研究總院環保分院), the general manager of Shenzhen Environmental Engineering Science & Technology Center Co., Ltd.\* (深圳市環境工程科學技術中心有限公司), and the vice president of the Company. He is currently a director of Guangdong Rising Industry City Development Group Co., Ltd.\* (廣東省廣晟產城發展集團有限公司). Mr. Wang Shi was appointed as a non-executive director of the Company on 10 October 2024.

**Mr. Liu Xiaoxuan (劉曉軒) ("Mr. Liu")**, aged 48, is a member of the Communist Party of China, holds a bachelor's degree and a master's degree in engineering and is a senior engineer. He successively served as the assistant to general manager, manager of industrial development department and deputy general manager of Shanghai Baosteel New Building Materials Technology Co., Ltd.\* (上海寶鋼新型建材科技有限公司), deputy general manager (in charge of work), general manager and secretary of general party branch of Shanghai Baosteel Magnetic Industry Co., Ltd.\* (上海寶鋼磁業有限公司), general manager of rotary hearth furnace division of Baowu Group Environmental Tech, director and general manager of Zhanjiang Baofa Saidi Rotary Hearth Furnace Technology Co., Ltd.\* (湛江寶發賽迪轉底爐技術有限公司), and assistant to general manager of Baowu Group Environmental Tech and general manager, secretary of party branch of rotary hearth furnace division. He currently serves as the deputy general manager and a member of the party committee of Baowu Group Environmental Tech. Mr. Liu was appointed as a non-executive director of the Company on 21 February 2024.

## PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Jia Guorong (賈國榮, “Mr. Jia”)**, aged 54, is a member of the Communist Party of China with a postgraduate education and a master’s degree. Mr. Jia has successively served as a manager of the clearing department, a manager of the clearing and audit departments, a director of risk, a deputy general manager, and the chief risk officer at Jiangsu Hongye Futures Brokerage Co., Ltd.\* (江蘇弘業期貨經紀有限公司). He also served as a member of the Party Committee, chief risk officer and deputy general manager of Hongye Futures Co., Ltd.\* (弘業期貨經紀有限公司). Furthermore, Mr. Jia was a member of the Party Committee and executive deputy general manager (at the equivalent of a senior mid-level management position) of Jiangsu Soho Asset Operation Group Co., Ltd.\* (江蘇蘇豪資產運營集團有限公司), and general manager of the risk control and legal department (including the company legal affairs department and the tender supervision office) of Jiangsu SOHO Holdings Group Co., Ltd.\* (江蘇省蘇豪控股集團有限公司), supervisor and the chairman of the supervisory committee of Jiangsu Shuntian Co., Ltd.\* (江蘇舜天股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600287), as well as the chairman of the supervisory committee of Jiangsu Soho Asset Operation Group Co., Ltd.\* (江蘇蘇豪資產運營集團有限公司). He is currently the general manager and director of High Hope Group (listed on the Shanghai Stock Exchange, stock code: 600981). Mr. Jia was appointed as a non-executive director of the Company on 10 October 2024.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Li Jinhui (李金惠)**, aged 60, is a member of the Communist Party of China, holds a doctoral degree and is a professor (employed on a long-term contract) and doctoral tutor as well as the chief scientist of Circular Economy and Urban Minerals Innovative Team of the School of Environment, Tsinghua University. Currently, he serves as an executive director of the United Nations Environment Programme Basel Convention Regional Centre (Asia Pacific), a director of Circular Economy Branch, Chinese Society for Environmental Sciences (中國環境科學學會循環經濟分會), a managing director of Chinese Society for Environmental Sciences and deputy director and secretary-general of the Solid Waste Treatment and Utilization Committee of China Association of Environmental Protection Industry. His research on common technologies of urban circular economy won the second prize of National Scientific and Technological Progress Awards (ranked No.1, 2016), and he was selected among the second batch of national environmental protection professional and technical leaders in 2016. He was appointed as a Distinguished Professor of the “Changjiang Scholars Award Program” of the Ministry of Education in 2021, and he won two awards and two commendation letters from the United Nations Environment Programme as well as more than 20 provincial and ministerial science and technology awards. He serves as the chief editor of the English Journal of Circular Economy and an associate editor of Chinese Journal of Environmental Engineering. He also serves as an independent director of SCIMEE Tech. & Sci. Co., Ltd.\* (中建環能科技股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 300425) and Jiangxi Green Recycling Industry Co., Ltd.\* (江西格林循環產業股份有限公司). Mr. Li Jinhui was appointed as an independent non-executive director of the Company on 22 December 2020.

## PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Siu Chi Hung (蕭志雄) ("Mr. Siu")**, aged 54, holds a bachelor's degree in Business Administration from the Chinese University of Hong Kong, was a non-practising member of the Hong Kong Institute of Certified Public Accountants and is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Independent Non-Executive Director Association currently. He joined KPMG (Hong Kong) in 1994 and held the positions of a partner, the principal partner of real estate of KPMG (China) and the principal partner of Capital Markets Development (Southern China) of KPMG (China) from 2008 to June 2018. He served as an executive director of LVGEM (China) Real Estate Investment Company Limited\* (綠景(中國)地產投資有限公司) (listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 00095) and an independent non-executive director of Roiserv Lifestyle Services Co., Ltd.\* (榮萬家生活服務股份有限公司) (listed on the Stock Exchange, stock code: 2146), Central China Management Co., Ltd.\* (中原建業有限公司) (listed on the Stock Exchange, stock code: 9982) and MicroPort NeuroTech Limited\* (微創腦科學有限公司) (listed on the Stock Exchange, stock code: 2172). He currently serves as an independent non-executive director of China Aluminum International Engineering Corporation Limited\* (中鋁國際工程股份有限公司) (listed on the Stock Exchange, stock code: 2068), China Gas Industry Investment Holdings Co., Ltd (listed on the Stock Exchange, stock code: 1940), Bank of Zhengzhou Co., Ltd\* (鄭州銀行股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002936; listed on the Stock Exchange, stock code: 6196) and Sichuan Energy Investment Development Co., Ltd.\* (四川能投發展股份有限公司) (listed on the Stock Exchange, stock code: 1713). Mr. Siu was appointed as an independent non-executive director of the Company on 22 December 2020.

**Ms. Xiang Ling (向凌) ("Ms. Xiang")**, aged 44, holds a doctorate degree in law from Sun Yat-sen University. Ms. Xiang has been teaching at the School of Law, Guangdong University of Finance, since July 2006, with her current position as the head of the intellectual property department. She also serves as an independent director of Yichang HEC Changjiang Pharmaceutical Co., Ltd.\* (宜昌東陽光長江藥業股份有限公司) (listed on the Stock Exchange, stock code: 1558), Guangzhou Haozhi Industrial Co., Ltd.\* (廣州市昊志機電股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 300503) and Guangzhou Grandhope Communication Technology Co., Ltd.\* (廣州廣哈通信股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 300711). Ms. Xiang was appointed as an independent non-executive director of the Company on 10 October 2024.

### SUPERVISORS

**Mr. Peng Zhuozhuo (彭卓卓) ("Mr. Peng")**, aged 44, is a member of the Communist Party of China, graduated from the School of Software (now known as the School of Data Science and Computer) of Sun Yat-sen University in July 2006 with a master's degree in software engineering, and is an auditor and a senior political engineer. He successively served as a clerk, deputy chief clerk, chief clerk of the Guangdong Provincial Audit Office, chief clerk of the Office of Inspector of the Guangdong Provincial State-owned Assets Supervision and Administration Commission assigned by the Guangdong Provincial Supervision Department of the Discipline Inspection Committee of the Guangdong Provincial State-owned Assets Supervision and Administration Commission, deputy director of supervision and audit department of Guangdong Railway Construction Investment Group Co., Ltd.\* (廣東省鐵路建設投資集團有限公司), deputy director and director of the discipline inspection and supervision office of Guangdong Rising Holdings Group, and member of party committee, secretary of commission for discipline inspection and chairman of the supervisory committee of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.\* (深圳市中金嶺南有色金屬股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000060). Mr. Peng was appointed as supervisor and the chairman of the supervisory committee of the Company on 21 February 2024, and served as secretary of commission for discipline inspection of the Company.



## PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Chen Peihuan (陳佩環, “Ms. Chen”)**, aged 40, is a member of the Communist Party of China and holds a master’s degree. She is a certified intermediate economist, senior human resources manager, and senior auditor. Ms. Chen has successively held the positions of cashier in the finance department of Hubei Hankai Expressway Co., Ltd.\* (湖北省漢蔡高速公路有限公司), assistant supervisor in the audit and supervision department of Guangdong Zhongren Enterprise (Group) Co., Ltd.\* (廣東省中人企業 (集團)有限公司), supervisor in the investment and capital operation department, business management department, and senior supervisor in the discipline inspection and audit department of Guangdong Rising Construction Investment Group Co., Ltd.\* (廣東省廣晟建設投資集團有限公司). She also served as a supervisor in the audit department of Guangdong Rising Holdings Group. Currently, Ms. Chen is currently a senior supervisor in the audit department of Guangdong Rising Holdings Group. As at the Latest Practicable Date, she does not hold any Shares. Ms. Chen was appointed as supervisor of the Company on 10 October 2024.

**Mr. Liu Bin (劉彬)**, aged 46, is a member of the Communist Party of China and holds a bachelor’s degree and the qualification of Intermediate Accountant. He has held various financial and audit positions at listed companies, including L.K. Technology Holdings Limited (力勁科技集團有限公司) (listed on the Stock Exchange, stock code: 558), EVOC Intelligent Technology Company Limited\* (研祥智慧科技股份有限公司, a company previously listed on the Stock Exchange before its privatization and delisting) and Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司) (listed on the Shenzhen Stock Exchange, stock code:002191). He previously served as a project manager, deputy head (acting), and head of the audit department of the Company, and as a Committee Member of the Party General Branch, Party Branch Secretary, and deputy general manager of the Company’s Ecological Environment Service Division. He currently serves as the deputy head of the Company’s audit department. Mr. Liu Bin was appointed as supervisor of the Company on 10 October 2024.

Save as disclosed in this annual report, each of the directors and the supervisors mentioned above did not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) of the Company.

### COMPANY SECRETARY

**Wu Qi (巫琪) (“Ms. Wu”)**, was appointed as the company secretary of the Company with effect from 15 December 2023, and is currently the deputy head of the securities and legal department of the Company. From April 2013 to April 2022, she successively served as the governance manager and governance module director of the legal department, the office of the board of directors of CGNPC Uranium Resources Co., Ltd.\* (中廣核鈾業發展有限公司) and CGN Mining Co., Ltd.\* (中廣核礦業有限公司) (a company the shares of which are listed on the Main Board of the Stock Exchange, stock code: 1164). Ms. Wu holds a master’s degree of corporate governance and directorship from the Hong Kong Baptist University. She has obtained a PRC legal professional qualification certificate and is an associate of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

# PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**Mr. Li Xiangli (李向利)** is the chief executive officer of the Company. His biographical information is set out in the sub-section headed "EXECUTIVE DIRECTORS "above.

**Mr. Song Zhanlin (宋占林)**, aged 50, is a member of the Communist Party of China, holds a bachelor's degree and a master's degree, and is a senior economist. He served as the secretary of the Communist Party a director and the executive vice president of Guangxi Zhongjin Lingnan Mining Co., Ltd.,\* (廣西中金嶺南礦業有限公司) and the deputy general manager of the human resources department, the director of the training and vocational skill appraisal center and the general manager of the human resources department of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.\* (深圳市中金嶺南有色金屬股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 000060). Mr. Song Zhanlin joined the Group in 2024, and was appointed as the vice president of the Company on 16 January 2024, and served as a member of the party committee of the Company.

**Mr. Deng Guosong (鄧國頌)**, aged 45, is a member of the Communist Party of China, holds a master's degree and is a senior engineer in environmental management. He served as the chief staff member of the Solid Waste and Sound Environment Management Department, Pollution Prevention and Control Department of Shenzhen Municipal Commission of Human Settlements and Environment\* (深圳市人居環境委員會) (now known as Shenzhen Ecological Environment Bureau\* (深圳市生態環境局)), the general manager of Shenzhen Huateng Environmental Information Technology Co., Ltd.\* (深圳市華騰環境信息科技有限公司), the director of the safety and environmental protection department, the safety director and the person in charge of the business management department of the Company. Mr. Deng Guosong joined the Group in 2018 and was appointed as the vice president of the Company on 16 January 2024, acting as the chief financial officer, and served as a member of the party committee of the Company.

**Mr. Qiao Yiwei (喬伊威)**, aged 36, is a member of the Communist Party of China, holds a Master's degree in Science. He served as the Project Manager of Guangdong Rising Mineral Resources Investment and Development Co., Ltd.,\* (廣東省廣晟礦產資源投資發展有限公司) assistant manager of the office department, assistant manager and manager of the office of the board of directors (Legal Affairs Center), manager and senior manager of the capital operation department of Guangdong Rising Holdings Group. Mr. Qiao Yiwei joined the Group in 2024 and currently serves as the Board secretary and head of securities and legal affairs department of the Company, and served as a director of Shenzhen Guangsheng Curtain Wall Technology Co., Ltd\* (深圳廣晟幕牆科技有限公司).

Save as disclosed in this annual report, each of the senior management mentioned above did not have any relationship with any other Directors, supervisors and senior management of the Company.

\* For identification purposes only.



# DIRECTORS' REPORT

The Directors present this annual report and the audited financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

The principal activities of the Group are processing and sales of recycled products, provision of waste treatment services, rare and precious metals recycling, provision of environmental protection systems and services, and trading of chemical products. Details of the principal activities of the subsidiaries are set out in note VIII to the consolidated financial statements. There were no significant changes of the Group's principal activities during the Reporting Period.

## RESULTS

The results of the Group for the Reporting Period are set out in the consolidated income statement on pages 79 to 80 of this annual report.

## PROFIT DISTRIBUTION POLICY

According to the requirements of the articles of association of the Company (the "**Article**"), the accumulated profits distributed in cash by the Company in the last three years shall not be less than 30% of the average annual distributable profits realized in the last three years; the Board shall be responsible for formulating the profit distribution plan of the Company, which shall be considered and approved at the Shareholders' general meeting, and after the Shareholders' general meeting has resolved on the profit distribution plan, the Board shall complete the distribution of dividends (or shares) within two months after the Shareholders' general meeting; the Board of the Company shall fully consider the opinions of the independent non-executive Directors when formulating the Company's profit distribution plan and the independent non-executive Directors shall express their independent opinions; after the profit distribution plan is announced in accordance with relevant laws, the Company shall fully consider the opinions and suggestions of the Shareholders, in particular the minority Shareholders.

The amount of accumulated profits distributed in cash by the Company for the years 2022 to 2024 met the requirement of Article 257 of the Articles, which requires that "Where cash distribution conditions are met, profits distributed by cash every year shall be not less than 20% of the distributable profit achieved for the current year, and in any three consecutive years, the Company's accumulative profits distributed in cash is not less than 30% of distributable profits achieved during such three years."

During the Reporting Period, the Company did not make any adjustment or change to its profit distribution policy. There is no arrangement pursuant to which a Shareholder has waived or agreed to waive any dividends.

# DIRECTORS' REPORT

## DIVIDENDS

Considering that the Company recorded a loss during the Reporting Period, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

## BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2024, a discussion on the Group's future prospects are provided in "Management Discussion and Analysis" on pages 10 to 17 of this annual report, an analysis of the Group's performance during the Reporting Period using key performance indicators are provided in "Financial Summary" on page 7 of this annual report.

## MATTERS DURING THE REPORTING PERIOD

### Litigation involving the Company and the freezing of part of the funds in the designated fundraising account

Due to a contractual dispute, Jiangxi Environmental Protection Co., Ltd.\* (江西環保股份有限公司, "**Jiangxi Environmental Protection**"), as plaintiff, has initiated legal proceedings at the People's Court of Gongqingcheng City (the "**Court**") against the Company, Gui Jianping\* (桂建平) and Zhou Yue\* (周玥) as defendants (collectively, the "**Defendants**") under case number "(2024) Gan 0482 Minchu No. 1134" (the "**Case**"). The claims sought by Jiangxi Environmental Protection are as follows:

- (a) an order requiring the three Defendants, the Company, Gui Jianping\* 桂建平 and Zhou Yue\* 周玥 to compensate the plaintiff for the various costs (including expenses related to environmental pollution investigation, risk assessment, risk management and control, effectiveness evaluation, wages, travelling expenses etc.) incurred in the amount of RMB88,750,905.60 and corresponding interest on funds occupied (calculated at an annual interest rate of 4.35%, based on the actual amounts of the expenses paid, accruing from the date of each payment until full settlement of the respective amount), on a joint and several basis.
- (b) an order requiring the three Defendants, the Company, Gui Jianping\* 桂建平 and Zhou Yue\* 周玥 to bear the plaintiff's legal fees of RMB300,000 and the litigation properties preservation insurance fee of RMB50,000 (provisional), on a joint and several basis. (The provisional total claim amount above amounts to RMB96,317,554.88).
- (c) litigation costs and preservation fees of the case be borne by the three Defendants.

In connection with the aforementioned litigation, Jiangxi Environmental Protection has simultaneously applied to the Court for pre litigation property preservation in relation to the Case, freezing part of the funds in the Company's designated fundraising account (being funds raised through the non-public issuance of A shares completed in 2023), with an amount of RMB96,317,554.88.

The Case was heard on 12 March 2025 for the first time, but no judgment has been rendered.

For details, please refer to the Company's announcement dated 20 August 2024.



# DIRECTORS' REPORT

## Performance of guarantee obligations

On 26 March 2021, the Company entered into a joint liability guarantee agreement (the “**Guarantee Agreement**”) with the Postal Savings Bank, pursuant to which the Company agreed to provide a joint liability guarantee for the loan facility in the principal amount of RMB246 million granted to Mianyang Dongjiang Environmental Technology Co., Ltd.\* (綿陽東江環保科技有限公司, “**Mianyang Dongjiang**”), a subsidiary of the Company. The other shareholders of Mianyang Dongjiang, namely Sichuan Diwosi Environmental Technology Co., Ltd.\* (四川迪沃斯環保科技有限公司, “**Diwosi**”) (holding 29.5% equity interest) and Mianyang Xinkeyuan Environmental Protection Technology Co., Ltd.\* (綿陽市鑫科源環保科技有限公司, “**Xinkeyuan**”) (holding 19.5% equity interest) pledged the respective equity interests in Mianyang Dongjiang held by them to the Company as a form of counter-guarantee and jointly undertaken the guarantee obligations.

Mianyang Dongjiang has been facing liquidity difficulties in working capital for production and operations. The Company, pursuant to the relevant provisions of the Guarantee Agreement, has fulfilled its guarantee obligations to pay in place of Mianyang Dongjiang its outstanding loan to Postal Savings Bank in the amount of RMB19.0759 million.

For details, please refer to the overseas regulatory announcement of the Company dated 9 July 2020 and the Company’s announcement dated 20 September 2024.

## Discloseable and Continuing Connected Transactions – The New Financial Services Agreement

On 24 December 2024, the Company and Rising Finance entered into a new financial services agreement (the “**New Financial Services Agreement**”), pursuant to which Rising Finance agreed to provide deposit services (the “**Deposit Services**”), settlement services, credit services and other financial services to the Group. The term of the New Financial Services Agreement is three years after the New Financial Services Agreement and the transactions contemplated thereunder are approved by the independent shareholders of the Company at the extraordinary general meeting to be held by the Company.

As Rising Finance is a subsidiary of Guangdong Rising Holdings Group, which is a substantial shareholder of the Company, Rising Finance is a connected person of the Company. The entering into of the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A and discloseable transaction of the Company under Chapter 14 of the Listing Rules. An extraordinary general meeting will be convened and held on 23 April 2025 for the independent shareholders to consider and, if thought fit, approve the resolution relating to the New Financial Services Agreement and the transactions contemplated thereunder (including the Deposit Services and Deposit Caps).

For details, please refer to the Company’s announcement dated 24 December 2024 and circular dated 28 March 2025.

Please also refer to the section headed “Connected Transactions” and “Continuing Connected Transactions” in this annual report.

# DIRECTORS' REPORT

## SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2024

### Performance of guarantee obligations

As Mianyang Dongjiang remains to be unable to repay the loan, the Company will further fulfill its guarantee obligations to pay in place of Mianyang Dongjiang its outstanding loan to Postal Savings Bank in the amount of RMB21.805 million, comprising loan principal of RMB20 million and interest of RMB1.805 million, pursuant to the relevant provisions of the Guarantee Agreement.

For details, please refer to the Company's announcement dated 14 March 2025.

On 24 December 2021, the Company agreed to provide a joint liability guarantee in favour of Wandesi (Tangshan Caofeidian) Environmental Protection Technology Co., Ltd.\* (萬德斯(唐山曹妃甸)環保科技有限公司, "**Tangshan Wandesi**"), a controlled subsidiary of the Company, for a loan facility of RMB200 million, with a maximum debt amount of RMB160 million (the "**Guarantee**"). A letter of guarantee (the "**Letter of Guarantee**") has been issued to HSBC Bank (China) Co., Ltd., Tangshan Branch\* (滙豐銀行(中國)有限公司唐山分行, "**HSBC**"). The other shareholders of Tangshan Wandesi, namely, Nanjing Wandesi Environmental Protection Technology Co., Ltd.\* (南京萬德斯環保科技股份有限公司, "**Nanjing Wandesi**", holding 16% of the equity interest) and Guantuo Technology (Hebei) Co., Ltd.\* (觀拓科技(河北)有限公司, "**Guantuo Technology**", holding 4% of the equity interest) pledged the respective equity interests in Tangshan Wandesi held by them to the Company as a form of counter-guarantee and jointly undertaken the guarantee obligations.

Tangshan Wandesi has been facing liquidity difficulties in working capital for production and operations. The Company, pursuant to the relevant provisions of the Letter of Guarantee, has fulfilled its guarantee obligations to pay in place of Tangshan Wandesi its outstanding loan to HSBC in the amount of RMB111.0977 million.

For details, please refer to the Company's announcement dated 28 March 2025.

### Issuance of the First Tranche of the Medium-Term Notes in 2025

The Company has completed the issuance of the first tranche of the 2025 Medium-Term Notes with an issue size of RMB400 million on 27 March 2025.

For details, please refer to the Company's overseas regulatory announcements dated 27 February 2023 and 20 November 2024, circular dated 2 March 2023, and announcements dated 17 March 2023, 12 July 2023 and 28 March 2025.

# DIRECTORS' REPORT

## USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES

The net proceeds from the non-public issuance of A Shares were approximately RMB1,194.31 million. During the period from the date of completion of the non-public issuance of A Shares to 31 December 2024, the net proceeds had been applied for the purposes disclosed in the circular of the Company dated 23 June 2022 as follows:

Proposed use of proceeds	Allocation of the net proceeds (RMB' million)	Net proceeds utilised during the twelve months ended 31 December 2024 (RMB' million)	Net proceeds utilised up to 31 December 2024 (RMB' million)	Net proceeds unutilised as at 31 December 2024 (RMB' million)	Expected timeline (Note 2)
		(Note 1)	(Note 1)	(Note 1)	
Development of the green recycling centre (phase 1) located in Petrochemical Industrial Area, Dananhai, Jieyang* (揭陽大南海石化工業區)	410.00	12.70	138.48	271.52	By December 2025
Expansion of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荊州市江陵縣)	165.00	40.00	71.01	93.99	By December 2025
Smart digitalization development project	184.31	11.48	24.06	160.25	By December 2028
Modification and upgrade of hazardous waste treatment project	95.00	0.00	30.12	64.88	By December 2028
Replenishment of general working capital	340.00	0.00	340.00	0.00	By June 2024
<b>Total</b>	<b>1,194.31</b>	<b>64.18</b>	<b>603.67</b>	<b>590.64</b>	

### Notes:

- As disclosed in the circular of the Company dated 23 June 2022, before the receipt of the proceeds to be raised from the non-public issuance of A Shares, the Company will, finance such projects by self-raised funds taking into account the actual circumstance and progress of such projects, which will be subsequently replaced by the proceeds raised from the non-public issuance of A Shares in accordance with relevant procedures as required by applicable laws and regulations after the proceeds become available for utilization. As at 31 December 2024, the Company had utilized approximately RMB133.23 million in these projects with its self-raised funds, which were replaced by the funds raised from the non-public issuance of A Shares after the completion of the same.
- The expected timeline for each project is based on the Group's best estimate of future market conditions in combination with the business plan and market conditions, which may be subject to change based on the current and future development of market conditions. After considering a range of factors (which are analysed and disclosed in this report), including without limitation the actual business plan and funding needs of the Group, the priorities of fund utilization and business development of the Group, the overall financial condition of the Group and market conditions, the Company has made certain adjustments to the expected timeline based on the current estimate.

# DIRECTORS' REPORT

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the Reporting Period.

## SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct of securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries with all Directors and Supervisors by the Company, they confirmed that they have complied with the requirements set out in the Model Code during the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

The Company has been firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with Shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and profit. The Company has complied with the applicable Code Provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules throughout the Reporting Period, except for the following deviation:

### Code Provision B.2.2 of CG Code

Pursuant to Code Provision B.2.2 of the CG Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The three-year term of the seventh session of the Board and the supervisory committee ("**Supervisory Committee**") of the Company expired on 21 December 2023. As the nomination of candidates for the members of the new session of the Board and Supervisory Committee was not completed at that time, the election and appointment of the members of the Board and the Supervisory Committee was postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the committees under the seventh session of the Board and the senior management of the Company was extended correspondingly. The Company completed the election and appointment of the members of the Board and the Supervisory Committee on 10 October 2024, and fulfilled the corresponding information disclosure obligations in a timely manner. Before completion of the re-election and appointment, all members of the seventh session of the Board and Supervisory Committee and senior management of the Company continued to perform their respective duties in accordance with the relevant laws and regulations and the Articles of Association to ensure the normal operation of the Group. In view of the above, the Company considers that the temporary deviation from the Code Provision B.2.2 of the CG Code had no material impact on the overall operations of the Company.

# DIRECTORS' REPORT

## FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 7 of this annual report. This summary does not form part of the audited financial statements.

## FIXED ASSETS

Details of movements in the fixed assets of the Group during the Reporting Period are set out in note V. (15) to the financial statements.

## SHARE CAPITAL

Details of movements in the Company's share capital are set out in note V. (40) to the financial statements.

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the year.

## RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in shareholders' equity on pages 87 to 88 of this annual report.

## DISTRIBUTABLE RESERVES

During the Reporting Period, the Company's reserves available for distribution as dividends, calculated in accordance with the relevant rules and regulations of the PRC, amounted to approximately RMB240,659,288. In addition, no amount in the Company's share premium account is available for distribution by way of capitalization issues.

# DIRECTORS' REPORT

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 23.74% of the total sales for the year and sales to the largest customer included therein amounted to approximately 12.20%. Purchases from the Group's five largest suppliers accounted for approximately 20.36% of the total purchases for the year and purchase from the Group's largest supplier accounted for approximately 8.32% for the Reporting Period.

None of the Directors, Supervisors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or in the Group's five largest suppliers.

## DIRECTORS AND SUPERVISORS

The Directors and Supervisors for the year 2024 and up to the date of this report are as follows:

### EXECUTIVE DIRECTORS

Mr. WANG Bi'an (*Chairman*) (*appointed on 21 February 2024*)  
Mr. LI Xiangli (*Chief executive officer*) (*appointed on 21 February 2024*)  
Mr. YU Fan (*appointed on 21 February 2024*)  
Mr. TAN Kan (*Chairman*) (*resigned on 21 February 2024*)  
Mr. YU Zhongmin (*Chief executive officer*) (*resigned on 16 January 2024*)  
Mr. LIN Peifeng (*resigned on 16 January 2024*)

### NON-EXECUTIVE DIRECTORS

Mr. WANG Shi (*appointed on 10 October 2024*)  
Mr. LIU Xiaoxuan (*appointed on 21 February 2024*)  
Mr. JIA Guorong (*appointed on 10 October 2024*)  
Mr. HUANG Honggang (*resigned on 23 July 2024*)  
Mr. JIN Yongfu (*resigned on 10 October 2024*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Jinhui  
Mr. SIU Chi Hung  
Ms. XIANG Ling (*appointed on 10 October 2024*)  
Ms. GUO Suyi (*resigned on 10 October 2024*)

### SUPERVISORS

Mr. PENG Zhuozhuo (*appointed on 21 February 2024*)  
Ms. CHEN Peihuan (*appointed on 10 October 2024*)  
Mr. LIU Bin (*appointed on 10 October 2024*)  
Mr. YU Fan (*resigned on 21 February 2024*)  
Ms. JIANG Ping (*resigned on 10 October 2024*)  
Mr. ZHANG Hao (*resigned on 10 October 2024*)



# DIRECTORS' REPORT

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, Supervisors and the senior management of the Company are set out on pages 18 to 23 of this annual report.

### Update on Directors Biographical Details

Mr. Jia Guorong: On 18 September 2024, Mr. Jia ceased to be a supervisor and the chairman of the supervisory committee of Jiangsu Shuntian Company Limited\* (江蘇舜天股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600287).

Mr. Siu Chi Hung: On 26 June 2024, Mr. Siu ceased to be an independent non-executive director of MicroPort NeuroTech Limited\* (微創腦科學有限公司) (listed on the Stock Exchange, stock code: 2172); On 16 August 2024, Mr. Siu was appointed as an independent non-executive director of Sichuan Energy Investment Development Co., Ltd.\* (四川能投發展股份有限公司) (listed on the Stock Exchange, stock code: 01713). On 18 December 2024, Mr. Siu was appointed as an independent non-executive director of Bank of Zhengzhou Co., Ltd\* (鄭州銀行股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002936, listed on the Stock Exchange, stock code: 6196).

Save as otherwise set out in this annual report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

## 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.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years commencing from the date of his/her appointment as a Director or Supervisor (or until the expiry of the term of the current session of the Board).

None of the Directors or Supervisors had entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the positions held by the Directors or Supervisors in connected persons of the Company as disclosed in this annual report, no arrangements, contracts or transactions of significance to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor 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 in this annual report, no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiary.

# DIRECTORS' REPORT

## EMOLUMENTS FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments for Directors, Supervisors and senior management of the Company are set out in note XII. (5).3 to the financial statements.

As at 31 December 2024, the number of full-time employees stood at 3,984 (2023: 4,271) with a total staff cost of approximately RMB607,865,000 (2022: approximately RMB679,044,000). The Group offered continual training, remuneration package of additional benefits to its employees, including retirement benefits, housing fund, and medical insurance.

The emoluments of the Directors are recommended by the Remuneration and Appraisal Committee of the Company, and approved by the Board, as authorised by Shareholders in the general meeting of the Company, having regard to their time commitment and responsibilities, the salaries paid by comparable companies, employment conditions elsewhere in the Group and desirability of performance-based remuneration. No Directors are involved in deciding their own remuneration.

## EMOLUMENT POLICY AND LONG-TERM INCENTIVE PLAN

The Company adopts different emolument policies for Executive Directors and Non-executive Directors:

### REMUNERATION POLICY OF EXECUTIVE DIRECTORS

The remuneration of Executive Directors and Chairman of the Company is determined in accordance with the "Management Measures for Remuneration of the Chairman and Senior Management Personnel". The annual remuneration consists of five components: basic annual remuneration, performance annual remuneration, tenure incentive, incremental reward and specific reward. The performance annual remuneration is determined by the Board of Directors based on the base of performance annual remuneration, the annual comprehensive appraisal coefficient of the Company, the performance adjustment coefficient and the net profit accomplishment ratio for annual appraisal of the Company. The exact amount of basic annual salary and performance-based annual salary of Executive Directors and Chairman will be determined by the Board of Directors within the above scope according to the operating results of the Company and the results of appraisal.

# DIRECTORS' REPORT

The principles of remuneration management are:

- A Persisted compliance with laws and regulations. Remuneration management must adhere to laws, regulations and relevant regulations;
- B Efficiency first, fairness considered. The remuneration level for the Chairman of the Board and senior management personnel should be reasonably determined based on market orientation, industry attributes and the Company's development, ensuring that the allocation of duties is proportional to responsibility, authority, and benefits; and
- C Performance-oriented, combining incentives and restrictions. Hold tight to the principal of "increase in performance remuneration, increase in remuneration" and "decline in performance remuneration, decline in remuneration", completing the distribution incentive and restrictions mechanism for the Chairman of the Board and senior management personnel based on a linkage between remuneration and performance results. To develop a remuneration mechanism under which remuneration is determined based on performance, individual performance is bundled with team performance and the magnitude of improvement in remuneration is determined by the magnitude of improvement in performance.

Other Executive Directors will not receive any remuneration in their capacity as executive Directors but will receive remuneration in their other capacities with the Company.

## REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Non-executive Directors of the Company (excluding independent non-executive Directors) will not receive any remuneration in their capacity as Non-executive Directors. As to independent non-executive Directors, their remuneration is determined based on the time they devoted to the Company, their duties, the remuneration offered by comparable companies and their performance.

## PRINCIPLES OF LONG-TERM INCENTIVE SCHEMES

1. The purpose is to reward exceptional performance, and awards should be scaled against achievement of performance criteria.
2. The link between executive reward and company performance should be strong and clear.
3. Grants under such schemes should be phased rather than awarded in one large block.

The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration of similar positions. The details of the fees and any other reimbursement or emolument payable to the Directors are set out in details in this annual report.

# DIRECTORS' REPORT

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Listing Rules were as follows:

### Long positions in the ordinary shares of the Company

Name	Capacity	Number and class of shares held	Approximate percentage of equity of the Company/ shareholding in this class (Note 1)
Tan Kan (Note 2)	Beneficial owner	120,000 A shares	0.011%/0.013%
Wang Shi (Note 3)	Beneficial owner	28,300 A shares	0.003%/0.003%

Notes:

1. The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 31 December 2024.
2. Mr. Tan Kan resigned as a Director and Chairman on 21 February 2024.
3. Mr. Wang Shi was appointed as a Director on 10 October 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company as recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, so far as the Directors are aware, save as disclosed above, the persons or corporations (not being a Director, Supervisor or a chief executive of the Company) who have interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

### Long positions in the ordinary shares of the Company

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long position/ Short position	Approximate percentage of the relevant class of Shares (Note 1)	Approximate percentage of the total issued share capital of the Company (Note 1)
Guangdong Rising Holdings Group	Beneficial owner	A Shares	266,279,028 Shares	Long position	29.42%	24.09%
	Interest of controlled corporation	H Shares	25,179,200 Shares (Note 2)	Long position	12.58%	2.28%
Rising Investment Development Co., Ltd.* (廣晟投資發展有限公司)	Beneficial owner	H Shares	22,283,200 Shares (Note 2)	Long position	11.13%	2.02%
Guangdong Rising H.K. Holding Limited* (廣東省廣晟香港控股有限公司)	Beneficial owner	H Shares	2,896,000 Shares (Note 2)	Long position	1.45%	0.26%
Baowu Group Environmental Resources Technology Company Limited* (寶武集團環境資源科技有限公司) ("Baowu Environment")	Beneficial owner	A Shares	86,629,001 Shares	Long position	9.57%	7.84%
	Interest of controlled corporation	A Shares	37,664,783 Shares (Note 3)	Long position	4.16%	3.41%
Shanghai Baosteel New Building Materials Technology Co., Ltd* (上海寶鋼新型建材科技有限公司)	Beneficial owner	A Shares	37,664,783 Shares (Note 3)	Long position	4.16%	3.41%
Jiangsu High Hope International Group Co., Ltd.* (江蘇匯鴻國際集團股份 有限公司) ("High Hope Group")	Beneficial owner	A Shares	50,087,669 Shares	Long position	5.53%	4.53%
	Interest of controlled corporation	A Shares	25,995,038 Shares (Note 4)	Long position	2.87%	2.35%
	Interest of controlled corporation	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%
Jiangsu High Hope Venture Capital Co., Ltd* (江蘇匯鴻創業投資有限公司)	Beneficial owner	A Shares	25,995,038 Shares (Note 4)	Long position	2.87%	2.35%
	Beneficial owner	H Shares	18,204,800 Shares (Note 4)	Long position	9.10%	1.65%

# DIRECTORS' REPORT

## Notes:

1. The percentage is calculated on the basis of 1,105,255,802 Shares (including 200,137,500 H Shares and 905,118,302 A Shares) in issue as at 31 December 2024.
2. Rising Investment Development Co., Ltd. and Guangdong Rising H.K. Holding Limited are wholly-owned subsidiaries of Guangdong Rising Holdings Group. Therefore, Guangdong Rising Holdings Group was deemed to be interested in the 25,179,200 H Shares held by Rising Investment Development Co., Ltd. and Guangdong Rising H.K. Holding Limited respectively under Part XV of the SFO.
3. Shanghai Baosteel New Building Materials Technology Co., Ltd is a wholly-owned subsidiary of Baowu Environment. Therefore, Baowu Environment was deemed to be interested in the 37,664,783 A Shares held by Shanghai Baosteel New Building Materials Technology Co., Ltd. under Part XV of the SFO.
4. Jiangsu High Hope Venture Capital Co., Ltd. is a wholly-owned subsidiary of High Hope Group. Therefore, High Hope Group was deemed to be interested in the 25,995,038 A Shares and 18,204,800 H Shares held by Jiangsu High Hope Venture Capital Co., Ltd. under Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, the Directors, Supervisors and chief executive officer of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE H SHARES

During the Reporting Period, none of the Directors, Supervisors and chief executive officer of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2024, none of the Directors, Supervisors and chief executive officer of the Company had any rights to acquire H shares of the Company.

## SHARE SCHEME

During the Reporting Period, the Company did not have any share scheme (as defined under the Listing Rules).

# DIRECTORS' REPORT

## CONTINUING CONNECTED TRANSACTIONS

Details of continuing connected transactions of the Group during the Reporting Period are set out as follows:

### Waste Treatment and Disposal Service Agreement

On 20 January 2024, Shaoguan Smelter of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd.\* (深圳市中金嶺南有色金屬股份有限公司韶關冶煉廠) ("**Shaoguan Smelter**") and Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.\* (韶關東江環保再生資源發展有限公司), (a subsidiary of the Company, "**Shaoguan Sustainable Resources**") entered into a waste treatment and disposal service agreement (the "**Waste Treatment and Disposal Service Agreement**"), pursuant to which Shaoguan Smelter has agreed to engage Shaoguan Sustainable Resources for the provision of services for transportation and disposal of acid resistant bricks.

Shaoguan Smelter is indirectly controlled by Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is regarded as an associate of Guangdong Rising Holdings Group, it is therefore considered to be a connected person of the Company. The Waste Treatment and Disposal Service Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The annual cap for the transactions under the Waste Treatment and Disposal Service Agreement for the year ending 31 December 2024 is RMB391,000, and the actual transaction amount for the year ending 31 December 2024 is approximately RMB206,600.

For details, please refer to the Company's announcements dated 20 January 2024 and 18 February 2024.

### Facility Agreement

On 28 May 2024, Kelamayi Wosen Environmental Technology Co., Ltd.\* (克拉瑪依沃森環保科技有限公司) (a wholly-owned subsidiary of the Company, "**Wosen Environmental**") entered into a facility agreement (the "**Facility Agreement**") with Guangdong Rising Finance Co., Ltd.\* (廣東省廣晟財務有限公司) ("**Rising Finance**"), pursuant to which Rising Finance has agreed to provide a recurring facility in the principal amount of up to RMB30,000,000 in aggregate to Wosen Environmental.

As Rising Finance is a subsidiary of Guangdong Rising Holdings Group (a substantial shareholder of the Company), it is therefore a connected person of the Company. The Facility Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The cap of the credit facility to be granted by Rising Finance under the Credit Facility Agreement for the period from 28 May 2024 to 31 December 2024 is RMB30,000,000. As of 31 December 2024, the actual maximum amount of the credit facility under the Facility Agreement is approximately RMB13,855,000.

For details, please refer to the Company's announcement dated 28 May 2024.

# DIRECTORS' REPORT

## Sale and Purchase Framework Agreement

On 28 August 2024, the Company and Shandong Zhongjin Lingnan Copper Co., Ltd.\* (山東中金嶺南銅業有限責任公司, “Zhongjin Copper”) has entered into a sale and purchase framework agreement (the “**Sale and Purchase Framework Agreement**”), pursuant to which the Group (as seller) has agreed to sell copper recycling products to Zhongjin Copper and its subsidiaries (as purchaser), for a term from 28 August 2024 to 31 December 2024.

As Zhongjin Copper is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The annual cap for the transactions under the Sale and Purchase Framework Agreement for the year ending 31 December 2024 is RMB60 million and the actual transaction amount for the year ending 31 December 2024 is approximately RMB0.

For details, please refer to the announcement of the Company dated 28 August 2024.

## Financial Services Agreement

On 9 August 2022, the Company and Guangdong Rising Finance entered into a financial services agreement (the “**2022 Financial Services Agreement**”), in relation to the provision of financial services to the Group with a term of three year taking effect upon the 2022 Financial Services Agreement having been approved by the independent Shareholders. The 2022 Financial Services Agreement and the transactions contemplated thereunder were approved by the shareholders at the fourth extraordinary general meeting in 2022 of the Company held on 12 October 2022. Under the 2022 Financial Services Agreement, Guangdong Rising Finance would provide, amongst others, deposit of money services (the “**Deposit Services**”) to the Group.

Guangdong Rising Finance is a direct wholly-owned subsidiary of Guangdong Rising Group, a substantial shareholder of the Company. Hence, pursuant to the Rule 14A.07(4) of the Listing Rules, Guangdong Rising Finance is a connected person of the Company. As such, the entering into of the 2022 Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Under the 2022 Financial Services Agreement, the maximum daily deposit amount of the Deposit Services for the period from 1 January 2024 to 31 December 2024 is RMB550,000,000. From 1 January 2024 to 31 December 2024, the actual maximum daily deposit amount under the Deposit Services was approximately RMB413,453,000.

The Company entered into the New Financial Services Agreement with Rising Finance on 24 December 2024, which has become effective upon the approval by the independent shareholders at the first extraordinary general meeting of 2025 of the Company held on 23 April 2025. The 2022 Financial Services Agreement will automatically terminate upon the New Financial Services Agreement becoming effective.

For details, please refer to the announcements of the Company dated 9 August 2022 and 24 December 2024, the circulars dated 15 September 2022 and 28 March 2025 and the poll results announcement dated 12 October 2022.



# DIRECTORS' REPORT

The above-mentioned continuing connected transactions were reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors of the Company confirmed that such continuing connected transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on fair and reasonable terms under the relevant agreements governing them and in the interest of the Company and the Shareholders as a whole; and
- (iii) on normal commercial terms or better.

The Company has engaged its auditor, WUYIGE Certified Public Accountants LLP, to issue a report on the continuing connected transactions of the Group for the year ended 31 December 2024. Pursuant to Rule 14A.56 of the Listing Rules, WUYIGE Certified Public Accountants LLP has issued a report on the review findings and conclusions of the above-disclosed continuing connected transactions of the Group, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions above-mentioned:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group;
- (iii) have not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the respective annual caps.

## CONNECTED TRANSACTIONS

There are no connected transactions that require disclosure under Chapter 14A of the Listing Rules other than those disclosed under the section headed "Continuing Connected Transactions" above.

## RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" and "Continuing Connected Transactions" in this annual report, none of the "Related Party Transactions" as disclosed in note XII. (5) to the financial statements for the year ended 31 December 2024 constituted non-exempt connected transaction or non-exempt continuing connected transaction under Chapter 14A of the Listing Rules, which were subject to announcement, circular or shareholders' approval requirements. The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2024.

# DIRECTORS' REPORT

## SERVICE CONTRACTS

The related party transactions in relation to the emoluments of Directors, Supervisors and employees as disclosed in note XII. (5).3 to the financial statements are connected transactions exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.73(6) of the Listing Rules.

## COMPETING BUSINESS

During the Reporting Period and up to the date of this annual report, none of the Directors, Supervisors, chief executive or the management and substantial or controlling shareholders of the Company and their respective associates are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the Reporting Period and up to the date of this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group. For details, please refer to page 17 of this annual report.

## RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group and staff: the development of the Group is to integrate the development of environmental protection industry with the value of environment and staff's benefits in order to realize a unified harmonious development of the corporate efficiency, staff and social value.

The Group and suppliers: the Group strengthens close communication with suppliers through various means such as the Company's website, announcement published on e-procurement platform of the Company, meeting with suppliers to inform suppliers of the Group's current development and demand in a timely manner, which allows suppliers to get valid information and get the best sourcing opportunities that are fair and equitable.

The Group and customers: the Group establishes strong relationship with customers with the principle of "Improving quality, providing considerate services, mutually understanding and building mutual trust". The Group uses its best endeavour to achieve harmonious development with its suppliers and customers to create value, share the success and build a trustful and cooperative platform together.

# DIRECTORS' REPORT

## ENVIRONMENTAL POLICIES

The Group is principally engaged in the processing and sales of recycled products, the provision of waste treatment services, the rare and precious metals recycling, the provision of environmental protection systems and services, and the trading of chemical products. In addition, by adhering to the corporate mission of “Developing Ecological Civilization to Build a Better China” and the vision of “Being a Pioneer of Comprehensive Environmental Services in China”, the Company focuses on promoting waste recycling and harmless collaborative disposal techniques and propels the transformation and upgrades of the industry with technological innovation. With a strategic aim to “Becoming a Technology-based Comprehensive Environmental Service Provider based upon Hazardous Waste Treatment”, the Company provides comprehensive environmental protection services for all sectors of the society in order to alleviate the conflict between social development and environmental protection, thereby contributing to the protection of lucid waters and lush mountains and the development of a better China.

The 2024 environmental, social and governance report as required by Appendix C2 of the Listing Rules will be published separately by the Company on the date of this annual report.

## PERMITTED INDEMNITY PROVISIONS

The Articles provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all losses or liabilities which they incur or sustain as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. The Company has taken out and maintained Directors' liability insurance which provides appropriate coverage for the Directors of the Company.

## COMPLIANCE WITH LAWS AND REGULATIONS

Our Group has to comply with relevant laws and regulations in the jurisdictions where the Group operates. The Group's operations are mainly carried out by the Company's subsidiaries in the PRC. Accordingly, our operations shall comply with relevant laws and regulations in the PRC. During the Reporting Period and up to the date of this annual report, the Group does not have any violation of relevant laws and regulations which gives rise to significant impact to the Group's development, performance and businesses.

In 2024, the Board of the Company strictly complied the Company Law, Securities Law and the regulatory requirements of the China Securities Regulatory Commission, Shenzhen Stock Exchange and the Hong Kong Stock Exchange, earnestly performed the functions and powers conferred by the Articles, diligently carried out all kinds of work, stuck with the Company's development strategy and the annual focus of work to actively carry out all kinds of work. All Directors have fulfilled their duties with diligence and responsibility, and actively participated in the decision-making process of the Company's major affairs with scientific, rigorous, prudent and objective work attitude, strived to secure the legitimate rights and interests of the Company and all Shareholders, which has effectively guaranteed the realization of various work goals of the Company throughout the year.

# DIRECTORS' REPORT

## AUDITORS

In order to enhance the efficiency of financial audit work, the Company has decided to consistently prepare financial statements and disclose corresponding financial information in accordance with the China Accounting Standards for Business Enterprises (the “CASBE”) commencing from the financial year ending 31 December 2023. The Company proposed to appoint WUYIGE Certified Public Accountants LLP as the sole auditor of the Company to audit the consolidated financial statements of the Company in accordance with the requirements of the CASBE, and to perform other duties required by the domestic and overseas auditors in accordance with the Listing Rules.

At the 2023 annual general meeting of the Company held on 28 June 2024, WUYIGE Certified Public Accountants LLP was re-appointed as the sole auditor and internal control auditor of the Company for the year 2024.

## EXTERNAL DONATION

During the Reporting Period, the Company adhered to placing the consolidation and expansion of poverty alleviation achievements in a prominent position, comprehensively promoting the “High-quality Development Project for Hundred Counties, Thousand Towns, and Ten Thousand Villages”, actively integrating into the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the Shenzhen Pilot Zone for Socialism with Chinese Characteristics, and Guangdong’s “One Core, One Belt, One Zone” initiative. A total of RMB355,000 in capital, manpower and material resources were invested, and village-enterprise co-construction funds and paired assistance work were donated to the village committee of Tielong Town in Wengyuan County, beautiful villages in Wengyuan County, and Hengpo Town in Wuhua County, contributing to the economic vitality and development of poverty-stricken areas.

# DIRECTORS' REPORT

## CORPORATE GOVERNANCE

In 2024, the Board carried out different kinds of work, including but not limited to corporate governance, convening of board meetings and committee meetings to review major matters of the Company, providing independent judgment and verification by the independent directors, and maintaining a good relationship with the Shareholders through investor relationship management.

In 2025, the Board will actively play the core role of corporate governance, well perform the daily work of the Board, make important decisions with efficiency, implement the resolution of the general meeting, comply with the various responsibilities of the professional committees, so as to ensure the steady and orderly development of business operation management and fundamentally secure the interests of Shareholders. The main tasks include, but are not limited to, 1) scientifically formulating medium and short-term development strategies, supervising and urging the implementation of various goals; 2) continuously improving the operation of relevant committees of the Board and the construction of relevant institutional systems; 3) strengthen the research mechanism, implement training tasks, and improve the directors' ability to perform their duties; 4) continuous enhancement guidance on the Company's operation and management; and 5) improving the transparency of information disclosure, so as to enhance recognition of the value of the Company.

ON BEHALF OF THE BOARD

**Dongjiang Environmental Company Limited**

**Wang Bi'an**

*Chairman*

Shenzhen, Guangdong Province, the PRC

28 March 2025

# SUPERVISORY COMMITTEE'S REPORT

## **To all Shareholders of Dongjiang Environmental Company Limited\* (the "Company")**

During the year, the Supervisory Committee has duly carried out its supervisory duties in a stringent manner to effectively protect the interests of the Company and Shareholders in accordance with the relevant provisions of the PRC Company Law, Securities Law and the requirement of the relevant laws and regulations of Hong Kong and the Articles.

On 28 March 2025, the Supervisory Committee convened a meeting, at which the 2024 financial statements of the Group and the independent auditor's report were reviewed and approved. The Supervisory Committee is of the view that the financial statements have been prepared in accordance with the relevant accounting standards and fairly reflect the financial conditions and results of operations of the Group.

The Supervisory Committee concluded that, during the Reporting Period, all members of the Board and senior management of the Group had, under the principles of diligence, fairness and honesty, duly performed the responsibilities as stipulated in the Articles, carefully implemented all resolutions of the general meetings and the Board had never breached any laws, regulations and the Articles.

In 2025, the Supervisory Committee shall continue to carry out its duties in accordance with the PRC Company Law, Securities Law, and the requirement of the relevant laws and regulations and the Articles, and resolutely implement the Company's established strategic policy, diligently perform supervisory functions, urge the Company to standardize its operation, and earnestly safeguard the interests of the Company and all Shareholders.

By Order of the Supervisory Committee  
**Dongjiang Environmental Company Limited**

**Peng Zhuozhuo**

*Chairman of the Supervisory Committee*  
Shenzhen, Guangdong Province, the PRC  
28 March 2025

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with Shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and profit.

The Company has complied with the applicable code provisions in the CG Code throughout the Reporting Period, except for the following deviation:

### Code Provision B.2.2 of Corporate Governance Code

Pursuant to Code Provision B.2.2 of the CG Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The three-year term of the seventh session of the Board and the Supervisory Committee of the Company expired on 21 December 2023. As the nomination of candidates for the members of the new session of the Board and Supervisory Committee was not completed at that time, the election and appointment of the members of the Board and the Supervisory Committee was postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the committees under the seventh session of the Board and the senior management of the Company was extended correspondingly. The Company completed the election and appointment of the members of the Board and the Supervisory Committee on 10 October 2024, and fulfilled the corresponding information disclosure obligations in a timely manner. Before completion of the re-election and appointment, all members of the seventh session of the Board and Supervisory Committee and senior management of the Company continued to perform their respective duties in accordance with the relevant laws and regulations and the Articles of Association to ensure the normal operation of the Group. In view of the above, the Company considers that the temporary deviation from the Code Provision B.2.2 of the CG Code had no material impact on the overall operations of the Company.

# CORPORATE GOVERNANCE REPORT

## CORPORATE CULTURE AND STRATEGY

The Board has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies.

- (1) Corporate Values: honesty, diligence, professionalism.

Honesty: Loyalty to the Party, sincere unity, and sincerity.

Diligence: Diligent in learning and thinking, diligent in discipline, prudent in economy.

Professional: Concentrated, dedicated, professional.

- (2) Enterprise spirit: Seeking truth and pragmatism, surpassing ourselves.

- (3) Corporate mission: Developing ecological civilization to build a better China.

- (4) Corporate Vision: Being a pioneer of comprehensive environmental services in China.

The Company will keep track of the current market situation and the Company's business situation, continuously review its business strategy and adjust it, if necessary, to ensure prompt and proactive measures will be taken to respond to changes and meet the market demand, so as to promote the sustainable development of the Group.

## DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by the Directors and Supervisors on terms no less than the Model Code. Having made specific enquiries of all the Directors and Supervisors, the Company was not aware of any non-compliance with the Model Code and the Company's code of conduct regarding securities transactions by the Directors and Supervisors throughout the Reporting Period.

## THE BOARD

The Board is responsible to the Shareholders of the Company. The primary task of the Board is firstly, to formulate development guidance and strategies for the Group; and to monitor the implementation of policies and strategies as well as the performance of the management. Moreover, the Board is responsible for formulating and reviewing the basic systems and procedures of the Group, approving the annual budgets of investment, quarterly, interim and annual results; as well as approving major transactions and other significant operational and financial matters.



# CORPORATE GOVERNANCE REPORT

The Board comprises a total of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. For the year ended 31 December 2024 and up to the date of this annual report, the members of the Board and their terms of office are as follows:

Name	Title in the Company	Date of appointment	End date of term
<b>EXECUTIVE DIRECTORS</b>			
Mr. Wang Bi'an <sup>(Note1)</sup>	Chairman, Executive Director	21 February 2024	9 October 2027
Mr.Li Xiangli <sup>(Note1)</sup>	Executive Director	21 February 2024	9 October 2027
Mr.Yu Fan <sup>(Note1)</sup>	Executive Director	21 February 2024	9 October 2027
Mr.Tan Kan	Chairman, Executive Director	12 November 2018	21 February 2024
Mr.Yu Zhongmin	Executive Director	6 January 2022	16 January 2024
Mr.Lin Peifeng	Executive Director	29 June 2020	16 January 2024
<b>NON-EXECUTIVE DIRECTORS</b>			
Mr.Wang Shi <sup>(Note2)</sup>	Non-executive Director	10 October 2024	9 October 2027
Mr.Liu Xiaoxuan <sup>(Note1)</sup>	Non-executive Director	21 February 2024	9 October 2027
Mr.Jia Guorong <sup>(Note2)</sup>	Non-executive Director	10 October 2024	9 October 2027
Mr.Huang Honggang	Non-executive Director	5 December 2023	23 July 2024
Mr.Jin Rongfu	Non-executive Director	12 November 2018	10 October 2024
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>			
Mr.Li Jinhui <sup>(Note 3)</sup>	Independent Non-executive Director	22 December 2020	21 December 2026
Mr.Siu Chi Hung <sup>(Note 3)</sup>	Independent Non-executive Director	22 December 2020	21 December 2026
Ms.Xiang Ling <sup>(Note2)</sup>	Independent Non-executive Director	10 October 2024	9 October 2027
Ms.Guo Suyi	Independent Non-executive Director	22 December 2020	10 October 2024

# CORPORATE GOVERNANCE REPORT

## Notes:

1. Mr. Wang Bi'an, Mr. Li Xiangli, Mr. Yu Fan and Mr. Liu Xiaoxuan were appointed as non-independent Directors on 21 February 2024. Each of Mr. Wang, Mr. Li and Mr. Yu has obtained a legal opinion as referred to in Rule 3.09D of the Listing Rules on 2 February 2024 and Mr. Liu has obtained a legal opinion as referred to in Rule 3.09D of the Listing Rules on 20 February 2024. Each of them has confirmed that they understood their responsibilities as Directors.
2. On 10 October 2024, Mr. Wang Shi and Mr. Jia Guorong were appointed as non-independent Directors, and Ms. Xiang Ling was appointed as an independent non-executive Director. They have obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 5 October 2024, 7 October 2024 and 8 October 2024, respectively. Each of them has confirmed that they understood their responsibilities as Directors.
3. On 10 October 2024, the term of office of Mr. Li Jinhui and Mr. Siu Chi Hung as independent non-executive Directors of the seventh session expired and they were re-appointed as independent non-executive Directors of the eighth session of the Board. They have obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 5 October 2024 and 3 October 2024 respectively. Each of them has confirmed that they understood their responsibilities as Directors.

The election of the Board of Directors of the Company was held on 10 October 2024, and all the current Directors were appointed for a specific term of three years. The experience and qualifications of Director and senior management and the relationship among them are set out on pages 18 to 23 of this annual report.

According to the Articles, the Board delegates day-to-day operations of the Group to the Executive Directors and senior management of the Company, including responsibility for managing the Group's business and the implementation of major strategies and initiatives adopted by the Board. On the other hand, the Board reserves certain key matters in making strategic decisions for its approval.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management, including the preparation of annual and interim accounts for the Board's approval before public reporting; the implementation of strategies approved by the Board; the implementation of internal control procedures; and the ensuring of compliance with relevant statutory requirements and other regulations and rules.

The Company has arranged appropriate insurance cover in respect of legal actions against its directors and senior management, and the coverage of this insurance is being reviewed each year.

The Board meets regularly at approximately quarterly intervals. Notice of a regular board meeting is given at least 14 days in advance to give all Directors an opportunity to attend. The agenda of the regular meeting is set in consultation with members of the Board so that all Directors are given an opportunity to include matters in the agenda. The Board documentation are circulated not less than 3 days before regular meetings.



# CORPORATE GOVERNANCE REPORT

The Board held 12 meetings during the Reporting Period. The following table shows the attendance record of individual Directors during the Reporting Period:

Name of Directors	Attendance/Number of meeting(s) held
<b>Executive Directors</b>	
Mr. Wang Bi'an ( <i>Chairman</i> ) ( <i>appointed on 21 February 2024</i> )	10/10
Mr. Li Xiangli ( <i>Chief executive officer</i> ) ( <i>appointed on 21 February 2024</i> )	10/10
Mr. Yu Fan ( <i>appointed on 21 February 2024</i> )	10/10
Mr. Tan Kan ( <i>Chairman</i> ) ( <i>resigned on 21 February 2024</i> )	2/2
Mr. Yu Zhongmin ( <i>Chief executive officer</i> ) ( <i>resigned on 16 January 2024</i> )	0/0
Mr. Lin Peifeng ( <i>resigned on 16 January 2024</i> )	0/0
<b>Non-executive Directors</b>	
Mr. Wang Shi ( <i>appointed on 10 October 2024</i> )	3/3
Mr. Liu Xiaoxuan ( <i>appointed on 21 February 2024</i> )	10/10
Mr. Jia Guorong ( <i>appointed on 10 October 2024</i> )	3/3
Mr. Huang Honggang ( <i>resigned on 23 July 2024</i> )	6/6
Mr. Jin Yongfu ( <i>resigned on 10 October 2024</i> )	9/9
<b>Independent Non-executive Directors</b>	
Mr. Li Jinhui	12/12
Mr. Siu Chi Hung	12/12
Ms. Xiang Ling ( <i>appointed on 10 October 2024</i> )	3/3
Ms. Guo Suyi ( <i>resigned on 10 October 2024</i> )	9/9

Notes:

1. There is no other relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board and the Supervisors.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wang Bi'an is the Chairman of the Board and Mr. Li Xiangli is the chief executive officer of the Company. The chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Company, and also taking primary responsibility for ensuring good corporate governance practices and procedures are established. The chief executive officer is responsible for the Company's daily operation and the effective implementation of corporate strategy and policies.

Details of the responsibilities of the chairman and chief executive officer of the Company are set out in the Articles.

## NON-EXECUTIVE DIRECTORS

At least one-third of the Board are independent non-executive Directors. Non-executive Directors have appropriate professional qualification, and therefore, independent judgments can be effectively exercised, and the Non-executive Directors are of sufficient caliber and number for their views to carry weight. The Board has received a written annual confirmation from each of the independent non-executive Directors confirming their independence to the Company pursuant to Rule 3.13 of the Listing Rules, and considers that all of the independent non-executive Directors are independent.

The terms of office of the non-executive Directors are set out on page 48 of this report. As at 31 December 2024, none of the independent non-executive Directors has been serving for more than nine years.

# CORPORATE GOVERNANCE REPORT

## BOARD INDEPENDENCE

The Group has maintained various measures and mechanisms to ensure independent views and input are available to the Board and the implementation and effectiveness of relevant measures and mechanisms will be reviewed annually by the Board. As at the date of this annual report, the Board has reviewed the implementation and effectiveness of the following measures and mechanisms at the Board meeting:

- (1) Three out of the nine Directors are independent non-executive Directors which fulfills the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.
- (2) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive directors will be appointed to all Board committees as far as possible to ensure independent views are available.
- (3) The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis.

Each independent non-executive director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

- (4) All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at Board meetings. They can also seek assistance from the secretary to the Board and the Company Secretary of the Company and, if necessary, independent advice from external professional advisers at the Company's expense.
- (5) All Directors are encouraged to express their views in an open and candid manner during the Board/ Board Committees meetings.
- (6) A Director (including independent non-executive director) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (7) No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors have participated in continuous professional development to develop and refresh their knowledge and skills in respect of the corporate governance requirements and relevant rules and regulations relating to the listing of the Company. Set out below are the details of each Director's participation during the Reporting Period:

Name of Directors	Attending training/ briefing session in relation to compliance or regulatory requirements and industry	Reading materials in relation to compliance or regulatory requirements and industry
<b>Executive Directors</b>		
Mr. Wang Bi'an ( <i>Chairman</i> ) ( <i>appointed on 21 February 2024</i> )	√	√
Mr. Li Xiangli ( <i>Chief executive officer</i> ) ( <i>appointed on 21 February 2024</i> )	√	√
Mr. Yu Fan ( <i>appointed on 21 February 2024</i> )	√	√
Mr. Tan Kan ( <i>Chairman</i> ) ( <i>resigned on 21 February 2024</i> )	√	√
Mr. Yu Zhongmin ( <i>Chief executive officer</i> ) ( <i>resigned on 16 January 2024</i> )	√	√
Mr. Lin Peifeng ( <i>resigned on 16 January 2024</i> )	√	√
<b>Non-executive Directors</b>		
Mr. Wang Shi ( <i>appointed on 10 October 2024</i> )	√	√
Mr. Liu Xiaoxuan ( <i>appointed on 21 February 2024</i> )	√	√
Mr. Jia Guorong ( <i>appointed on 10 October 2024</i> )	√	√
Mr. Huang Honggang ( <i>resigned on 23 July 2024</i> )	√	√
Mr. Jin Yongfu ( <i>resigned on 10 October 2024</i> )	√	√
<b>Independent Non-executive Directors</b>		
Mr. Li Jinhui	√	√
Mr. Siu Chi Hung	√	√
Ms. Guo Suyi ( <i>resigned on 10 October 2024</i> )	√	√
Ms. Xiang Ling ( <i>appointed on 10 October 2024</i> )	√	√

# CORPORATE GOVERNANCE REPORT

## NOMINATION, ELECTION AND RE-ELECTION OF DIRECTORS

Subject to the election by shareholders of the Company in the general meeting, the selection and nomination of a director are determined by the Board. The Board's nomination procedures of a new director are: 1) collecting the candidate recommendation letter, or seeking and identifying by itself (or by agencies) the qualified candidates; 2) examining the qualifications of the prospective candidates, and determining the final director candidates at Board meeting; and 3) proposing the final candidate to the general meeting of shareholders of the Company for election through ordinary resolution.

The nomination committee of the Company searches for the director candidates, compiles written reports, convenes the meeting of the nomination committee and conducts examination of the qualification of the initial candidates and makes recommendations to the Board regarding candidates for filling in vacancies on the Board.

The criteria for prospective candidates for nomination is: 1) the skills, knowledge and working experiences to carry out the duties of a director; 2) compliance of the qualifications set out in the Articles, the Company Law of the PRC and the Listing Rules for acting as a director and, where applicable, qualifications to act as an independent non-executive director. The new director will be provided with the information prepared by an external lawyer and instruction on the Company's background and business from the senior management.

The Board is responsible for reviewing its structure, size, composition and its diversity regularly and making any changes to complement the Company's corporate strategy. During the Reporting Period, the Board has reviewed its Board diversity policy and concluded that its existing structure, size, composition and diversity are appropriate.

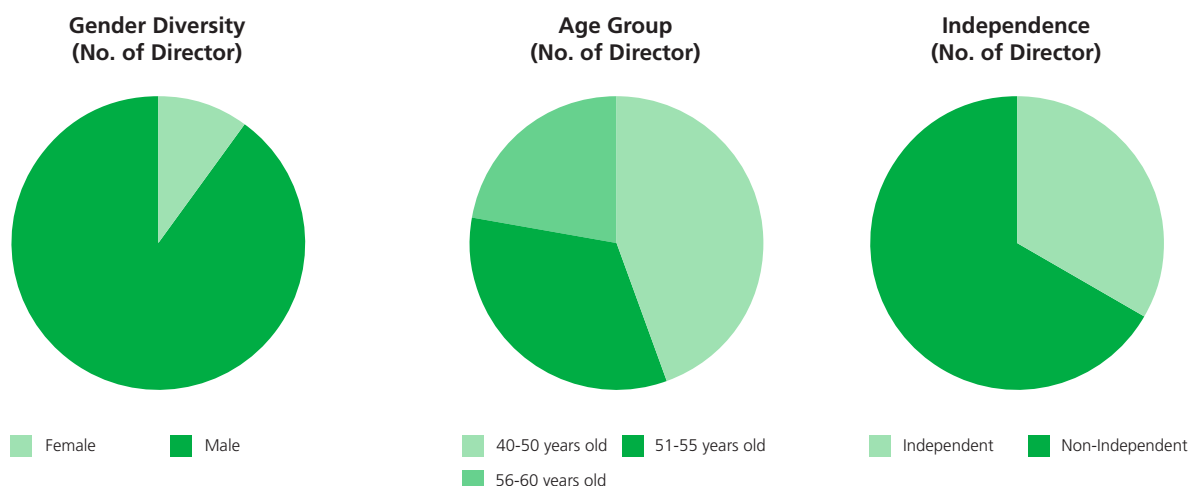
According to the Articles, the terms of office of the Directors (including Non-executive Directors) shall be three years and the Directors shall be eligible for re-election upon expiry of the said term.

# CORPORATE GOVERNANCE REPORT

## BOARD AND WORKFORCE DIVERSITY

The Company recognizes the benefits of having a diverse Board and has adopted a Board diversity policy which sets out the approach to achieve diversity of the Board. Pursuant to the Board diversity policy, the Nomination Committee is committed to diversify at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills and knowledge. The Board has reviewed the implementation and effectiveness of Board diversity policy for 2024, and will review the implementation and effectiveness of the Board diversity policy annually.

During the Reporting Period and as at the date of this annual report, the Board comprises nine Directors, independent non-executive Directors account for one-third of the Board, which have years of industry, auditing, and legal professional experience. In addition, the Board has a broad age profile currently, with Directors aged between 44 and 60 and one female Director. The composition of the Board is as follows:



The Nomination Committee and the Board considered that the Board is sufficiently diverse; therefore the Company has not set other measurable objectives. The Board will consider setting measurable objectives to implement the Board diversity policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at 31 December 2024, the number of female employees of the Group accounted for 23.90% of the total workforce (including senior management). Considering the nature of the industry, the Company believes that the gender ratio of employees in the Group is normal for a company in the environmental industry and is of the view that the Group has achieved gender diversity among employees. Therefore, the Company has not set any plans or measurable objectives for gender diversity.

The Group's recruitment strategy is underpinned by the appointment of the right employee for the right position, in order to achieve employee diversity for all employees (including the senior management) in terms of gender, age, cultural and educational background, expertise, skills and know-how. The Board and the Nomination Committee will continue to monitor the structure of the Board and employees, as well as the implementation of diversity policy, and consider whether any plans or measurable objectives should be set. The Board emphasizes diversity and will ensure that any successor to the Board complies with the Board diversity policy.



# CORPORATE GOVERNANCE REPORT

## GENERAL MEETINGS

The Company held 3 general meetings during the Reporting Period. Set out below is the record of attendance of the Directors at these general meetings during the Reporting Period:

Name of Directors	Attendance/ Number of meeting(s) held
<b>Executive Directors</b>	
Mr. Wang Bi'an ( <i>Chairman</i> ) ( <i>appointed on 21 February 2024</i> )	3/3
Mr. Li Xiangli ( <i>Chief executive officer</i> ) ( <i>appointed on 21 February 2024</i> )	3/3
Mr. Yu Fan ( <i>appointed on 21 February 2024</i> )	3/3
Mr. Tan Kan ( <i>Chairman</i> ) ( <i>resigned on 21 February 2024</i> )	1/1
Mr. Yu Zhongmin ( <i>Chief executive officer</i> ) ( <i>resigned on 16 January 2024</i> )	0/0
Mr. Lin Peifeng ( <i>resigned on 16 January 2024</i> )	0/0
<b>Non-executive Directors</b>	
Mr. Wang Shi ( <i>appointed on 10 October 2024</i> )	1/1
Mr. Liu Xiaoxuan ( <i>appointed on 21 February 2024</i> )	3/3
Mr. Jia Guorong ( <i>appointed on 10 October 2024</i> )	1/1
Mr. Huang Honggang ( <i>resigned on 23 July 2024</i> )	2/2
Mr. Jin Yongfu ( <i>resigned on 10 October 2024</i> )	2/2
<b>Independent Non-executive Directors</b>	
Mr. Li Jinhui	3/3
Mr. Siu Chi Hung	3/3
Ms. Xiang Ling ( <i>appointed on 10 October 2024</i> )	1/1
Ms. Guo Suyi ( <i>resigned on 10 October 2024</i> )	2/2

Notes:

- Code C.1.6 of the code provision – This code provision requires independent non-executive directors and other non-executive directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of Shareholders.

# CORPORATE GOVERNANCE REPORT

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee (the “**Audit and Risk Management Committee**”) in compliance with Rule 3.21 of the Listing Rules and Code Provision D.3 of the CG Code for the purpose of, amongst others, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, formulating and implementing policies in relation to the non-audit services provided by auditors, reviewing the Company’s financial information and its disclosure, monitoring the Company’s internal control system and its implementation, and reviewing and providing supervision over the Group’s financial reporting process and internal controls of the Company.

The Audit and Risk Management Committee currently comprises three independent non-executive Directors, namely, Mr. Siu Chi Hung, Mr. Li Jinhui and Mr. Wang Shi. Mr. Siu Chi Hung has been appointed as the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee has reviewed the Company’s financial statements for the Reporting Period and this annual report, the financial statements and interim report of the Company for the six months ended 30 June 2024 and the financial statements and quarterly reports of the Company for the three months ended 31 March 2024 and the nine months ended 30 September 2024, respectively; reviewed external auditor’s independence and effectiveness of the Group’s audit; reviewed and recommended the reappointment of auditors to the Board; and reviewed the risk management and internal control systems (including internal audit) of the Group.

The principal responsibilities of the Audit and Risk Management Committee include:

- a. To supervise and evaluate the external auditor’s work, and propose the appointment or change of external auditor;
- b. To review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process;
- c. To formulate and implement policies in relation to the non-audit services provided by auditors;
- d. To supervise and evaluate the internal audit work, supervise the Company’s internal audit system and its implementation;
- e. Responsible for coordination and communication between internal audit and external audit;
- f. To review and provide supervision over the Group’s financial reporting process, risk management rules and internal control system;
- g. To review the Company’s financial information and its disclosures; and
- h. Other matters delegated by the Board.

# CORPORATE GOVERNANCE REPORT

The Audit and Risk Management Committee held 5 meetings during the Reporting Period to discuss the Group's quarterly, interim and annual financial reports, and review the accounting principles and practices and internal controls adopted by the Group. The following table shows the attendance record of individual members of the Audit and Risk Management Committee:

Name of Audit and Risk Management Committee members	Attendance/ Number of meeting(s) held
Mr. Siu Chi Hung ( <i>Chairman</i> )	5/5
Mr. Li Jinhui	5/5
Ms. Guo Suyi ( <i>resigned on 10 October 2024</i> )	4/4
Mr. Wang Shi ( <i>appointed on 10 October 2024</i> )	1/1

## REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee of the Company (the "**Remuneration and Appraisal Committee**") was established in June 2005 with written terms of reference (which are available to the Shareholders on the Stock Exchange's website and the Company's website) detailing the duties of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee currently comprises three independent non-executive Directors, namely, Ms. Xiang Ling, Mr. Yu Fan and Mr. Siu Chi Hung. Ms. Xiang Ling has been appointed as the chairman of the Remuneration and Appraisal Committee.

The principal responsibilities of the Remuneration and Appraisal Committee are to review the remuneration and assessment schemes of the Directors and the senior management of the Company as well as other related remuneration matters, and make relevant recommendations to the Board of Directors. The Executive Directors of the Company currently do not receive any remuneration, but will receive remuneration as the senior management of the Company. The Non-executive Directors of the Company also do not receive any remuneration.

# CORPORATE GOVERNANCE REPORT

The Remuneration and Appraisal Committee held one meeting during the Reporting Period to discuss the remuneration of the Directors and senior management with reference to their performance, their terms of appointment and the relevant assessment policy. The following table shows the attendance records of individual members of the Remuneration and Appraisal Committee during the Reporting Period:

Name of Remuneration and Appraisal Committee members	Attendance/ Number of meeting(s) held
Ms. Guo Suyi ( <i>Chairman</i> ) ( <i>resigned on 10 October 2024</i> )	1/1
Ms. Xiang Ling ( <i>Chairman</i> ) ( <i>appointed on 10 October 2024</i> )	0/0
Mr. Huang Honggang ( <i>appointed on 21 February 2024, resigned on 23 July 2024</i> )	1/1
Mr. Yu Fan ( <i>appointed on 10 October 2024</i> )	0/0
Mr. Li Jinhui ( <i>resigned on 21 February 2024</i> )	0/0
Mr. Siu Chi Hung	1/1

## NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2010 with written terms of reference (which are available to the Shareholders on the Stock Exchange's website and the Company's website) detailing the duties of the Nomination Committee. The Nomination Committee comprises two independent non-executive Directors currently, namely Mr. Li Jinhui and Mr. Siu Chi Hung, and one Executive Director, namely Mr. Wang Bi'an. Mr. Li Jinhui has been appointed as the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to review the structure, size, composition, diversity policy and the independent element of the Board, and make recommendations to the Board regarding candidates to fill vacancies on the Board.

Pursuant to the nomination policy of the Company, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

A summary of the Board diversity policy of the Company is set out on page 55 of this annual report.

# CORPORATE GOVERNANCE REPORT

The Nomination Committee met 5 times during the Reporting Period to nominate candidates for the eighth session of the Board of Directors of the Company, review the qualification of the chief executive officer, vice president, chief financial officer, secretary to the Board of Directors and other personnel, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and review candidates for senior management positions. The following table shows the attendance records of individual members of the Nomination Committee during the Reporting Period:

Name of Nomination Committee members	Attendance/ Number of meeting(s) held
Mr. Li Jinhui ( <i>Chairman</i> )	5/5
Mr. Siu Chi Hung	5/5
Mr. Wang Bi'an ( <i>appointed on 21 February 2024</i> )	5/5
Mr. Tan Kan ( <i>resigned on 21 February 2024</i> )	0/0

## STRATEGIC DEVELOPMENT COMMITTEE

The strategic development committee of the Company (the “**Strategic Development Committee**”) was established on 9 November 2010 with written terms of reference detailing the duties of the Strategic Development Committee. The Strategic Development Committee comprises two Executive Director currently, namely Mr. Wang Bi'an and Mr. Wang Shi, and one independent non-executive Director, namely Mr. Li Jinhui. Mr. Wang Bi'an has been appointed as the chairman of the Strategic Development Committee. The principal responsibility of the Strategic Development Committee is to make recommendations to the Board regarding the development of strategic planning, major investment and financing programs, major capital operation, assets, operations research projects, etc.

The Strategic Development Committee met irregularly as required and did not hold any meeting during the Reporting Period.

## AUDITORS' REMUNERATION

In 2024, WUYIGE Certified Public Accountants LLP provided audit services for the Group and its subsidiaries for an aggregate amount of approximately RMB2.26 million, and provided internal control audit services for the Company with a fee of RMB0.4 million for such non-audit services.

## COMPANY SECRETARY

Ms. Wu Qi has received not less than 15 hours of relevant professional training during the financial year ended 31 December 2024.

# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

No change has been made to the Articles during the Reporting Period.

## SHAREHOLDERS' RIGHTS

According to the Articles, Shareholders who possess (whether individually or jointly) over 10% (including 10% voting right issued by the Company) has the right to call for extraordinary general meeting by submitting written request to the Board, after the occurrence of which an extraordinary general meeting shall be held within 2 months by the Board. Shareholders enjoy the right to supervise business activities of the Company and make recommendations and queries.

## PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

According to the Articles, where the Company holds a general meeting, the Shareholders (whether individually or jointly) holding at least three percent (3%) of the shares with voting rights of the Company shall be entitled to bring forward a new proposal in writing and the Company shall list the matters in the proposal within the duties of the general meeting into the proceedings of this general meeting. Also, the Shareholders (whether individually or jointly) holding at least 3% of the shares with voting rights of the Company may submit their provisional proposals in writing to the convener ten days before the convening of the general meeting of the shareholders. The convener shall issue a supplementary notice of the general meeting of Shareholders within two days after the proposals have been received and announce the content of the provisional proposals.

## PUT ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through delivery in-person, by fax, email, courier, registered air mail, etc, whose contact details are as follows:

Addressee:	Mr. Lin Desheng
Address:	10th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, North Zone of Hi-tech Industrial Park, Nanshan District, Shenzhen, The People's Republic of China
Email:	ir@dongjiang.com.cn
Tel No.:	86 (755) 88242614
Fax No.:	86 (755) 86676002

or by leaving message at the Company's website at <http://www.dongjiang.com.cn> under the section headed "Investor Relations".

# CORPORATE GOVERNANCE REPORT

## INVESTOR RELATIONS

To promote effective communication with Shareholders and potential investors, the Company has pursued a proactive policy related to promoting investor relations to ensure that the information of the Group is timely provided to Shareholders and potential investors. According to relevant policies, the Company must ensure effective, equal and timely communication of information to Shareholders and potential investors, and regularly review the effectiveness of relevant communication channels. The Company must maintain multiple channels of communication between the Company and Shareholders and/or potential investors, mainly through publication of announcements and circulars at the websites of the Company and the Stock Exchange and despatch of interim reports, annual reports and circulars to the Shareholders, as well as performance presentations, investor surveys, and regular email and phone contacts, where Shareholders' inquiries will be answered. The Company welcomes Shareholders and public investors to make inquiries and provide opinions and suggestions to the Company. At the same time, the Board shall make every effort to attend the Shareholders' meeting to receive inquiries from Shareholders.

The Company has reviewed the implementation and effectiveness of the investor relations policy for communications with Shareholders. Considering that the Company has maintained multiple communication channels with Shareholders and potential investors during the Reporting Period, the Company believes that this policy is effective and properly implemented.

## SENIOR MANAGEMENT'S REMUNERATION

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of senior management for the year ended 31 December 2024 by band is set out below:

Remuneration by band	Number of senior management
Nil to HKD1,000,000	3
HKD1,000,001 to HKD1,500,000	0

Particulars regarding senior management's remuneration and the five individuals with highest emoluments during the Reporting Period are set out in note XII. (5).3 to the financial statements in this annual report.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored:

- (a) the Company's corporate governance policies and practices;
- (b) training and continuous professional development of directors and senior management;
- (c) the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) the Company's code of conduct; and
- (e) the Company's compliance with the CG Code disclosures requirements.

## FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of financial statements which gives a true and fair view of the financial position of the Group. In preparing the financial statements which gives a true and fair view of the financial position of the Group, it is fundamental that appropriate accounting policies are selected and applied consistently. It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the Shareholders. The responsibilities of the auditors are set out in the independent auditor's report on pages 66 to 72.

## RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board has conducted an annual review of the effectiveness of the Group's risk management and internal control system during the Reporting Period. The scope of reviews covers all material controls including finance, operations and regulatory compliance and risk management. After review, the Board considered that nothing has come to its attention to cause the Board to believe that the risk management and internal control system is ineffective or inadequate.

The Company's system of internal control includes a complete internal management system and approving procedures which apply to all entities within the Group. The Group has formulated a comprehensive budget management system, pursuant to which, business plans and budgets are prepared annually by the management of subsidiaries and individual core businesses and subject to review and approval by the executive directors. The Executive Directors meet with the management of subsidiaries and individual businesses on a monthly basis to review monthly operating performance and address potential business risks and counter measures.



# CORPORATE GOVERNANCE REPORT

The Company has formulated and implemented the Administrative Rules for Information Disclosure to strengthen the duty of the Company's internal institutions and staff for information disclosure and to ensure that the information disclosure of the Company is conducted in a true, accurate, complete and timely manner. The Company has formulated and implemented the Internal Reporting System for Material Information to regulate the persons responsible for internal information reporting to report material information to the Board in a timely manner. The Company has formulated and implemented the System of Registration of Owners of Inside Information to regulate administration of the Company's inside information, procure confidentiality of the inside information and safeguard the principle of fairness in information disclosure. During the Reporting Period, the Company implemented the aforesaid systems in a meticulous manner and actively conducted the administration of inside information.

The Company has established an internal audit function to ensure the effectiveness of its internal control system, as well as identifying and preventing any potential risk. The head of internal audit submits working reports and recommendations on a regular basis to the Executive Directors. The 2024 annual audit report for the Reporting Period was submitted to the Board, and no major issues had been identified.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness at least once annually. The Board believes that the risk management and internal control systems of the Company in 2024 are effective and appropriate. Nonetheless, Shareholders shall note that the Group's risk management and internal control systems are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Besides the corporate governance aspect, which had been discussed in this annual report, more details of the Group's environmental, social and governance ("**ESG**") measures including the relevant policies and performance in the areas of environmental, employment and labour standards, operating practices, and community, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group are covered in the Group's ESG report, which is published respectively on the same date of this annual report, on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<https://www.dongjiang.com.cn/>) under the section "Investor Relation".

# CORPORATE GOVERNANCE REPORT

## WHISTLE-BLOWING POLICY

The Company has implemented whistle-blowing policy and systems, and has delegated the monitoring duties to the Discipline Inspection Office, and opened special channels (including via telephone, email and address for visit) to employees and relevant third parties (such as customers, suppliers, creditors and debtors) who have business dealings with the Group to report any matter related to any suspected misconduct of the Group. Relevant reports and evidence materials are collected and verified by the Discipline Inspection Office of the Company. The Company has announced on the website of the Company the telephone number for disciplinary inspection and complaint reporting, as well as the address for whistle-blowing and visits. All reported matters will be independently investigated, and all information and the identity of the whistle-blower will be kept confidential.

The Board and the Audit and Risk Management Committee will regularly review the whistle-blowing policy and mechanism to improve its effectiveness at least annually.

## ANTI-CORRUPTION POLICY

The Company has formulated anti-corruption policies and systems to guide the management and employees to maintain a clean office environment. It is strictly prohibited to use power or position to gain personal interests or infringe on the interests of the country, the Group and employees. Among them, the Discipline Inspection Office of the Company is responsible for coordinating the establishment and management of integrity archives for the management and key personnel, conducting regular inspections and assessments from multiple aspects, and managing and archiving the information through an information management system.

During the Reporting Period, Directors and employees received anti-corruption training courses, so as to improve the awareness of Directors, senior management and employees to work with integrity.

The Board and the Audit and Risk Management Committee will regularly review policies and mechanisms in relation to anti-corruption to ensure the effectiveness.

# AUDITOR'S REPORT



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DAXINSHENZI [2025] NO. 22-00013

## TO THE SHAREHOLDERS OF DONGJIANG ENVIRONMENTAL COMPANY LIMITED

### 1. OPINION

We have audited the financial statements of Dongjiang Environmental Company Limited (the “**Company**”), which comprise the consolidated and the parent company’s balance sheet as at 31 December 2024, the consolidated and the parent company’s income statement, the consolidated and the parent company’s cash flow statement and the consolidated and the parent company’s statement of changes in shareholders’ equity for 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises in all material respects, and fairly reflect the consolidated and the parent company’s financial position of the Company as at 31 December 2024, the consolidated and the parent company’s results of operations and cash flows for 2024.

### 2. BASIS FOR OPINION

We conducted our audit in accordance with Auditing Standards for Chinese Certified Public Accountants. 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 the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis of our audit opinion.



## 3. 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 express a separate opinion on these matters.

### (1) Revenue Recognition

#### 1. *Description of the matter*

As set out in Note "V. 46 Operating revenue and cost of operation" to the Financial Statements, the Company's operating revenue in 2024 amounted to RMB3,486,660,703.09, of which, total revenue from sales of industrial waste recycling products, rare and precious metals recycling and waste treatment and disposal amounted to RMB3,094,669,480.28. As revenue is one of the key performance indicators of the Company, there is an inherent risk of manipulation of the timing of revenue recognition by the management to meet specific targets or expectations. Accordingly, we identified revenue recognition as a key audit matter.

#### 2. *Audit response*

- (1) We obtained an understanding of and assessed the design of internal control related to revenue recognition, and tested the effectiveness of related internal control;
- (2) We examined whether the revenue recognition policy meets the requirements of the Accounting Standards for Business Enterprises and has been consistently applied;
- (3) Taking into account the market and industry trends and business expansion, we conducted an analytical procedure for the Company's revenue to judge the rationality of the changes in the revenue and gross profit margin for the current year;
- (4) We conducted an independent confirmation procedure, on a sample basis, of revenue transactions recorded in the current year to verify the revenue;
- (5) We checked, on a sample basis, the supporting evidence related to revenue, including contract orders, transport bills, vouchers for delivery bills, invoices, etc. For revenue transactions recorded before and after the balance sheet, we checked selected samples against their supporting documents such as vouchers for delivery to customer, so as to evaluate whether the revenue was recorded in the appropriate accounting period.

# AUDITOR'S REPORT

## 3. KEY AUDIT MATTERS *(Continued)*

### (2) Impairment of accounts receivable

#### 1. *Description of the matter*

As set out in the Notes “III. 14 Accounts Receivable and Contract Assets” and “V. 4 Accounts Receivable” to the Financial Statements, as at 31 December 2024, the book balance of the Company's accounts receivable amounted to RMB1,157,870,341.29, and provision for bad debts thereon amounted to RMB134,272,710.38. Except for the accounts receivable with objective evidence indicating impairment and requiring impairment test on an individual basis, the Company has categorized the accounts receivable into several groups according to their respective credit risk characteristics, and calculated the expected credit loss on collective basis. We identified the impairment of accounts receivable as a key audit matter as the Company's recognition of expected credit loss on collective basis involved both complex models and significant managerial judgement and assumptions.

#### 2. *Audit response*

- (1) We obtained an understanding of and assessed the design of internal control related to the measurement of expected credit loss of accounts receivable, and tested the effectiveness of related internal control;
- (2) We examined the model of expected credit loss measurement, and evaluated the method of credit risk grouping and the rationality of key parameter estimation used in the model;
- (3) We checked, on a sample basis, the supporting records such as contracts, accounting vouchers and invoices, and whether the ageing of the accounts receivable shown in the schedule is accurate;
- (4) We reviewed the basis for the calculation of expected credit losses, including the managerial estimation and calculation of expected credit losses after taking into consideration the past credit loss rates and forward-looking considerations.



## 3. KEY AUDIT MATTERS *(Continued)*

### (3) Impairment of goodwill

#### 1. *Description of the matters*

As set out in Note “V. 19 Goodwill” to the Financial Statements, as at 31 December 2024, the carrying amount of the Company’s goodwill amounted to RMB683,551,906.41, of which the original carrying amount was RMB1,366,339,576.58 and the provision for impairment of goodwill was RMB682,787,670.17. In order to assess the recoverable amount of goodwill, the management of the Company should reasonably judge and identify the impairment indicators of goodwill based on the internal and external sources of information. When an indication of impairment exists, or when an impairment testing is required at the end of each year, it depends to a great extent on the estimates and assumptions made by the management, especially when predicting the future cash flow of relevant asset groups and making significant judgement about the discount rate used. These estimates are subject to uncertainties. Depending on the management’s judgment about the future market and the economic environment, the adoption of different estimates and assumptions will have a significant impact on the recoverable value of the goodwill being assessed. As the goodwill impairment test involves significant management’s judgment and estimates, we have identified goodwill impairment as a key audit matter.

#### 2. *Audit response*

- (1) We obtained an understanding of and assessed and tested the Company’s key internal controls related to goodwill impairment test;
- (2) We discussed with the management about the method of goodwill impairment testing, including the asset group or portfolio of asset groups related to goodwill, the rationality of the assumptions including the future income forecast and cash flow discount rate of each asset group or portfolio of asset groups, and the judgment and evaluation of the profitability of each asset group or portfolio of asset groups;
- (3) We evaluated the competence, professional quality and objectivity of the external valuation experts engaged by the management;
- (4) We discussed with the external valuation experts engaged by the management to understand whether the key assumptions used in the impairment test are reasonable;
- (5) With involvement of the internal valuation experts, we evaluated the rationality of the valuation parameters such as the value type, valuation method and discount rate adopted in the asset appraisal report issued by external valuation experts;
- (6) We examined whether the information related to the goodwill impairment has been properly presented and disclosed in the Financial Statements.

# AUDITOR'S REPORT

## 4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report of the Company for 2024, other than the financial statements and our auditor's report thereon.

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

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

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

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

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and designing, implementing and maintaining internal control which is necessary 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

## 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

## 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

*(Continued)*

During the course of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also:

- (1) 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 auditors' 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of audit of the group. We remain solely responsible for our audit opinion.

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.



# AUDITOR'S REPORT

## 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

*(Continued)*

We also provide those charged with governance with a statement that we have complied with those 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, where applicable.

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 prohibited public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE Certified Public Accountants.LLP

CICPA: He Xiaojuan  
(Audit Partner)

Beijing, China

CICPA: Zhou Ye

28 March 2025



# CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2024 Unit: RMB

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary fund	V.1	<b>1,181,916,381.07</b>	1,240,597,614.74
Held-for-trading financial assets	V.2		60,251,506.84
Derivative financial assets			
Notes receivable	V.3	<b>36,904,227.19</b>	63,217,511.87
Accounts receivable	V.4	<b>1,023,597,630.91</b>	1,021,948,407.16
Receivables financing	V.5	<b>18,055,682.89</b>	8,265,364.14
Prepayments	V.6	<b>140,488,382.04</b>	109,245,227.02
Other accounts receivable	V.7	<b>224,655,623.64</b>	167,064,913.33
Including: Interest receivable			
Dividend receivable			
Inventories	V.8	<b>775,090,222.33</b>	789,824,538.47
Contract assets	V.9	<b>30,454,218.54</b>	43,110,864.60
Assets held-for-sale			
Non-current asset due within one year	V.10	<b>26,597,785.36</b>	40,359,253.25
Other current assets	V.11	<b>106,196,749.53</b>	117,072,116.35
<b>Total current assets</b>		<b>3,563,956,903.50</b>	3,660,957,317.77
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investment	V.12	<b>277,317,053.69</b>	277,263,939.59
Investment in other equity instruments	V.13	<b>4,242,896.51</b>	4,242,896.51
Other non-current financial assets			
Investment properties	V.14	<b>549,762,643.00</b>	522,789,890.30
Fixed assets	V.15	<b>4,733,178,211.48</b>	5,148,382,776.17
Construction in progress	V.16	<b>30,397,193.91</b>	225,617,248.30
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.17	<b>6,493,282.24</b>	9,819,236.01
Intangible assets	V.18	<b>1,275,422,633.19</b>	1,159,995,165.87
Development expenditure	VI.2	<b>1,459,987.54</b>	5,758,886.61
Goodwill	V.19	<b>683,551,906.41</b>	848,339,530.25
Long-term unamortized expenses	V.20	<b>60,592,737.09</b>	110,982,301.18
Deferred income tax assets	V.21	<b>59,806,797.21</b>	62,492,766.91
Other non-current assets	V.22	<b>32,297,169.69</b>	124,855,689.08
<b>Total non-current assets</b>		<b>7,714,522,511.96</b>	8,500,540,326.78
<b>Total assets</b>		<b>11,278,479,415.46</b>	12,161,497,644.55

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2024

Unit: RMB

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings	V.24	<b>1,197,012,027.16</b>	1,268,986,439.35
Held-for-trading financial liabilities			
Derivative financial liabilities	V.25	<b>5,673,136.62</b>	
Notes payable			
Accounts payable	V.26	<b>614,736,880.96</b>	675,266,359.63
Receipts in advance	V.27	<b>963,309.66</b>	872,774.74
Contract liabilities	V.28	<b>146,816,859.04</b>	126,420,707.75
Employee benefits payables	V.29	<b>36,056,274.52</b>	36,817,303.29
Tax payable	V.30	<b>26,120,111.24</b>	18,293,384.23
Other accounts payable	V.31	<b>223,215,429.02</b>	166,581,016.31
Including: Interest payable			
Dividend payable	V.31	<b>1,000,000.00</b>	1,435,000.65
Liabilities held-for-sale			
Non-current liabilities due within one year	V.32	<b>1,599,167,098.28</b>	930,126,157.49
Other current liabilities	V.33	<b>27,468,092.54</b>	52,707,803.95
<b>Total current liabilities</b>		<b>3,877,229,219.04</b>	3,276,071,946.74
<b>Non-current liabilities:</b>			
Long-term borrowings	V.34	<b>2,300,913,235.94</b>	3,390,907,716.95
Bonds payable	V.35	<b>499,386,007.41</b>	
Including: Preferred shares			
Perpetual bond			
Lease liabilities	V.36	<b>864,178.91</b>	5,231,022.88
Long-term accounts payables			
Long-term employee benefits payables			
Provisions	V.37	<b>235,064,838.12</b>	217,913,523.99
Deferred income	V.38	<b>150,819,681.26</b>	160,293,031.94
Deferred income tax liabilities	V.21	<b>58,457,515.50</b>	64,308,093.09
Other non-current liabilities	V.39	<b>4,854,922.62</b>	4,875,915.01
<b>Total non-current liabilities</b>		<b>3,250,360,379.76</b>	3,843,529,303.86
<b>Total liabilities</b>		<b>7,127,589,598.80</b>	7,119,601,250.60

# CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2024 Unit: RMB

Item	Notes	Closing balance	Opening balance
<b>Shareholders' equity:</b>			
Share capital	V.40	<b>1,105,255,802.40</b>	1,105,255,802.40
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserve	V.41	<b>1,311,186,481.60</b>	1,411,090,961.30
Less: Treasury stock			
Other comprehensive income	V.42	<b>27,174,888.46</b>	19,234,255.89
Special reserves	V.43	<b>1,685,773.25</b>	2,109,140.84
Surplus reserves	V.44	<b>269,816,271.96</b>	269,816,271.96
Undistributed profits	V.45	<b>884,731,010.75</b>	1,688,916,877.98
<b>Total equity attributable to shareholders of the parent company</b>		<b>3,599,850,228.42</b>	4,496,423,310.37
<b>Minority interests</b>		<b>551,039,588.24</b>	545,473,083.58
<b>Total shareholders' equity</b>		<b>4,150,889,816.66</b>	5,041,896,393.95
<b>Total liabilities and shareholders' equity</b>		<b>11,278,479,415.46</b>	12,161,497,644.55

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2024

Unit: RMB

Item	Note	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary fund		<b>898,861,956.44</b>	1,048,382,694.38
Held-for-trading financial assets			60,251,506.84
Derivative financial assets			
Notes receivable		<b>14,118,484.74</b>	20,315,962.01
Accounts receivable	XVI.1	<b>214,447,092.74</b>	214,714,248.27
Receivables financing		<b>1,135,580.53</b>	2,228,989.00
Prepayments		<b>1,828,464.30</b>	527,144.41
Other accounts receivable	XVI.2	<b>2,404,524,386.07</b>	2,429,005,644.36
Including: Interest receivable			
Dividend receivable	XVI.2	<b>152,000,000.00</b>	10,229,738.88
Inventories		<b>2,419,941.45</b>	3,013,375.50
Contract assets		<b>30,454,218.54</b>	30,454,218.54
Assets held-for-sale			
Non-current asset due within one year		<b>26,597,785.36</b>	40,359,253.25
Other current assets		<b>4,894,993.86</b>	3,924,378.32
<b>Total current assets</b>		<b>3,599,282,904.03</b>	3,853,177,414.88
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investment	XVI.3	<b>3,914,945,866.00</b>	4,075,508,964.26
Investment in other equity instruments			
Other non-current financial assets			
Investment properties		<b>135,150,283.00</b>	133,755,640.00
Fixed assets		<b>60,838,992.41</b>	62,977,949.53
Construction in progress		<b>4,974,087.79</b>	1,210,587.59
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		<b>30,290,012.59</b>	35,048,601.63
Development expenditure			4,756,634.65
Goodwill			
Long-term unamortized expenses		<b>2,738,839.29</b>	2,258,901.06
Deferred income tax assets		<b>9,595,084.97</b>	9,763,233.44
Other non-current assets		<b>546,000.00</b>	851,690.22
<b>Total non-current assets</b>		<b>4,159,079,166.05</b>	4,326,132,202.38
<b>Total assets</b>		<b>7,758,362,070.08</b>	8,179,309,617.26

Legal representative: Wang Bi'an   Chief Financial Officer: Deng Guosong   Head of Financial Section: Mao Debin

# BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2024

Unit: RMB

Item	Note	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings		745,366,293.49	944,645,689.93
Held-for-trading financial liabilities			
Derivative financial liabilities		5,673,136.62	
Notes payable		84,652,905.76	13,475,463.00
Accounts payable		70,988,915.01	62,636,871.26
Receipts in advance			64,212.43
Contract liabilities		2,063,390.40	2,893,755.50
Employee benefits payables		4,434,245.28	9,440,736.48
Tax payable		321,201.17	294,051.34
Other accounts payable		746,983,498.90	918,231,908.41
Including: Interest payable			
Dividend payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		1,269,043,698.82	704,766,666.65
Other current liabilities		360,526.84	4,855,244.59
<b>Total current liabilities</b>		<b>2,929,887,812.29</b>	<b>2,661,304,599.59</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		1,214,800,000.00	1,916,400,000.00
Bonds payable		499,386,007.41	
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term accounts payables			
Long-term employee benefits payables			
Provisions		2,109,847.18	
Deferred income		4,659,925.29	5,780,915.08
Deferred income tax liabilities		3,365,834.88	3,194,364.46
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>1,724,321,614.76</b>	<b>1,925,375,279.54</b>
<b>Total liabilities</b>		<b>4,654,209,427.05</b>	<b>4,586,679,879.13</b>

# BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2024

Unit: RMB

Item	Note	Closing balance	Opening balance
<b>Shareholders' equity:</b>			
Share capital		<b>1,105,255,802.40</b>	1,105,255,802.40
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserve		<b>1,501,422,854.57</b>	1,501,422,854.57
Less: Treasury stock			
Other comprehensive income		<b>3,509,701.20</b>	3,509,701.20
Special reserves			
Surplus reserves		<b>253,304,996.86</b>	253,304,996.86
Undistributed profits		<b>240,659,288.00</b>	729,136,383.10
<b>Total shareholders' equity</b>		<b>3,104,152,643.03</b>	3,592,629,738.13
<b>Total liabilities and Shareholders' equity</b>		<b>7,758,362,070.08</b>	8,179,309,617.26

Legal representative: Wang Bi'an   Chief Financial Officer: Deng Guosong   Head of Financial Section: Mao Debin



# CONSOLIDATED INCOME STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>I. Operating revenue</b>	V.46	<b>3,486,660,703.09</b>	4,022,468,104.97
Less: Cost of operation	V.46	<b>3,291,640,521.96</b>	3,848,321,757.55
Tax and levies	V.47	<b>52,198,980.23</b>	46,946,838.22
Selling expenses	V.48	<b>86,936,912.87</b>	90,592,850.14
Administrative expenses	V.49	<b>394,933,198.31</b>	436,797,024.80
Research and development expenses	V.50	<b>115,021,444.21</b>	171,163,139.12
Finance costs	V.51	<b>185,776,247.03</b>	168,968,798.55
Including: Interest expense	V.51	<b>198,850,961.59</b>	185,180,503.41
Interest income	V.51	<b>5,384,340.29</b>	16,412,980.23
Add: Other gains	V.52	<b>50,642,982.48</b>	54,533,409.20
Investment income (Loss represented by “-” signs)	V.53	<b>3,616,386.32</b>	-3,740,139.80
Including: Investment income from associates and joint ventures	V.53	<b>-3,196,885.90</b>	-7,156,423.44
Gains on derecognition of financial assets at amortized cost	V.53	<b>-735,331.36</b>	
Gain from net exposure hedging (Loss represented by “-” signs)			
Gains from changes in fair value (Loss represented by “-” signs)	V.54	<b>-7,868,249.23</b>	-440,331.91
Credit impairment losses (Loss represented by “-” signs)	V.55	<b>-58,652,956.50</b>	-18,571,708.09
Asset impairment losses (Loss represented by “-” signs)	V.56	<b>-193,338,615.71</b>	-179,488,868.01
Gains on disposal of assets (Loss represented by “-” signs)	V.57	<b>4,394,509.60</b>	710,819.45
<b>II. Operating profit (Loss represented by “-” signs)</b>		<b>-841,052,544.56</b>	-887,319,122.57
Add: Non-operating income	V.58	<b>6,624,799.11</b>	4,566,817.05
Less: Non-operating expenses	V.59	<b>45,592,909.60</b>	4,442,596.43
<b>III. Total profit (Total loss represented by “-” signs)</b>		<b>-880,020,655.05</b>	-887,194,901.95
Less: Income tax expenses	V.60	<b>7,534,712.15</b>	2,276,654.65
<b>IV. Net profit (Net loss represented by “-” signs)</b>		<b>-887,555,367.20</b>	-889,471,556.60
(1) Breakdown by continuity of operation:			
1. Net profits from continuing operations (Net loss represented by “-” signs)		<b>-887,555,367.20</b>	-889,471,556.60
2. Net profits from discontinued operations (Net loss represented by “-” signs)			
(2) Breakdown by attributable interests:			
1. Net profits attributable to owners of the parent company (Net loss represented by “-” signs)		<b>-804,185,867.23</b>	-750,470,568.53
2. Profit and loss attributable to minority interests (Net loss represented by “-” signs)		<b>-83,369,499.97</b>	-139,000,988.07



# CONSOLIDATED INCOME STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>V. Other comprehensive income, net of tax</b>		<b>7,940,632.57</b>	1,636,591.14
(1) Other comprehensive income attributable to Shareholders of the parent company, net of tax	V.42	<b>7,940,632.57</b>	1,636,591.14
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Changes arising from re-measuring defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Change in fair value of investments in other equity instruments			
(4) Change in fair value due to enterprise's own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss		<b>7,940,632.57</b>	1,636,591.14
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Change in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging)			
(6) Exchange difference on translation of financial statements in foreign currency	V.42	<b>-40,517.63</b>	-5,633.56
(7) Others	V.42	<b>7,981,150.20</b>	1,642,224.70
(2) Other comprehensive income attributable to minority interests, net of tax			
<b>VI. Total comprehensive income</b>		<b>-879,614,734.63</b>	-887,834,965.46
(1) Total comprehensive income attributable to shareholders of the parent company		<b>-796,245,234.66</b>	-748,833,977.39
(2) Total comprehensive income attributable to minority interest		<b>-83,369,499.97</b>	-139,000,988.07
<b>VII. Earnings per share</b>			
(1) Basic earnings per share	XVII.2	<b>-0.73</b>	-0.74
(2) Diluted earnings per share	XVII.2	<b>-0.73</b>	-0.74

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>I. Operating revenue</b>	XVI.4	<b>253,269,421.14</b>	291,988,804.98
Less: Cost of operation	XVI.4	<b>258,412,228.38</b>	290,135,875.52
Tax and levies		<b>2,034,630.28</b>	3,049,978.06
Selling expenses		<b>1,014,415.38</b>	3,681,656.91
Administrative expenses		<b>53,910,027.36</b>	54,741,467.61
Research and development expenses		<b>25,607,696.17</b>	20,728,441.49
Finance costs		<b>44,028,155.49</b>	41,311,159.44
Including: Interest expense		<b>54,909,004.09</b>	50,843,343.47
Interest income		<b>3,740,878.47</b>	9,732,452.85
Add: Other gains		<b>1,580,348.06</b>	3,220,190.06
Investment income (Loss represented by "-" signs)	XVI.5	<b>195,458,935.94</b>	11,734,610.67
Including: Investment income from associates and joint ventures	XVI.5	<b>-3,196,885.90</b>	-7,156,423.44
Gains on derecognition of financial assets at amortized cost			
Gain from net exposure hedging (Loss represented by "-" signs)			
Gains from changes in fair value (Loss represented by "-" signs)		<b>1,252,615.99</b>	2,866,684.09
Credit impairment losses (Loss represented by "-" signs)		<b>-389,200,045.58</b>	-1,177,867.21
Asset impairment losses (Loss represented by "-" signs)		<b>-165,372,212.36</b>	-444,083,795.29
Gains on disposal of assets (Loss represented by "-" signs)		<b>71,030.75</b>	-23,424.08
<b>II. Operating profit (Loss represented by "-" signs)</b>		<b>-487,947,059.12</b>	-549,123,375.81
Add: Non-operating income		<b>2,771,957.10</b>	37,313.78
Less: Non-operating expenses		<b>2,872,749.96</b>	-11,067.42
<b>III. Total profit (Total loss represented by "-" signs)</b>		<b>-488,047,851.98</b>	-549,074,994.61
Less: Income tax expenses		<b>429,243.12</b>	-23,618.45
<b>IV. Net profit (Net loss represented by "-" signs)</b>		<b>-488,477,095.10</b>	-549,051,376.16
(1) Net profits from continuing operations (Net loss represented by "-" signs)		<b>-488,477,095.10</b>	-549,051,376.16
(2) Net profits from discontinued operations (Net loss represented by "-" signs)			

# INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>V. Other comprehensive income, net of tax</b>			
(1) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measuring defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Change in fair value of investments in other equity instruments			
4. Change in fair value due to enterprise's own credit risk			
(2) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Change in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedging (effective portion of profit or loss on cashflow hedging)			
6. Exchange difference on translation of financial statements in foreign currency			
7. Others			
<b>VI. Total comprehensive income</b>		<b>-488,477,095.10</b>	-549,051,376.16
<b>VII. Earnings per share</b>			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		3,593,154,729.00	4,508,127,008.82
Refund of taxes and levies		15,572,184.71	132,242,099.89
Other cash receipts relating to operating activities	V.61	1,797,663,671.56	117,676,151.27
<b>Sub-total of cash inflows from operating activities</b>		<b>5,406,390,585.27</b>	<b>4,758,045,259.98</b>
Cash paid for goods and services		2,552,772,424.86	3,804,257,399.19
Cash paid to and on behalf of employees		607,231,747.09	678,199,074.05
Payments of taxes and levies		126,273,810.07	133,775,572.74
Other cash payments relating to operating activities	V.61	1,994,693,359.70	140,783,867.86
<b>Sub-total of cash outflows from operating activities</b>		<b>5,280,971,341.72</b>	<b>4,757,015,913.84</b>
<b>Net cash flows from operating activities</b>		<b>125,419,243.55</b>	<b>1,029,346.14</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investments	V.61	2,180,800,000.00	1,110,394,000.00
Cash received from investment income		12,546,878.46	12,345,535.16
Net cash received from disposal of fixed assets, intangible assets and other longterm assets		17,403,936.96	610,221.91
Net cash received from disposal of subsidiaries and other operating units		1,390,443.15	
Other cash receipts relating to investing activities			
<b>Sub-total of cash inflows from investing activities</b>		<b>2,212,141,258.57</b>	<b>1,123,349,757.07</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		206,652,468.68	426,322,848.84
Cash paid on investments	V.61	2,129,860,000.00	1,190,578,708.80
Net cash paid on acquisition of subsidiaries and other operating units			
Other cash payments relating to investing activities			
<b>Sub-total of cash outflows from investing activities</b>		<b>2,336,512,468.68</b>	<b>1,616,901,557.64</b>
<b>Net cash flows from investing activities</b>		<b>-124,371,210.11</b>	<b>-493,551,800.57</b>

# CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>III. Cash flows from financing activities:</b>			
Cash received from investment			1,196,226,412.10
Including: Cash received by subsidiaries from investment from minority shareholders			
Cash received from borrowings		<b>3,098,807,075.56</b>	3,875,162,419.17
Other cash receipt relating with financing activities	V.61		11,920,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>3,098,807,075.56</b>	5,083,308,831.27
Cash payments for settlement of borrowings		<b>3,082,460,939.49</b>	3,695,196,027.10
Cash payments for distribution of dividend, profit or settlement of interests expenses		<b>191,015,312.90</b>	248,845,678.06
Including: Cash payments for distribution of dividends and profit by subsidiaries to minority shareholders		<b>7,198,116.96</b>	7,255,831.03
Other cash payments relating to financing activities	V.61	<b>48,897,414.87</b>	27,282,028.40
<b>Sub-total of cash outflows from financing activities</b>		<b>3,322,373,667.26</b>	3,971,323,733.56
<b>Net cash flows from financing activities</b>		<b>-223,566,591.70</b>	1,111,985,097.71
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>1,014,946.76</b>	491,830.52
<b>V. Net increase in cash and cash equivalents</b>	V.62	<b>-221,503,611.50</b>	619,954,473.80
Add: Balances of cash and cash equivalents at the beginning of the period	V.62	<b>1,237,810,786.72</b>	617,856,312.92
<b>VI. Balances of cash and cash equivalents at the end of the period</b>	V.62	<b>1,016,307,175.22</b>	1,237,810,786.72

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		318,615,447.24	407,066,797.00
Refund of taxes and levies		12,293.58	156,650.27
Other cash receipts relating to operating activities		2,192,816,555.17	2,902,162,053.52
<b>Sub-total of cash inflows from operating activities</b>		<b>2,511,444,295.99</b>	<b>3,309,385,500.79</b>
Cash paid for goods and services		523,394,573.85	353,336,780.15
Cash paid to and on behalf of employees		56,486,882.06	67,318,174.82
Payments of taxes and levies		2,664,949.41	14,431,693.26
Other cash payments relating to operating activities		2,150,085,601.28	2,972,888,856.00
<b>Sub-total of cash outflows from operating activities</b>		<b>2,732,632,006.60</b>	<b>3,407,975,504.23</b>
<b>Net cash flows from operating activities</b>		<b>-221,187,710.61</b>	<b>-98,590,003.44</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investments		2,150,000,000.00	1,112,100,000.00
Cash received from investment income		46,493,903.47	24,392,474.23
Net cash received from disposal of fixed assets, intangible assets and other longterm assets		372,408.39	8,355.00
Net cash received from disposal of subsidiaries and other operating units		1,486,900.00	
Other cash receipts relating to investing activities		42,573,718.33	292,007,083.34
<b>Sub-total of cash inflows from investing activities</b>		<b>2,240,926,930.19</b>	<b>1,428,507,912.57</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		10,914,871.77	7,800,705.11
Cash paid on investments		2,098,006,000.00	1,195,578,708.80
Net cash paid on acquisition of subsidiaries and other operating units			
Other cash payments relating to investing activities		187,094,162.25	227,942,735.29
<b>Sub-total of cash outflows from investing activities</b>		<b>2,296,015,034.02</b>	<b>1,431,322,149.20</b>
<b>Net cash flows from investing activities</b>		<b>-55,088,103.83</b>	<b>-2,814,236.63</b>

# CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	Note	Amount of the current period	Amount of the previous period
<b>III. Cash flows from financing activities:</b>			
Cash received from investment			1,196,226,412.10
Cash received from borrowings		<b>2,284,425,931.82</b>	2,934,455,842.13
Other cash receipt relating with financing activities			
<b>Sub-total of cash inflows from financing activities</b>		<b>2,284,425,931.82</b>	4,130,682,254.23
Cash payments for settlement of borrowings		<b>2,143,000,000.00</b>	3,246,066,000.00
Cash payments for distribution of dividend, profit or settlement of interests expenses		<b>113,271,627.43</b>	173,632,819.25
Other cash payments relating to financing activities		<b>40,000,000.00</b>	22,615,310.23
<b>Sub-total of cash outflows from financing activities</b>		<b>2,296,271,627.43</b>	3,442,314,129.48
<b>Net cash flows from financing activities</b>		<b>-11,845,695.61</b>	688,368,124.75
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>-288,121,510.05</b>	586,963,884.68
Add: Balances of cash and cash equivalents at the beginning of the period		<b>1,048,382,694.38</b>	461,418,809.70
<b>VI. Balances of cash and cash equivalents at the end of the period</b>		<b>760,261,184.33</b>	1,048,382,694.38

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Dongjiang Environmental Company Limited

Year 2024

Unit: RMB

Item	For the current period											
	Equity attributable to Shareholders of the parent company											Total shareholders' equity
	Other equity instruments											
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserve	less: treasury share	comprehensive income	Other	Undistributed profits	Sub-total	Minority interests	
I. Balance at the end of last year	1,105,255,802.40				1,411,090,961.30		19,234,255.89	2,109,140.84	1,688,916,877.98	4,496,423,310.37	545,473,083.38	5,041,896,393.95
Add: Changes in accounting policy												
Correction of prior errors												
Others												
II. Balance at the beginning of the current year	1,105,255,802.40				1,411,090,961.30		19,234,255.89	2,109,140.84	1,688,916,877.98	4,496,423,310.37	545,473,083.38	5,041,896,393.95
III. Movement in the current period (Decrease represented by "-")												
(1) Total comprehensive income							7,940,632.57	-423,367.59	-804,185,867.23	-886,573,081.95	5,566,504.66	-891,006,577.29
(2) Owners' contribution to and reduction of capital							7,940,632.57		-804,185,867.23	-796,245,234.66	-83,369,499.97	-879,614,734.63
1. Owners' contribution to ordinary shares												
2. Capital contribution from holders of other equity instruments												
3. Amount of share-based payment charged to owners' equity												
4. Others												
(3) Profits distribution												
1. Appropriation to surplus reserve												
2. Distribution to shareholders												
3. Others												
(4) Internal transfer of shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Using surplus reserve to compensate deficit												
4. Transfer changes of defined benefit plans into retained earnings												
5. Transfer other comprehensive income into retained earnings												
6. Others												
(5) Special reserve												
1. Appropriation during the period												
2. Utilization during the period												
(6) Others												
IV. Balance at the end of the current period	1,105,255,802.40				1,311,186,481.60		27,174,888.46	1,685,773.25	884,731,010.75	3,599,850,228.42	551,039,588.24	4,150,889,816.66

Legal representative: Wang Bi'an

Chief Financial Officer: Deng Guosong

Head of Financial Section: Mao Debin



## Unit: RMB

Legal representative: Wang Bi'an

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	For the current period										Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
I. Balance at the end of last year	1,105,255,802.40				1,501,422,854.57		3,509,701.20		253,304,996.86	729,136,383.10	3,592,629,738.13
Add: Changes in accounting policy											
Correction of prior errors											
Others											
II. Balance at the beginning of the current year	1,105,255,802.40				1,501,422,854.57		3,509,701.20		253,304,996.86	729,136,383.10	3,592,629,738.13
III. Movement in the current period											
(Decrease represented by "-" signs)											
(1) Total comprehensive income										-488,477,095.10	-488,477,095.10
(2) Owners' contribution to and reduction of capital										-488,477,095.10	-488,477,095.10
1. Owners' contribution to ordinary shares											
2. Capital contribution from holders of other equity instruments											
3. Amount of share-based payment charged to owners' equity											
4. Others											
(3) Profits distribution											
1. Appropriation to surplus reserve											
2. Distribution to shareholders											
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Using surplus reserve to compensate deficit											
4. Transfer changes of defined benefit plans into retained earnings											
5. Transfer other comprehensive income into retained earnings											
6. Others											
(5) Special reserve											
1. Appropriation during the period											
2. Utilization during the period											
(6) Others											
IV. Balance at the end of the current period	1,105,255,802.40				1,501,422,854.57		3,509,701.20		253,304,996.86	240,659,288.00	3,104,152,643.03

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2024 Unit: RMB

Item	For the previous period										Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
I. Balance at the end of last year	879,267,102.40				533,103,277.48		3,509,701.20		253,304,996.86	1,278,187,759.26	2,947,372,837.20
Add: Changes in accounting policy											
Correction of prior errors											
Others											
II. Balance at the beginning of the current year	879,267,102.40				533,103,277.48		3,509,701.20		253,304,996.86	1,278,187,759.26	2,947,372,837.20
III. Movement in the current period											
(Decrease represented by "-" signs)	225,988,700.00				968,319,577.09					-549,051,376.16	645,256,900.93
(1) Total comprehensive income										-549,051,376.16	-549,051,376.16
(2) Owners' contribution to and reduction of capital	225,988,700.00				968,319,577.09						1,194,308,277.09
1. Owners' contribution to ordinary shares	225,988,700.00				968,319,577.09						1,194,308,277.09
2. Capital contribution from holders of other equity instruments											
3. Amount of share-based payment charged to owners' equity											
4. Others											
(3) Profits distribution											
1. Appropriation to surplus reserve											
2. Distribution to shareholders											
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Using surplus reserve to compensate deficit											
4. Transfer changes of defined benefit plans into retained earnings											
5. Transfer other comprehensive income into retained earnings											
6. Others											
(5) Special reserve											
1. Appropriation during the period											
2. Utilization during the period											
(6) Others											
IV. Balance at the end of the current period	1,105,255,802.40				1,501,422,854.57		3,509,701.20		253,304,996.86	729,136,383.10	3,592,629,738.13

Legal representative: Chief Financial Officer: Head of Financial Section:

Legal representative: Wang Bi'an Chief Financial Officer: Deng Guosong Head of Financial Section: Mao Debin

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## I. GENERAL INFORMATION OF THE COMPANY

Dongjiang Environmental Company Limited (東江環保股份有限公司) (hereinafter referred to as the “**Company**”) was incorporated in Shenzhen, the People’s Republic of China on 18 July 2002. The address of the Company’s head office is Dongjiang Environmental Building, No. 9 Langshan Road, North Zone of Hi-tech Industrial Park, Nanshan District, Shenzhen, the PRC.

Listing of the H Shares of the Company commenced on the Growth Enterprise Market of Hong Kong Stock Exchange of Hong Kong Limited on 29 January 2003, and the listing thereof was transferred to the Main Board on 28 September 2010. Listing of and dealing in the A Shares issued by the Company commenced on The Shenzhen Stock Exchange on 26 April 2012.

In the opinion of the Directors, the ultimate controlling shareholder of the Company is the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province.

The main businesses of the Company and its subsidiaries (collectively, the “**Company**”) include industrial waste recycling, industrial waste disposal and treatment services, rare and precious metal recycling, municipal waste disposal and treatment services, environmental engineering services, renewable energy services, and electronic waste dismantling services, etc.

These financial statements were approved under a resolution for issue by the board of directors of the Company on 28 March 2025.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### (1) Basis of preparation

These financial statements of the Company have been prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standard for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (collectively referred to as “**ASBE**”) issued by the Ministry of Finance, as well as relevant requirements under the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting issued by China Securities Regulatory Commission (CSRC). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

Under relevant requirements of the ASBE, the Company’s accounting is measured on an accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on a historical cost basis. In case of asset impairment, impairment provisions are made accordingly under relevant requirements.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

### (2) Going concern

The Company assessed its ability to continue as a going concern for a period of 12 months starting from 31 December 2024. Having taken into consideration of the source of liquidity, the management believes that the Company has sufficient funds to meet the needs of repaying debts and capital expenditures in the future. They found no events or circumstances that cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on the basis of going concern assumption.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (1) Declaration of compliance with ASBE

These financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and give a true and fair view of the financial position as at 31 December 2024, and the results of operation and the cash flows for 2024 and other relevant information.

### (2) Accounting period

The Company has adopted the calendar year (i.e. from 1 January to 31 December of each year) as its accounting year.

### (3) Operating cycle

The Company's operating cycle lasts 12 months, which serves as the liquidity classification criteria for assets and liabilities. The exact operating cycle is determined based on the development project, and the operating cycle is used as the liquidity classification criteria for assets and liabilities.

### (4) Functional currency

Renminbi ("RMB") is the currency of the main economic environment in which the Company and its domestic subsidiaries operate. The functional currency of the Company and its domestic subsidiaries is RMB. The overseas subsidiaries of the Company determine the local currency as its functional currency according to currency of the main economic environment in which they operate. The currency adopted by the Company in preparing these financial statements is RMB.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (5) Determination method of materiality criteria and basis of choice

#### 1. *Materiality of financial statement items*

The Company determines the materiality of a financial statement item depending on whether the item is expected to affect the economic decisions of the users of these financial statements, in terms of the nature and amount of the impact. The materiality of the amount of a financial statement item is determined by such criteria as a certain proportion of such items in total assets, total liabilities, total owners' equity, operating revenue and net profit; the materiality of the nature of a financial statement item depends on whether it is part of the ordinary and usual course of business, whether it gives rise to changes in profit or loss, whether it affects regulatory indicators and other factors that have a great impact on the financial status and operating results.

#### 2. *Materiality of subsidiary items in the notes to financial statement items*

Item	Materiality Criteria
Significant accounts receivable in respect of which provision for bad debts on individual basis has been made	The amount accounts for more than 10% of the amount of corresponding accounts receivable, and exceeds RMB1 million
Recovery or reversal of provision for bad debt of significant accounts receivable	The reversal of affected bad debt provision accounts for more than 10% of the reversal of bad debt provision in the current period, and the amount exceeds RMB1 million
Write-off of significant accounts receivable	The amount accounts for more than 10% of the corresponding accounts receivable, and exceeds RMB1 million
Significant construction in progress items	The closing balance of a single construction in progress item accounts for more than 10% of total sum, and the amount exceeds RMB20 million
Significant accounts payable and other accounts payable aged more than 1 year	The amount accounts for more than 10% of the balance of accounts payable or other accounts payable, and exceeds RMB10 million
Significant non-wholly-owned subsidiary	The subsidiary's total assets, operating revenue and net profit account for more than 10% of the corresponding items in the consolidated financial statements
Significant joint ventures or associates	Investment income (loss calculated in absolute amount) from such joint ventures or associates accounts for more than 10% of the net profit on the consolidated financial statements
Major litigation	Involving an amount of more than RMB10 million, which accounts for more than 10% of the absolute value of the latest audited net assets of the listed company

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (6) Business combinations

#### 1. *Business combinations under common control*

A business combination under common control is defined as a business combination in which all the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that obtains control of another entity participating in the combination on the combination date is the absorbing party, while that other entity participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

Assets and liabilities that are obtained by the absorbing party are accounted for using the carrying amount on the financial statements of the party being absorbed on the combination date. The difference between the carrying amount of the net assets obtained by the absorbing party and the carrying amount of the consideration paid by the absorbing party for the combination (or the aggregate par value of shares issued) shall be applied to adjust the capital reserve (share premium); and to adjust the retained earnings. If the balance of the capital reserve (share premium) is insufficient to write down the difference.

Cost incurred by the absorbing party that are directly attributable to the combination are charged to the profit or loss for the period when it is incurred.

#### 2. *Business combinations not under common control*

A business combination not under common control is defined as a business combination in which all the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that obtains control of another entity participating in the combination on the acquisition date is the acquirer while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (6) Business combinations *(Continued)*

#### 2. Business combinations not under common control *(Continued)*

For a business combination not under common control, the cost of business combination is the fair value of assets given, liabilities incurred or undertaken, and equity securities issued by the acquirer for obtaining the control of the acquiree at the acquisition date. Expenses that are incurred by the acquirer in the business combination such as intermediary fees like audit fees, legal services fees, appraisal and consultancy and other administrative expenses are included in profit or loss for the period when they are incurred. Transaction fees associated with equity securities or debt securities issued by the acquirer as consideration for a business combination are included in the initially recognised amount of such equity securities or debt securities. Contingent consideration involved is recorded in the combination cost at its fair value on the acquisition date. Should any new or further evidence in relation to the circumstances existing on the acquisition date arise within 12 months after the acquisition date, making it necessary to adjust the contingent consideration, the goodwill arising from the business combination is adjusted accordingly. The cost combination incurred and identifiable net assets obtained by the acquirer in a business combination is measured at fair value on the acquisition date. Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the Company should first review the measurement for the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree obtained and the combination cost. If the reviewed combination cost is still less than the fair value of the identifiable net assets of the acquiree obtained in the combination, the difference is recognised in profit or loss for the current period.

In relation to the deductible temporary difference of the acquiree obtained by the acquirer, which was not recognised as deferred income tax assets due to unsatisfaction of the identification criteria on the date of the acquisition, if new or further information is obtained within 12 months after the acquisition date indicating that related conditions already existed on the acquisition date, promising the realization of the economic benefits brought by the deductible temporary difference of the acquiree as at the acquisition date, the relevant deferred income tax assets are recognised and goodwill is reduced accordingly. When the amount of goodwill is insufficient for write-down of the deferred income tax assets, the shortfall is recognised as gains or loss for that period; otherwise, it is included in profit or loss for the current period when deferred income tax assets in relation to business combination are recognised.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (6) Business combinations *(Continued)*

#### 2. *Business combinations not under common control (Continued)*

For a business combination not under common control through various transactions that is achieved in stages, the Company determines whether the business combination is “a bundle of transactions” in accordance with the identification criteria as contained in the “Circular on the Publication of Interpretation 5 on Accounting Standards for Business Enterprises” issued by the Ministry of Finance (Cai Kuai [2012] No. 19) and Section 51 of “Accounting Standard for Business Enterprises No. 33 – the Consolidated Financial Statements”. Where a business combination is “a bundle of transactions”, the business combination is accounted for in accordance with the previous paragraphs and this Note III. (20) “Long-term equity investment”; where the business combination is not “a bundle of transactions”, the business combination is accounted for differently in individual financial statements and the consolidated financial statements.

In the individual financial statements, the initial investment cost is the sum of the carrying amount of equity investment held in the acquiree prior to the acquisition date and the amount of additional investment in the acquiree on the acquisition date; other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date shall be, upon disposal of the investment, accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.

In the consolidated financial statements, the equity interest held in the acquiree prior to the acquisition date is re-measured according to its fair value on the acquisition date; the difference between the fair value and the carrying amount is included in the investment income for the current period. Other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date is accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (7) Identification criteria for control and preparation method of the consolidated financial statements

#### 1. *Identification criteria for control*

The scope of consolidation for the consolidated financial statements is determined on a control basis. Control of an investee is recognised when it has the following three characteristics: the Company has power over the investee, and enjoys variable returns by participating in the relevant activities of the investee, and is capable of using its power over the investee to influence the amount of return.

#### 2. *Preparation methods of the consolidated financial statements*

##### (1) *Adoption of uniform accounting policies, uniform balance sheet date and accounting period for parent company and subsidiaries*

When preparing the consolidated financial statements, if the accounting policies and the accounting period that a subsidiary adopts are inconsistent with those adopted by the Company, necessary adjustments are made to the financial statements of that subsidiary according to the accounting policies or accounting period of the Company.

##### (2) *Elimination in the consolidated financial statements*

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and subsidiaries, and the inter-company transactions between the parent company and its subsidiaries and those between different subsidiaries are eliminated. The owners' equity of subsidiaries not attributable to the Company is presented as minority interests under the shareholders' equity in the consolidated balance sheet. The long-term equity investment in the parent company held by subsidiaries is deemed as treasury stock of the parent company and a reduction of shareholders' equity, which is presented as "less: treasury stock" under the shareholders' equity in the consolidated balance sheet.

##### (3) *Accounting of subsidiaries acquired in business combination*

For subsidiaries acquired in business combination under common control, the business combination is deemed to have occurred at the commencement of the ultimate controlling party's control. The assets, liabilities, operating results and cash flows of subsidiaries are included in the consolidated financial statements from the beginning of the period in which the combination takes place. For subsidiaries acquired in business combination not under common control, when preparing the consolidated financial statements, adjustments are made to individual financial statements of the subsidiaries based on the fair value of identifiable net assets as at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (7) Identification criteria for control and preparation method of the consolidated financial statements *(Continued)*

#### 2. Preparation methods of the consolidated financial statements *(Continued)*

##### (4) Accounting treatments for disposal of a subsidiary

For partial disposal of long-term equity investments in a subsidiary without loss of control, in the consolidated financial statements, the difference between disposal price and the share of the net assets of the subsidiary attributable to the long-term equity investment being disposed of, which has been continuously calculated from the acquisition date or combination date, shall be applied against the capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. Where the control over the investee is lost due to partial disposal of equity investment or other reasons, the residual equity are remeasured based on their fair value on the date when the control is lost in the preparation of the consolidated financial statements. The sum of the consideration obtained from the equity disposal and the fair value of the residual equity after deduction of the share of the net assets of the original subsidiaries calculated continuously in proportion to the original shareholding percentage from the acquisition date or combination date is included in the investment income for the current period in which the control is lost, with goodwill being reduced simultaneously. Other comprehensive income relating to the equity investment in the original subsidiaries is transferred to investment income for the current period when the control is lost.

### (8) Classification and accounting treatments of joint arrangements and joint operation

A joint arrangement is an arrangement of which two or more participating parties have joint control. The Company categorizes joint arrangement into joint operation and joint venture based on the rights enjoyed and obligations assumed in joint arrangements. A joint operation is a joint arrangement whereby the Company has rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company only has rights to the net assets of the arrangement.

The Company's investments in joint ventures are measured under equity method. Please refer to Note III. (20) "Long-term equity investments measured under equity method" under "Long-term equity investments" for accounting policies for joint venture investment.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (8) Classification and accounting treatments of joint arrangements and joint operation *(Continued)*

As a joint venture party for joint operation, the Company recognises the assets held solely and liabilities assumed solely and recognises the Company's share of any assets held jointly and liabilities assumed jointly; recognises the Company's revenue from the sale of its share of the output arising from the joint operation; recognises the Company's share of the revenue from the sale of the output by the joint operation; recognises the expenses incurred solely by the Company and the Company's share of any expenses incurred by the joint operation.

When the Company invests in or sells assets towards a joint operation as a party of the joint-venture (this asset does not constitute a business, the same below), or upon purchasing assets from the joint operation but before selling such assets to a third party, the Company only recognises the amount of gains or loss resulting from this transaction attributable to other participants of the joint operation. Where impairment loss occurs on such assets within the meanings of Accounting Standard for Business Enterprises No. 8 – Impairment of Assets and other regulations, the Company recognises losses in full for investment in or sales of assets by the Company to such joint operation. For purchase of assets by the Company from the joint operation, the Company recognises these losses according to its shareholding proportion.

### (9) Identification criteria for cash and cash equivalents

Cash recognised in the cash flow statement prepared by the Company represents the cash on hand and deposits readily available for payment. Cash equivalents recognised in the preparation of cash flow statement refer to short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of value volatility.

### (10) Foreign currency transaction and translation of foreign currency financial statements

#### 1. Translation of foreign currency transactions

The foreign currency transactions of the Company are translated into the functional currency at the spot exchange rate of the transaction date (usually refers to the central parity rate published by the People's Bank of China on that day, the same below) upon initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (10) Foreign currency transaction and translation of foreign currency financial statements *(Continued)*

#### 2. *Translation methods of monetary items and non-monetary items in foreign currency*

On the balance sheet date, foreign currency monetary items are translated as per the spot exchange rate on balance sheet dates. Exchange differences arising from the translation are recognised in profit or loss for the current period, except that exchange differences resulting from specific borrowings in foreign currency related to assets purchased and constructed where capitalisation criteria are met shall be treated as per the borrowings cost capitalisation principle, the exchange differences arising from other book balance change other than amortized cost (inclusive of impairment) of foreign currency monetary items classified as at fair value through other comprehensive income, are included in the other comprehensive income.

The foreign currency non-monetary items measured at historical cost shall continue to be reported in functional currency at amounts translated at the spot exchange rate on the date of the transaction. The foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value determined, and the difference between the translated amount in functional currency and the amount in original functional currency shall be treated as the changes in fair value and be included in profit or loss for the current period or recognised as other comprehensive income.

#### 3. *Translation of foreign currency financial statements*

The foreign currency financial statements of overseas operation are translated into RMB financial statements as per the following methods: Assets and liabilities in the balance sheet are translated at the spot exchange rate of the balance sheet date; shareholders' equity items other than the item of "undistributed profit" are translated as per the spot exchange rate when the transaction takes place. The income and expense items in the income statement are translated at the prevailing exchange rate of the transaction date. The undistributed profits at the beginning of the year are the translated undistributed profits of the last year at the end that year; undistributed profits at the end of the year are allocated to each item as per the translated profits; and the difference between the asset items and the sum of liability items and shareholders' equity items after translation is recognised in other comprehensive incomes as exchange difference from translation of foreign currency financial statements. Upon disposal of overseas operation with loss of control, difference arising from the translation of foreign currency financial statements, which are presented under shareholders' equity in the balance sheet and related to the overseas operation, are transferred to profit or loss for the current period in whole or in proportion of the disposed overseas operation.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (10) Foreign currency transaction and translation of foreign currency financial statements *(Continued)*

#### 3. Translation of foreign currency financial statements *(Continued)*

The foreign currency cash flow and the cash flow of overseas subsidiaries are translated at the spot exchange rate on the date when the cash flow occurs. The effect of the changes in exchange rate on cash flows is presented individually in cash flow statement as an adjustment item.

Opening balance and last year's actual amount are presented in line with the amount after the translation of the last year's financial statements.

Upon loss of control over an overseas operation due to disposal of all owners' equity of the Company in such overseas operation, or due to partial disposal of equity investments or other reasons, the Company shall transfer the difference, which is presented under the items of the shareholders' equity attributable to the owner's equity of parent company in the balance sheet and resulting from the translation of foreign currency financial statements relating to this overseas business, to the profit or loss of the period of disposal.

In case of decrease in the proportion of overseas operation's equity held by the Company with continued control over such overseas operation due to partial disposal of equity investment or other reasons, the difference arising from translation of foreign currency financial statements related to the disposed portion of such overseas operation are recognised as minority interest, and are not transferred to profit or loss for the current period. Upon partial disposal of overseas operation as an associate or joint venture, the difference arising from translation of foreign currency financial statements related to the disposed portion of such overseas operation are transferred to profit or loss of the period of disposal as per the disposed proportion of overseas operation.

If there are foreign-currency monetary items substantially constituting a net investment in an overseas operation, the exchange differences resulting from the exchange rate change are presented in other comprehensive income as "differences arising from the translation of foreign currency financial statements" in the consolidated financial statements. Upon disposal of an overseas operation, the difference shall be transferred to profit or loss for the period of disposal.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments

#### 1. *Classification, recognition and measurement of financial assets*

##### (1) Financial assets

Based on the business model of the Company for managing the financial assets and the cash flows characteristics of the financial assets, the Company categorizes its financial assets as follows: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss.

Upon initial recognition, financial assets are measured at their fair value. Relevant transaction cost of financial assets measured at fair value through profit or loss are recognised in profit or loss for the current period. Relevant transaction costs of financial assets in other categories are included in the initial recognised amount. For accounts or notes receivable arising from sale of goods or rendering of services, without or not taking into consideration significant financing component, the Company initially recognises them at the expected amount of consideration to which the Company is entitled to.

##### ① Financial assets measured at amortized cost

The business model of the Company for managing the financial assets measured at amortized cost is for the purpose of collecting contractual cash flows where those contractual cash flow characteristics of such financial assets are consistent with those basic loan arrangements, i.e., the cash flows of these financial assets on certain date represent solely payments of principal and interest on the amount of outstanding principal. The Company measures these financial assets at amortized cost subsequently using the effective interest rate method. The gains or loss resulting from the amortization or impairment are recognised in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments *(Continued)*

#### 1. *Classification, recognition and measurement of financial assets (Continued)*

##### (1) Financial assets *(Continued)*

##### ② Financial assets measured at fair value through other comprehensive income

The business model of the Company for managing these financial assets is to collect contractual cash flows and to sell the assets, and those contractual cash flows characteristics are consistent with those of the basic loans arrangements. The Company measures these financial assets measured at fair value through other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses and interest income calculated using the effective interest rate method, which are recognised in profit or loss for the current period.

In addition, the Company designated certain equity instruments not held for trading as financial assets measured at fair value through other comprehensive income. The Company recognises the relevant dividend income of such financial assets in profit or loss for the current period, and recognises the fair value change in other comprehensive income. Upon derecognition of the financial asset, the accumulated gains or losses previously recognised in other comprehensive income are transferred from other comprehensive income to retained earnings instead of profit or loss.

##### ③ Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than the above financial assets measured at amortized cost or at fair value through other comprehensive income, into the financial assets measured at fair value through profit or loss. In addition, upon initial recognition, the Company designates certain financial assets as financial assets measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatch. For such financial assets, the Company adopts the fair value for subsequent measurement, and changes in fair value are recognised in profit or loss for the current period.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments *(Continued)*

#### 1. *Classification, recognition and measurement of financial assets (Continued)*

##### (2) Financial Liabilities

Upon initial recognition, financial liabilities are classified into financial liabilities measured at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period, and the relevant transaction costs of other financial liabilities are included in the initial recognised amount.

##### ① Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities (including derivatives in the scope of financial liabilities) and financial liabilities designated as at fair value through profit or loss upon initial recognition.

Held-for-trading financial liabilities (including derivatives in the scope of financial liabilities) are subsequently measured at fair value. Changes in fair value except for those related to hedge accounting, are included in profit or loss for the current period.

For financial liabilities designated at fair value through profit or loss, the changes in fair value of liabilities due to changes in the Company's own credit risk are recognised in other comprehensive income, and upon derecognition of the liability, the accumulated fair value change due to changes in its own credit risk recognised in other comprehensive income is transferred to retained earnings. Other changes in fair value are included in profit or loss for the current period. If the above treatment of the impact of the change in the credit risk on such financial liabilities will cause or expand the accounting mismatch in profit or loss, the Company will record all the gains or losses of such financial liabilities (including the amount caused by the change in the credit risk of the enterprise) in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments *(Continued)*

#### 1. *Classification, recognition and measurement of financial assets (Continued)*

##### (2) Financial Liabilities *(Continued)*

##### ② Other financial liabilities

Except for such financial liabilities where transfer of financial assets does not qualify for derecognition or which arise from the continuing involvement in the transferred financial assets and financial guarantee contract, all financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost. Gains or losses resulting from derecognition or amortizations are included in profit or loss for the current period.

#### 2. *The identification approach of fair value of financial instruments*

The fair value of financial instruments that are traded in an active market is based on the quoted prices of that active market; the fair values of financial instruments that are not traded in an active market is determined using valuation techniques. In limited circumstances, if no sufficient recent information is available for determining the fair value, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within this range, the cost can represent the appropriate estimate of the fair value within this distribution range. The Company uses all the information about the performance and operation of the investee that are available subsequent to initial recognition to judge whether the cost can represent the fair value.

#### 3. *Derecognition of financial assets*

Financial assets that satisfy any of the following criteria are derecognised: ① the contractual right to the cash flows of the financial asset has expired; ② the financial asset has been transferred, and substantially all the risk and rewards of ownership of the financial asset, have been transferred to the transferee; and ③ the financial asset has been transferred, and the entity has given up the control on such financial asset, though it has not transferred or retained substantially all the risk and rewards of ownership of the financial asset.

When the entity has neither transferred nor retained substantially all the risk and rewards of ownership of the financial asset, nor given up the control on such financial asset, the entity shall recognise such financial asset and the relevant liability accordingly to the extent of its continuous involvement in the financial asset. The extent of the continuous involvement is a level of risks to which the entity is exposed due to changes in the value of such financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments *(Continued)*

#### 3. *Derecognition of financial assets (Continued)*

If identification criteria for overall transfer of financial assets are satisfied, the difference between the carrying amount of the financial assets transferred and the sum of the consideration received from the transfer and the accumulated changes in fair value originally included in other comprehensive income are recognised in profit or loss for the current period.

If identification criteria for partial transfer of financial assets is satisfied, the carrying amount of the financial asset is allocated between the derecognised part and the un-derecognised part, based on the relative fair values of the respective parts, and the difference between the sum of the consideration received due to the transfer and the accumulative changes in fair value that were originally recognised in other comprehensive income and would be otherwise allocated to the derecognised portion and the aforesaid carrying amount allocated are recognised in profit or loss for the current period.

For financial assets that are sold with recourse or transferred with endorsement, the Company shall determine whether substantially all the risk and rewards of ownership of the financial asset have been transferred to the buyer. If substantially all the risk and rewards of ownership of the financial asset have been substantially transferred, the financial assets shall be derecognised. If substantially all the risk and rewards of ownership of the financial asset have been retained, the financial assets shall not be derecognised. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Company shall assess whether the control over the financial asset is retained, and the financial assets shall be accounted for according to the foregoing principals described in above paragraphs.

#### 4. *Derecognition of financial liabilities*

If all or part of the current obligation of a financial liability has been discharged, the Company shall derecognise all or part of such financial liability. Where the Company (debtor) enters into an agreement to replace the original financial liability with a new financial liability, and if the contractual terms of the new financial liability and the original financial liability are substantially different, the Company derecognises the original financial liability and simultaneously recognises a new financial liability. If the Company substantially modifies all or part of the contractual terms of the original financial liability, it shall derecognise the original financial liability, and recognise a new financial liability according to the revised terms.

If a financial liability is derecognised in whole or in part, the difference between the carrying amount of the part to be derecognised and the consideration paid (including the transferred non-cash assets or the assumed liabilities) is included in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (11) Financial instruments *(Continued)*

#### 5. *Offsetting of financial assets and financial liabilities*

Where the Company has a legal right to offset the recognised amount of financial assets and financial liabilities and may enforce this right at present and plans to net or realise the financial assets and settle the financial liabilities on a net amount basis, the net balance upon the offset between the financial assets and the financial liabilities is presented in the balance sheet. Otherwise, the financial assets and the financial liabilities are separately presented in the balance sheet and do not offset against each other.

#### 6. *Equity instruments*

Equity instruments are contracts that prove ownership of the residual interest in the Company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the Company are treated as changes in the equity and the transaction costs attributable to the equity transactions are charged to the equity. The Company does not recognise changes in fair value of equity instruments.

The Company treats dividends distribution from equity instruments (including "interests" from instruments classified as equity instruments) during the duration as profit distribution.

### (12) Identification approach for and accounting treatment of expected credit losses

#### 1. *Scope of the expected credit losses*

Based on expected credit losses, the Company recognises the impairment loss for financial assets measured at amortized cost, debt instrument investment measured at fair value through other comprehensive income and the lease receivables, mainly including notes receivable, accounts receivable, receivable financing, other accounts receivable and long-term receivables, etc. In addition, for the contract assets and certain financial guarantee contracts, the provisions for impairment and the recognition of credit impairment loss shall be made in accordance with the accounting policies described in this section.

#### 2. *Identification approach for expected credit losses*

Generally, the expected credit loss is the present value of all cash shortfalls (i.e. the difference between the cash flows receivable under the contract and all the expected cash flows) discounted at original effective interest rate. Among them, the purchased or originated financial assets with credit impairment are discounted using credit – adjusted effective interest rate of such financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (12) Identification approach for and accounting treatment of expected credit losses *(Continued)*

#### 2. *Identification approach for expected credit losses (Continued)*

The general method of measuring the expected credit loss refers to that the Company evaluates whether the credit risk on financial assets (including contract assets and other applicable items, the same below) on each balance sheet date has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance according to the amount equivalent to the expected credit loss in the lifetime; If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance according to the amount equivalent to the expected credit loss in the next 12 months. The Company shall take into account all reasonable and substantiated information, including forward-looking information, in the evaluation of expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the Company chooses to measure the loss allowance according to the expected credit loss in the next 12 months or the lifetime, depending on whether the credit risk has increased significantly since initial recognition.

#### 3. *Identification criteria for whether credit risk has increased significantly since the initial recognition*

If the probability of default of a financial asset within the expected duration as determined on the balance sheet date is significantly higher than the probability of default within the expected lifetime as determined at the initial recognition, the credit risk on the financial asset increases significantly. Except in special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the lifetime to determine whether the credit risk has increased significantly since the initial recognition.

#### 4. *Portfolio approach to assess expected credit risk on a collective basis*

The Company evaluates credit risk separately for financial assets with significantly different credit risk, such as accounts receivable in dispute with the counter-party or involving litigation or arbitration; accounts receivable that have shown clear indications that the debtor is highly unlikely to meet repayment obligations.

Except for the financial assets that are individually assessed for credit risk, the Company classifies financial assets into different groups based on common risk characteristics and evaluates credit risk on a collective basis.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (13) Notes receivable

The Company measures the loss allowance for notes receivable based on the amount of expected credit losses of the notes receivable for the lifetime. Based on the credit risk characteristics of the notes receivable, they are classified into different groups:

Item	Basis of grouping
Bank acceptance notes	The acceptor is a bank with low credit risk
Commercial acceptance notes	Based on the credit risk on the acceptors, the classification shall be the same as that of the "accounts receivable" group

### (14) Accounts receivable and contract assets

For accounts receivable and contract assets without significant financing components, the Company measures the loss allowance at an amount equal to the expected credit loss for the lifetime.

For accounts receivable, contract assets and lease receivables with significant financing components, the Company elects to always measure the loss allowance at an amount equal to the expected credit loss for the duration.

Except for the accounts receivable that are individually assessed for credit risk, the Company classifies them into different groups according to their credit risk characteristics:

Item	Basis of grouping
Accounts receivable:	
Group 1	The group represents accounts receivable from government
Group 2	The group represents accounts receivable from related companies
Group 3	The group represents accounts receivable from general customers or others
Contract assets:	
Group 1	The group represents environmental engineering construction and service projects of related companies
Group 2	The group represents government public utility construction projects
Group 3	The group represents environmental engineering construction and service projects of other customers
Group 4	The group represents domestic waste landfill projects
Group 5	The group represents power generation subsidy project

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (15) Receivable financing

Notes receivable and accounts receivable at fair value through other comprehensive income with a maturity of one year (inclusive) or less from the date of initial recognition are presented as receivable financing. The Company measures Impairment loss using the amount of expected credit loss for the lifetime.

### (16) Other accounts receivable

The Company measures impairment loss on other accounts receivable at an amount equal to 12-month or the lifetime expected credit loss according to whether credit risk has significantly increased since initial recognition. Except for other accounts receivable that are individually assessed for credit risk, the Company classifies them into different groups according to their credit risk characteristics:

Item	Basis of grouping
Group 1	The group represents accounts receivable from government
Group 2	The group represents accounts receivable from related companies
Group 3	The group represents accounts receivable from general customers or others
Group 4	The group represents deposits receivable, security deposit, reserve fund and others

### (17) Inventories

#### 1. *Classification of inventories*

Inventories mainly include raw materials, work in progress, finished goods and goods in transit, low-value consumables, etc., the contract performance cost with amortization period not exceeding one year or one business cycle is also stated as inventory.

#### 2. *Accounting method for acquiring and dispatching inventories*

Inventories are recorded at actual costs on acquisition. Cost of inventories comprises purchase cost, overhead and other costs. Cost of consuming and delivery of inventories is determined using the weighted average method.

#### 3. *Inventory system of inventories*

The Company adopts the perpetual inventory system.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (17) Inventories *(Continued)*

#### 4. *Amortization method of low-value consumables and packages*

Low-value consumables and packages are amortized using one-off amortization method.

#### 5. *Identification criteria for and provision method of decline in the value of inventories*

On the balance sheet date, inventories are stated at the lower of cost and net realizable value. Provision for decline in the value of inventories is made when the net realizable value of the inventories are below their cost. Amount of provision for decline in the value of inventories is determined at the excess amount of the cost of an inventory item over its net realizable value.

Subsequent to provision for decline in the value of an inventory is made, if the factors that previously gave rise to the write-down of that inventory do not exist anymore, causing excess of the net realizable value of the inventory over its cost, an amount not more than the original provision for decline in the value of that inventory shall be reversed and recognised in profit or loss for the current period.

### (18) Contract assets and contract liabilities

#### 1. *Contract assets*

Performance obligations performed by the Company in accordance with the contracts in exchange for a contract consideration to be settled by customers, that does not constitute an unconditional right to payment from customers (i.e., depending on the passage of time only), are stated as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis, while contract assets and contract liabilities under different contracts are not offset.

For the identification approach for the expected credit loss of contract assets and their accounting methods, please refer to Note III. (14) Accounts receivable and contract assets.

#### 2. *Contract liabilities*

Contract liabilities refer to the obligation of the Company to transfer goods to a customer in exchange for the consideration received or receivable from such customer. If the customer has paid the contract consideration or the Company has obtained the unconditional right to payment before the Company transfers the goods to the customer, the Company recognises such amount received or receivable as contract liabilities at the time of the actual payment and due payment of the customer (whichever is earlier). The contract assets and contract liabilities under the same contract are presented on a net basis, and the contract assets and contract liabilities under different contracts are not offset.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (19) Held-for-sale non-current assets or disposal groups

A non-current asset or disposal group is classified under held-for-sale category if the Company recovers the carrying amount of the non-current asset or disposal group mainly through disposal of (including non-monetary assets exchange with commercial substance, the same below) instead of continuous use. The specific criteria is to satisfy all the conditions mentioned below: a non-current asset or disposal group can be disposed of in its current condition according to the practice of disposing of this type of assets or disposal groups in a similar transaction; the Company has made resolution on the disposal plan and obtained definite purchase commitment; completion of the disposal is estimated to take place within one year. Among them, disposal group is a group of assets which are disposed of together in a transaction through sale or other means as a whole, and the liabilities transferred in the transaction which are directly associated with those assets. Where the asset group or groups to which a disposal group belongs has been allocated the goodwill acquired in the business combination according to Accounting Standard for Business Enterprises No. 8 – Impairment of Assets, the disposal group shall include the goodwill allocated to it.

When the Company measures initially or remeasures non-current assets and disposal group classified as held-for-sale on the balance sheet date, its carrying amount is written down to a net amount equal to the fair value less the cost to sell if its carrying amount is higher than its fair value less the cost to sell. The reduction is recognised as asset impairment loss and charged to profit or loss for the current period when it is incurred, with provision made for the impairment of the held-for-sale assets. With regard to the disposal group, the asset impairment loss recognised is offset by the carrying amount of the goodwill in the disposal group first, and then by the carrying amount of each of the non-current assets in the disposal group which are applicable to the measure requirements in Accounting Standard for Business Enterprises No. 42 – Held-For-Sale Non-current Assets, Disposal Group and Discontinued Operation (hereinafter referred to as “**Held-For-Sale Standards**”) pro rata. If on a subsequent balance sheet date, the net amount of the fair value of a held-for-sale disposal group less the cost to sell increases, the amount reduced previously is recovered, and but the reversal shall not exceed the asset impairment loss recognised on the non-current asset which is applicable to the measurement requirements of Held-For-Sale Standards after the non-current asset is classified into held-for-sale category. The reversed amount is credited to profit or loss for the current period, and the carrying amount of each non-current asset (other than goodwill) which is applicable to the measurement requirements of Held-For-Sale Standards is increased pro rata according to the percentage of each non-current asset’s carrying value; Neither the carrying amount of goodwill which has been offset nor the asset impairment loss recognised before the non-current asset which is applicable to the measurement requirements of Held-For-Sale Standards is classified into held-for-sale category can be reversed.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (19) Held-for-sale non-current assets or disposal groups *(Continued)*

No depreciation or amortization is provided for the non-current assets in the held-for-sale non-current assets or disposal group. The interest on the liabilities and other costs in the disposal group held for sale is recognised continuously.

When the non-current asset or disposal group doesn't meet the classification criteria of the held-for-sale category, the Company ceases to classify them into held-for-sale category or remove the non-current asset from the held-for-sale disposal group, and measures them at the lower of: (1) its carrying amount before its classification into held-for-sale category, after being adjusted for the depreciation, amortization or impairment which could have been otherwise recognised if they were not classified into held-for-sale category; (2) their recoverable amount.

### (20) Long-term equity investments

#### 1. *Judgement criteria for determining joint control or significant influence over the investee*

Joint control is that the decision of activities that can significantly affect an arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities. etc. Significant influence means that the Company holds 20% to 50% (inclusive) voting capital of the investee and can exercise significant influence over the investee, or can exercise significant influence over the investee despite ownership of less than 20% voting capital in one of the following circumstances: having representation in the board of directors or equivalent governing body of the investee; participating in the policy decision process; appointing management personnel of the investee; the investee relying on the Company's technology or technical know-how; conducting major transactions with the investee.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (20) Long-term equity investments *(Continued)*

#### 2. *Determination of initial investment cost*

For a long-term equity investment obtained in a business combination under common control, the share of the carrying amount of acquiree's owner's equity in the ultimate controlling party's consolidated financial statements is recognised as the initial investment cost of long-term equity investments on the date of combination; for a business combination not under common control, the combination cost as determined on the date of acquisition is recognised as the initial investment cost of long-term equity investments; for a long-term equity investment acquired by payment of cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for a long-term equity investment acquired in debt restructuring, the initial investment cost is recognised according to relevant requirements under Debt Restructuring Standards; for a long-term equity investment acquired in exchange for non-monetary assets, the initial investment cost shall be recognised according to relevant requirements under the standards relating to exchange of non-monetary assets.

#### 3. *Subsequent measurement and identification approach of gain or loss*

Where the Company has a control over an investee, the long-term equity investment in such investee is measured using cost approach. Long-term equity investments in associates and joint ventures are measured using equity approach. For the equity investments in an associate, where a part is held indirectly through venture capital vehicles, common funds, trust companies or other similar entities including investment linked insurance funds, such part of investments are accounted for according to the relevant requirements of "Accounting Standards For Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", whether or not the above entities have significant influence on such part of investments, and the remaining are measured using equity approach.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (21) Investment properties

An investment property is any property held for rental earnings or capital appreciation or for both. It includes leased land use rights, land use rights held for transfer after appreciation, leased buildings, etc.

An investment property is measured initially at cost. Subsequent expenditure on such investment property is included in the cost of investment property if the economic benefits associated with such investment property are possible to flow in and relevant costs can be measured reliably. Other subsequent expenditures are included in profit or loss for the current period when it is incurred.

The Company subsequently measures investment properties under the fair value model, and no depreciation and amortization is made on investment properties. The carrying amount of the investment properties is adjusted according to the fair value of the investment properties on the balance sheet date with the difference between fair value and original carrying amount recognised in profit or loss for the current period.

In determining the fair value of an investment property, reference should be made to the current market prices of the identical or similar type of properties available in an active market. If current market prices of the identical or similar type of properties are not available, recent transaction prices of the identical or similar type of properties in an active market can be used as reference, taking into account certain factors such as circumstances of the transaction, the transaction date and the place, so that a reasonable estimation of the fair value of the investment property will be made. Estimation of the fair value can be based on the present value of the estimated future rental income and related cash flows.

When any owner-occupied property or inventory is converted to investment properties, the carrying amount of the investment property is recognised at fair value on the conversion date. When the fair value on the conversion date is less than its original carrying amount, the difference is charged to profit or loss for the current period. When the fair value on the conversion date is greater than its original carrying amount, the difference is recognised in other comprehensive income. When owner-occupied property are converted into investment property, the fair value on the conversion date is taken as the carrying amount of the owner-occupied property, and the difference between the fair value and the original carrying amount is included in profit or loss for the current period.

An investment property is derecognised upon disposal or permanent discontinuation of use and when no future economic benefits are expected from its disposal. The proceeds from sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and levies is recognised in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (22) Fixed assets

#### 1. *Identification criteria for fixed assets*

Fixed assets refer to the tangible assets held for the production of goods, rendering of labor services, leasing or business management, with useful life exceeding one accounting year. Fixed assets are recognised only when their economic benefits are likely to flow to the Company and their costs can be measured reliably. Fixed assets are initially measured at cost, taking into account the effect of expected decommissioning costs.

#### 2. *Depreciation method of fixed assets*

Other fixed assets (except for hazardous waste landfill) are depreciated using the straight-line method over their useful lives from the month after they become ready for the intended use. The useful life, estimated net salvage value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and structures	20-30	3.00	3.23-4.85
Plant and machinery	5-10	3.00	9.70-19.40
Transportation equipment	5	3.00	19.40
Office equipment	5	3.00	19.40
Others	5	3.00	19.40

Hazardous waste landfills are depreciated using workload method (i.e. landfill volume), and there is no net salvage value. To be exact, depreciation is provided according to the proportion of actual landfill volume to the total estimated landfill volume.

Net estimated salvage value refers to the amount that the Company would currently obtain from the disposal of the fixed asset, less the estimated costs of disposal, on the assumption that the expected useful life of the fixed asset has expired and it is in the expected state at the end of its useful life.

#### 3. *Impairment testing method and impairment provision method of fixed assets*

Please refer to Note III. (26) "Long-term asset impairment" for impairment testing method and impairment provision method fixed assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (22) Fixed assets *(Continued)*

#### 4. *Other information*

Subsequent expenditure on fixed assets is included in the cost of such fixed assets when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured, and the carrying amount of the replaced part is derecognised. In addition, other subsequent expenditures are included in profit or loss for the current period when it is incurred.

A fixed asset is derecognised when it is being disposed of or its use or disposal are not expected to generate future economic benefits. The proceeds from sale, transfer, retirement or damage of a fixed asset item, less the carrying amount and related tax and levies, is recognised in profit or loss for the current period.

The Company reviews the useful life and estimated net salvage value of a fixed asset and the depreciation method applied at least once at the end of each year. Any change is accounted for as a change in accounting estimates.

### (23) Construction in progress

The cost of construction in progress is determined as actual project expenditure, including all project expenditure during the construction, capitalised borrowing costs and other relevant expenses before the construction attains its intended working state. When a construction in progress attains its intended working state, it is transferred to fixed assets.

Please refer to Note III. (26) "Long-term asset impairment" for the impairment testing method and impairment provision method of construction in progress.

### (24) Borrowing costs

#### 1. *Identification criteria for capitalisation of borrowing cost*

Borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of assets qualifying for capitalisation are capitalised in the cost of those assets; other borrowing costs are expensed at the amount when incurred and charged to profit or loss for the current period. Assets qualifying for capitalisation refer to the fixed assets, investment property and inventories, which necessarily take a substantial period of time of procurement, construction or production activities to get ready for their intended use or sale.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (24) Borrowing costs *(Continued)*

#### 2. *Calculation method of capitalisation amount*

The capitalisation period refers to the period from the capitalisation of borrowing costs until the cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs is suspended when the acquisition and production activities are interrupted abnormally that lasts for a period of more than three months.

The capitalised amount of specific borrowings shall be the actual interest expense incurred for the specific borrowings, less the interest income from the unused amount of the borrowings deposited in bank or the investment income from the temporary investments; the capitalised amount of general borrowings occupied are determined as the weighted average of accumulated capital expenditure less the capital expenditure from specific borrowings times the capitalisation rate of the general borrowings so occupied. The capitalisation rate is the weighted average rate of the general borrowings; and for borrowings with discount or premium, the discount or premium subject to amortization is determined using effective interest rate method over each accounting period to adjust the interest in every period.

The effective interest method is a method to calculate the amortization of discount or premium or interest expense using the effective interest rate of the borrowings. In particular, the effective interest rate is the rate used in discounting the estimated future cash flows to the current carrying amount of the borrowings.

### (25) Intangible assets

#### 1. *Measurement method of intangible assets*

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Company.

Intangible assets are initially measured at cost. The expenditure pertinent to an intangible asset forms part of the cost of the intangible asset, if it is probable that the economic benefits related to the asset will flow to the Company and the cost can be measured reliably. In addition, the expenditure of other items is included in profit or loss for the current period when it is incurred.

Land use right acquired is usually accounted for as intangible assets. For development and construction of self-owned plant and other structures, expenditure incurred for obtaining related land use right and construction cost of the structures are accounted for as intangible asset and fixed assets, respectively. Costs incurred on purchased building and structures are allocated between land use right and structure items. The cost shall be accounted for as fixed asset if it cannot be reasonably allocated.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (25) Intangible assets *(Continued)*

#### 2. *Useful life and the determination basis, estimation, amortization method or review procedure*

Intangible assets with definite useful life are amortized as shown in the following table, and the useful life and amortization method of intangible assets are reviewed at the end of the year. If they differ from the original estimate, corresponding adjustments are made. Intangible assets with indefinite useful life are not amortized, but their useful life is reviewed at the end of the year. When there is conclusive evidence that their useful life is definite, their useful life is estimated.

Useful life of intangible assets with definite useful life and the determination basis and amortization method:

Category of assets	Useful life (year)	Determination basis of useful life	Amortization method
Land use right	20-50	Term of land use rights	Straight-line method
Patent	5-20	Expected beneficial life	Straight-line method
Non-patent technology	2-10	Expected beneficial life	Straight-line method
Concession	3-28	Expected beneficial life	Straight-line method
Emission rights	10	Expected beneficial life	Straight-line method

Intangible asset with indefinite useful life are defined by the Company as assets which are not expected to generate economic benefits for the Company during a foreseeable period or that have no definite useful life. The indefinite useful life are recognised as intangible asset arising from contractual rights or other legal rights but no useful life is specified under the contract or the law; it is impossible to determine the exact period during which intangible asset can generate economic benefits to the Company even by reference to the experiences of the peers in the industry and the opinions of relevant experts.

At the end of each year, the useful life of an intangible asset with indefinite useful life is reviewed mainly by using the bottom-up method. The relevant department that uses intangible asset performs the basic review and evaluates whether there are changes in the basis of judgements of the indefinite useful life, etc.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (25) Intangible assets *(Continued)*

#### 3. *Consolidation scope of research and development expenditure and related accounting methods*

The internal research and development expenditures of the Company are classified into research phase expenditure and development phase expenditure.

Expenditure on the research phase is included in profit or loss for the current period when they are incurred.

Expenditure on the development phase is recognised as intangible assets only if all the following conditions are satisfied; expenditure on the development phase which cannot satisfy all the following conditions are recognised in profit or loss for the current period:

- ① It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ② There is an intention to complete, use or sell the intangible asset;
- ③ The Company can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- ④ The adequate technical, financial and other resources are available for completing the development and there is an ability to use or sell the intangible asset;
- ⑤ The expenditure attributable to the intangible asset during its development phase can be measured reliably.

Expenditures on research and development incurred which cannot be distinguished between the research phase and development phase are recognised in profit or loss for the current period

#### 4. *Impairment testing method and impairment provision method for intangible assets*

Please refer to Note III. (26) "Long-term asset impairment" for impairment testing method and impairment provision method of intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (26) Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful life and long-term equity investment in subsidiaries, joint ventures and associates, the Company judges whether there are indications of impairment on the balance sheet date. If there are indications of impairment, the recoverable amount is estimated and an impairment testing is conducted. Goodwill, intangible assets with indefinite useful life and intangible assets that have not yet been ready for intended use, are tested for impairment every year, irrespective of any indications of impairment or not.

Where the result of the impairment testing indicates that an asset's recoverable amount is lower than its carrying amount, impairment provision are made based on the difference and an impairment loss is recognised. The recoverable amount is the higher of the fair value of the asset less the costs of disposal, and the present value of the expected future cash flow of the asset. The fair value of an asset is determined as the price stipulated in the sales agreement in an arm's length transaction; where there is no sales agreement but there is an active market of asset, the fair value is determined as the bid price quoted of the asset; where there is no sales agreement nor active market of an asset, the fair value of the asset are estimated based on the best information available of that asset. The costs of disposal shall include the relevant legal expenses, relevant tax and levies, truckage as well as the direct expenses for bringing the asset to a state ready for sale. The present value of the expected future cash flow of an asset are determined by discounting the expected future cash flow generated during the continuous use or final disposal of an asset using an appropriate discount rate. Asset impairment provision is calculated and determined on a single asset. Where it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of asset group is recognised in accordance with the asset group that such asset belongs to. The asset group refers to the minimum asset portfolio that can independently generate cash inflow.

When conducting impairment test on goodwill separately stated in financial statements, the carrying amount of the goodwill are allocated to asset groups or asset group portfolios which are expected to benefit from the synergy of business combination. When the test result indicates that the recoverable amount of an asset group or asset group portfolio containing goodwill allocation is less than its carrying amount, relevant impairment loss are recognised. The impairment loss shall first offset the carrying amount of the portion of goodwill allocated to the asset group or asset group portfolio, and then offset the carrying amount of other assets excluding the goodwill according to the proportion of the carrying amount of other assets in that asset group or asset group portfolio.

Once the above asset impairment loss is recognised, no subsequent reversal of the recovered value is allowed.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (27) Long-term deferred expenses

Long-term deferred expenses are various expenditures that have been incurred but should be allocated over more than one year in the current and subsequent periods. The long-term deferred expenses of the Company mainly include decoration expenses. Long-term deferred expenses are amortized on the straight-line basis over the expected beneficial life. For long-term deferred expenses which will not benefit the Company in subsequent periods, all the outstanding amortized amount of the long-term deferred expenses is transferred to profit or loss for the current period.

### (28) Employee benefits

The Company's employee benefits mainly include short-term remuneration, post-employment benefits and termination benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, staff welfare, medical insurance, maternity insurance and work-related injury insurance, housing provident fund, union operation cost and staff education cost, and non-monetary benefits. Short-term remuneration are recognised as a liability during the accounting period in which the employee provides services, and are included in profit or loss for the current period. Among them, the non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and mandatory provident fund. Post-employment benefits mainly include defined contribution plan. Relevant contribution to the defined contribution plan is included in related asset costs or profit or loss for the current period when it is incurred.

Where the labor relationship with an employee is terminated prior to the expiration of the labor contract with that employee, or a compensation offer is made to encourage an employee to accept the cutback voluntarily, the employee payroll liabilities are recognised under the dismissal welfare and included in profit or loss for the current period when the Company cannot withdraw unilaterally the dismissal welfare provided for the termination plan of labor relation or cutback offer, or when the Company recognises the cost related to reorganization involving the payment of dismissal welfare (whichever is earlier). However, if it is anticipated that the dismissal welfare cannot be fully paid within 12 months after the end of the annual report period, such welfare is accounted for as other long-term employee payroll.

The internal retirement plan for employees is treated in the same way as the above dismissal welfare. Payment of the salaries and contribution to social insurance plans for the internal retirement people for the current period from the date of their discontinuation of services to their normal retirement date, are recorded in profit or loss for the current period (dismissal welfare) when the recognition condition of provisions is satisfied.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (29) Provisions

Provisions are recognised when obligations related with contingencies meet all the conditions as follow: (1) being the present obligations currently undertaken by the Company; (2) settlement of such obligations is likely to result in outflow of economic benefits; (3) the amount of such obligations could be reliably measured.

On the balance sheet date, provisions are measured at the best estimate of the expenses necessary for settlement of the related existing obligations, after taking into account factors such as the risks related to contingencies, uncertainties and time value of currency.

If all or part of the cost necessary for settlement of the provisions is expected to be reimbursed by a third party, the amount of reimbursement, when it is substantially certain to be received, is recognised separately as an asset, and the reimbursement amount recognised shall not exceed the carrying amount of the provisions.

Requirements on and the methods of making provision for decommissioning costs:

According to Article 7 of Measures for Provision and Management of Decommissioning Costs for Key Hazardous Wastes Centralized Disposal Facilities and Sites (《重點危險廢物集中處置設施、場所退役費用預提和管理辦法》) (which became effective from 1 January 2022), the Measures for Management of Hazardous Waste Operation Permits and the Standard for Pollution Control on Hazardous Waste Landfill (《危險廢物填埋污染控制標準》) (GB18598), minimum provision standard for decommissioning fund are:

- (1) Flexible landfill. Calculated under excess regressive method, provision for decommissioning costs in respect of flexible landfills with a total capacity of less than 200,000 cubic meters (inclusive), is made on the basis of RMB200/cubic meter; provision for decommissioning costs in respect of flexible landfills with a total capacity of more than 200,000 cubic meter but less than 500,000 cubic meters(inclusive), is made on the basis of RMB150/cubic meter for the excess, provision for decommissioning costs in respect of flexible landfills with a total capacity of more than 500,000 cubic meters, is made on the basis of RMB100/cubic meter for the excess.
- (2) Rigid landfills landfill. Calculating under excess regressive method, provision for decommissioning costs in respect of those with a total capacity of less than 200,000 cubic meters(inclusive), is made on the basis of RMB30/cubic meter; provision for decommissioning costs in respect of those with a total capacity of more than 200,000 cubic meters, is made on the basis of RMB20/cubic meter for the excess.

According to Article 8, for new hazardous waste landfills or those completed but not in operation, the decommissioning cost are provided and amortized in accordance with the provisions of Articles 6 and 7 of these Measures from the year of operation until the landfill is closed. Among them, the total amount of provision for decommissioning costs = landfill capacity × corresponding fee standards specified in Article 7 of these Measures.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (29) Provisions *(Continued)*

For the hazardous waste landfill that has been in operation before the implementation of these Measures, the total amount of provision for decommissioning costs are composed of two parts, namely:

- (1) The provision for decommissioning cost of the filled capacity = the filled capacity × (according to the corresponding fee standard specified in Article 7 of these Measures × the proportion of the remaining capacity to the total capacity). The part that should be amortized after the costs can be fully amortized from the date of implementation of these measures to the time before the closure of the site.
- (2) The provision for decommissioning cost of the unfilled capacity = the remaining capacity × the corresponding fee standard as stipulated in Article 7 of these Measures. From the year when these measures are implemented, costs for the remaining capacity are provided for, and the decommissioning costs are amortized according to the actual landfill amount until the site is closed.

### (30) Revenue

Revenue is recognised when the customer obtains control of relevant goods (including services, the same below), and the contract between the Company and the customer meets all the following conditions: the parties have approved the contract and have undertaken to perform their respective obligations; the contract specifies the rights and obligations of the parties relating to the goods being transferred or the services being rendered; the contract has specified payment terms associated with the transferred goods; the contract has commercial substance, which means that the fulfillment of the contract will result in changes in risk, time distribution or amount of the future cash flows of the Company; the consideration that the Company is entitled to is likely to be recovered due to transfer of goods to customers. Obtaining control of relevant goods represents the ability to dominate the use of the goods and derive almost all economic benefits there from.

From the inception date of the contract, the Company identifies each individual performance obligation under the contract, and allocates the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods committed for each individual performance obligation. When the transaction price is determined, the impact of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors are considered.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (30) Revenue *(Continued)*

For each individual performance obligation in the contract, the Company recognises the transaction price allocated to the individual performance obligation as revenue in accordance with the performance progress during the relevant performance period, if one of the following conditions is met: the customer obtains and consumes the economic benefits of the Company's performance as the Company performs the contract; the customer can control the goods in progress in the course of the Company's performance; the goods produced during the performance of the Company have irreplaceable uses and the Company has the right to payments for the portion of the performance that has been completed to date. The performance progress of the contract is determined by the input method or the output method according to the nature of the transferred goods. When the performance progress of the contract cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, revenue are recognised according to the amount of costs incurred until the performance progress of the contract can be reasonably determined.

If one of the above conditions is not met, the Company recognises the transaction price which was allocated to the individual performance obligation as revenue when the customer obtains control of relevant goods. When determining whether the customer has obtained control of the goods, the Company considers the following indications: the Company has the current right to payment for the goods, which means that the customer has a current payment obligation for the goods; the Company has transferred the legal title of the goods to the customer, which means that the customer has already owned the legal title of the goods; the Company has transferred the goods in kind to the customer, which means that the customer has possessed the goods in kind; the Company has transferred the substantial risks and rewards of ownership of the goods to the customer, which means the customer has obtained the substantial risks and rewards of ownership of the goods; the customer has accepted the goods; and other indications that the customer has obtained control of the goods.

The Company as a private party has entered into PPP project contracts with the government, and provides a variety of services such as construction, operation and maintenance. The Company identifies the single performance obligations in the contract and allocates the transaction price to each performance obligation in accordance with the proportion of the stand-alone selling price of each performance obligation. When providing construction services or outsourcing a project to other parties, the Company determines whether it is acting as a principal or an agent, and conduct accounting treatment to recognise the contract assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (30) Revenue *(Continued)*

The consideration amount or the amount of construction revenue recognised of the relevant PPP project assets are recognised as intangible assets when the PPP project assets are ready for intended use, provided that the fees received by the Company from the party taking public goods and services during the project operation do not constitute an unconditional right to cash; accounts receivable are recognised when the right to the consideration (which only depends on the lapse of time), provided that the conditions are satisfied for the entitlement to a determinable amount of cash (or other financial assets) during the operation of the project. When the PPP project assets are ready for intended use, the Company recognises the excess of the consideration amount or the amount of recognised construction revenue of the relevant PPP project assets over a determinable amount cash (or other financial assets) that it is entitled to receive as intangible assets. After the PPP project assets are ready for intended use, the Company recognises revenue related to the operation service.

The Company's operating revenue mainly includes revenue from selling goods, revenue from providing labor services, environmental engineering and services, and waste electronics dismantling subsidies. Specific accounting policies related to the Company's main revenue-generating activities are described as follows:

#### (1) *Contract on sales of goods and rare and precious metal recycling*

Sales contracts of goods between the Company and its customers generally include the performance obligation of transferring goods only. Generally, the Company recognises revenue when control of goods have been transferred to the buyer, after taking into account of all the following factors, namely receipt of the current payment rights of goods, transfer of substantial risks and rewards associated with ownership of goods, transfer of the legal title of goods, transfer of physical assets of goods.

#### (2) *Waste disposal and treatment service contract*

The waste disposal and treatment service contract between the Company and its customers includes industrial waste disposal and municipal waste disposal. The Company recognises revenue when it determines that the customer has accepted the service according to the waste treatment volume confirmed by both parties and the unit prices agreed in the contract.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (30) Revenue *(Continued)*

#### (3) *Environmental engineering and services contract*

Revenue from services such as design, procurement, construction and commissioning of industrial waste and municipal public works facilities provided by the Company are recognised over time according to the progress of projects completed or labor services completed.

The progress of contract on the construction of engineering facilities and labor is mainly determined based on the nature of the project and according to the proportion of the completed contract work to the total estimated workload of the contract or the measured progress of the completed contract. On the balance sheet date, the Company re-estimates the progress of the completed construction or completed services so that it can reflect changes in performance.

The cost of project implementation, installation and other labor incurred by the Company for the design, procurement, construction and commissioning of engineering facilities projects is recognised as contract performance costs. When the Company recognised revenue, the contract performance cost is carried forward to the cost of main cost of operation according to progress of the completed construction or completed services.

#### (4) *Revenue from waste electronics dismantling subsidies*

Independent subcontracted intermediate companies recognised by the environmental protection department would audit the dismantling treatment volume of the Company and issue the "Waste Electronics Dismantling Treatment Audit Report". The Company estimates revenue based on the audit results and the "Administrative Measures for the Special Fund for Disposal of Waste Electronics", and adjusts the confirmed revenue based on the results confirmed by the audit of the Ministry of Ecology and Environment and other relevant departments.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (31) Contract costs

Contract costs include the incremental contract acquisition cost and the cost to fulfill a contract. Incremental contract acquisition cost ("**Contract Acquisition Cost**") represents costs that the Company would not have incurred if the contract had not been obtained. If recovery of the cost is anticipated, the Company recognises such contract acquisition cost as an asset.

The costs incurred to fulfill a contract not within the scope of inventories or other ASBE is recognised as an asset only when they meet all the following conditions: the cost relates directly to an existing contract or to a contract which is anticipated to obtain, containing direct labor, direct materials, overheads (or similar costs), costs that are explicitly payable by the customer and other costs that are incurred only due to the contract; the cost enhances resources that will be used in satisfying performance obligations in the future; recovery of the cost is anticipated.

The costs to fulfill a contract that Company will recognise as assets are included in the "inventory" item on the balance sheet if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and are included in "other non-current assets" item in the balance sheet if the amortization period is beyond one year or the normal business cycle at the initial recognition.

The contract acquisition cost that Company will recognise as assets are included in the "other current assets" item in the balance sheet if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and are included in "other non-current assets" item in the balance sheet if the amortization period is beyond one year or the normal business cycle at the initial recognition.

Assets recognised for the incremental contract acquisition cost and assets recognised for the costs to fulfill a contract are amortized on the same basis as the revenue recognition of the goods related to the assets and are included in profit or loss for the current period. The assets resulting from incremental contract acquisition cost are included in profit or loss for the current period when incurred if the amortization period of the asset does not exceed one year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (31) Contract costs *(Continued)*

The Company recognises an impairment loss in profit or loss for the current period to the extent that the carrying amount of an asset related to contract costs exceeds the sum of: the remaining amount of consideration the Company expects to receive in exchange for the goods or services to which the asset relates; the costs that are expected to incur for the transfer of relevant goods.

If the impairment factors in the previous periods change subsequently, and the difference between the aforementioned two items is higher than the carrying amount of the asset, the original Impairment provision of the asset should be reversed and included in profit or loss for the current period, provided that the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the date of reversal under the assumption that no impairment provision is made.

### (32) Government grants

Government grants are monetary assets and non-monetary assets obtained by the Company at zero consideration from the government, excluding any capital contribution from the government as an investor for ownership of interest. Government grants are grouped into government grants related to assets and government grants related to income. The Company defines government grants that are obtained for the acquisition or otherwise formation of long-term assets as government grants related to assets, and other government grants are defined as government grants related to income. If the government documents do not specify the projects to which the grants are linked, the grants are classified into government grants related to assets and government grants related to income using the following methods: (1) where the government documents specify the projects to which grants are linked, the government grants are split according to the proportion of the expenditure amount to form assets out of the budget of the project and of the expenditure to be expensed. Meanwhile, the split ratio are reviewed on each balance sheet date and changed if necessary; (2) where the government documents do not specify the projects to which grants are linked and only have a general description about purpose, the grants will be regard as government grants related to income. If a government grant is a transfer of a monetary asset, it is measured at amounts received or receivable. If a government grant is a transfer of a non-monetary asset, it will be measured at fair value. If the fair value is not available from reliable source, the grant is measured at nominal amount, which is credited to profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (32) Government grants *(Continued)*

The government grants of the Company are normally recognised and measured at the moment they are actually received. However, if there is conclusive evidence at the end of the period showing that the Company can meet the relevant stipulations of the fiscal support policies and will receive the fiscal support funds in the future, the government grants are measured by the amount receivable. The government grants that are measured by the amount receivable shall meet the following conditions simultaneously: (1) the amount of accounts receivable have been confirmed by competent government authorities who issued related documents, or the Company can calculate reasonably the amounts receivable according to the relevant provisions of officially released Measures for the Administration of Fiscal Funds, and there is no material uncertainty about the estimated amount; (2) the basis are the fiscal support project and Measures for the Administration of Fiscal Funds which are published voluntarily and officially issued by local finance department according to the regulations based on 'Government Information Disclosure Ordinance'. The Measures is formulated to benefit all enterprises, instead of a specific enterprise, which means any company who meets the specified conditions can apply; (3) the approval of the related grants has promised the disbursement period, and the payment is guaranteed by the corresponding fiscal budget. Thus, there is a reasonable guarantee about the receiving the grants and will receive them within the prescribed time; (4) Other relevant conditions (if any) that should be met according to the specific circumstances of the Company and the grants.

A government grant related to assets is recognised as deferred income, and is allocated to the profit or loss over the useful life of related assets on a reasonable and systematic basis, or offset the carrying amount of related assets. For a government grant related to income, if the grant is a compensation for related expenses and losses to be incurred in subsequent periods, the grant is recognised as deferred income and charged to the profit or loss for the current period in which the related costs are recognised, or offset the related cost; if the grant is a compensation for related expenses and losses already incurred, the grant is recognised immediately in profit or loss for the current period when it is incurred, or offset the related cost.

At the same time, if the government grants contain both the assets related portion and income related portion, they will be accounted for by distinguishing the different portions of government grants; if it is difficult to distinguish, the whole government grants are classified as the income-related government grants.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (32) Government grants *(Continued)*

The government grants related to daily activities of the Company are recognised in other income or offset related expenses of cost depending on the nature of economic business; the government grants not related to daily activities is recognised in non-operating income or non-operating expenses.

When refund of the government grants recognised by the Company is necessary, the balance of related deferred income(if any) are written down, the excess will be included in profit or loss for the current period, or adjust the carrying amount of the assets with the governments related with assets that were initially recognised to reduce the carrying amount of related asset. If not, the government grants are included in profit or loss for the current period directly.

### (33) Deferred income tax assets and deferred income tax liabilities

#### 1. *Current income tax*

On the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The taxable income used for calculation of current income tax is calculated based on the taxable profit for the year adjusted in compliance with the regulation of taxation law.

#### 2. *Deferred income tax assets and deferred income tax liabilities*

For differences between the carrying amount of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred income tax assets and deferred income tax liabilities are recognised using the balance sheet liability method.

For taxable temporary difference which is related to the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profits or taxable income (or deductible losses), a deferred income tax liability is not recognised. In addition, for taxable temporary difference arising from investments in subsidiaries, associates and joint ventures, the Company shall not recognise a deferred income tax liability to the extent that the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Except for the above exceptions, the Company recognises all other income tax liabilities arising from deferred taxable temporary differences.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (33) Deferred income tax assets and deferred income tax liabilities *(Continued)*

#### 2. *Deferred income tax assets and deferred income tax liabilities (Continued)*

For deductible temporary difference which is related to the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or taxable income (or deductible losses), a deferred income tax asset is not recognised. In addition, for deductible temporary difference arising from investments in subsidiaries, associates and joint ventures, the Company shall not recognise a deferred income tax asset for temporary difference to the extent that it is not probable that the temporary difference will reverse in the foreseeable future or no taxable profit will be available against which the temporary difference can be utilized. Except for the above exceptions, the Company recognises other deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilized.

Deferred income tax assets are recognised to the extent that deductible losses and tax credits can be carried forward and it is probable that future taxable income will be available against which the deductible losses and tax credits can be used.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled according to tax laws.

On the balance sheet date, the carrying amount of deferred income tax assets is reviewed. The carrying amount of deferred income tax asset is written down if it is no longer probable that sufficient taxable income will be available in the future against which the benefit of deferred income tax assets can be utilized. Such reduction is reversed when it is probable that sufficient taxable income is available.

#### 3. *Income tax expenses*

Income tax expenses comprise current income tax and deferred income tax.

Current income tax and deferred Income tax expenses or credits are included in profit or loss for the current period, except to the extent that the current income tax related to a transaction or events which is recognised in other comprehensive income or directly recorded in equity, deferred income tax recorded in other comprehensive income or equity, and deferred income tax arising from a business combination that have impact on the carrying amount of goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (33) Deferred income tax assets and deferred income tax liabilities *(Continued)*

#### 4. *Offsetting of income taxes*

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to acquire the assets and settle the liabilities simultaneously, current income tax assets and current income tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and liabilities on a net basis or to acquire the assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be reversed, deferred income tax assets and deferred income tax liabilities are offset and presented on a net basis.

### (34) Lease

At inception of a contract, the Company assesses whether the contract is a lease or contains a lease component. If a party to a contract conveys the right to control the use of one or more identified assets for a certain period of time in exchange for a consideration, the contract is a lease or contains a lease component.

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

The Company's leased assets are mainly buildings and structures and transportation equipments.

##### ① *Initial measurement*

On the commencement date, the Company recognises its right to use the leased asset over the lease term as the right-of-use asset, and recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and leases of low value assets. When calculating the present value of the lease payments, the interest rate which is implicit in the lease is taken as the discount rate. If that implicit rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate as the discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (34) Lease *(Continued)*

#### 1. The Company as lessee *(Continued)*

##### ② Subsequent measurement

The Company subsequently makes depreciation provisions for the right-of-use assets by reference to the depreciation requirements of the Accounting Standards for Business Enterprises No. 4 – Fixed Assets (please refer to Note III. (22) “Fixed assets” for details). If the Company can reasonably determine that the Company can obtain ownership of the asset by the end of the lease term, related assets will be depreciated over the remaining useful life of the leased assets. If the Company cannot reasonably determine that it can obtain ownership of the asset by the end of the lease term, related assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

As for the lease liabilities, the Company calculates their interest expenses of each period during the lease term according to a fixed periodic interest rate and includes them in profit or loss for the current period or relevant asset costs. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss for the current period or the cost of related asset when it is incurred.

After the commencement date of the lease term, when there is change in the actual fixed payment, the estimated amount payable for the salvage value of the guarantee, the index or ratio used to determine the lease payment, the assessment result or the actual exercise of call option, renewal option or termination option, the Company re-measures the lease liability based on the present value of the changed lease payment, and adjusts the carrying amount of the right-of-use assets accordingly. When the carrying amount of the right-of-use asset has been written down to zero, but further write-down is still required for the lease liability, the Company recognises the remaining amount in profit or loss for the current period.

##### ③ Short-term leases and leases of low-value assets

For short-term leases (of which the lease term starting from the commencement date of lease is 12 months or less) and leases of low-value assets, the Company simplifies their treatment and does not recognise the right-of-use assets and lease liabilities, but includes the lease payments in asset cost or profit or loss on straight-line basis or other systematic and reasonable basis during each period of the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (34) Lease *(Continued)*

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

The Company's leases are mainly operating leases. The Company recognises lease income received under operating leases as rental income in each period during the lease term using the straight-line method. Variable lease income not included in lease income in relation to operating lease is included in profit or loss for the current period.

### (35) Other significant accounting policies and accounting estimates

#### 1. *Production safety costs*

Measures for the Provision and Utilization of the Safety production costs ("Cai Zi [2022] No.136") issued by the Ministry of Finance and the Ministry of Emergency Management on 21 November 2022 revised the Measures for the Withholding and Utilization of the Safety production costs issued in 2012, with effect upon issue. Safety production costs will be withheld every month using the rates listed below under excessive progressive method after the revision:

Annual sales	Provision rate (%)
Below RMB10 million (inclusive)	4.50
RMB10 million to RMB100 million (inclusive)	2.25
RMB100 million to RMB1,000 million (inclusive)	0.55
Above RMB1,000 million	0.20

The production safety cost provided is included in costs of relevant products or profit or loss for the current period, and are also included in the special reserves. When using the production safety cost provided, those costs in the scope of expense are applied against the special reserves directly. Where use of the provided production safety costs results in fixed assets, all associated expenses are stated under the construction in progress, and are recognised as fixed assets after the safety project is completed and reached the expected condition for their intended use. At the same time, the costs of resulting fixed assets are applied against the special reserves, and the same amount of accumulated depreciation is recognised. The fixed assets are not depreciated in the subsequent periods.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

### (36) Changes in significant accounting policies and changes in accounting estimates

#### 1. *Changes in significant accounting policies*

On 25 October 2023, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 17 (Cai Kuai [2023] No. 21, hereinafter referred to as “**Interpretation No. 17**”), which became effective on 1 January 2024. The relevant requirements of Interpretation No. 17 did not have a material impact on the Company’s financial statements for the Reporting Period.

On 6 December 2024, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as “**Interpretation No. 18**”), which became effective on the date of issuance and allows for early implementation by enterprises from the year of issuance. The relevant requirements of Interpretation No. 18 did not have a material impact on the Company’s financial statements for the Reporting Period.

#### 2. *Changes in significant accounting estimates*

During the year, there were no changes in accounting estimates.

## IV. TAXATION

### (1) Major taxes and tax rates

Type of tax	Basis of calculation	Tax rate
Value Added Tax	Value-added tax is calculated as the difference of the output value-added tax, which is computed on assessable income at tax rates of 3%, 5%, 6%, 9% and 13%, and the deductible input VAT for the current period.	3%, 5%, 6%, 9% and 13%
City Maintenance and Construction Tax	Based on 5% and 7% of actual payment of turnover tax.	5% and 7%
Education Surcharge	Based on 3% of actual payment of turnover tax.	3%
Local Education Surcharge	Based on 2% of actual payment of turnover tax.	2%
Property Tax	The property tax is levied at 1.2% of the taxable salvage value of the building or 12% of the rental income.	1.2% and 12%
Enterprise Income Tax	Enterprise Income tax rates are 15%, 16.5%, 20% and 25%, respectively.	15%, 16.5%, 20% and 25%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION (Continued)

### (1) Major taxes and tax rates (Continued)

Particulars of tax-paying entities using different enterprise income tax rates:

Name of taxable entities	Short name of taxable entities	Income tax rate for 2024
Dongjiang Environmental Company Limited	Dongjiang Environmental	15%
Shenzhen Dongjiang Feeds Additives Co., Ltd.	Dongjiang Feeds	20%
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	Longgang Dongjiang	15%
Yunnan Dongjiang Environmental Technologies Co., Ltd.	Yunnan Dongjiang	20%
Huizhou Dongjiang Environment Technology Co., Ltd.	Huizhou Dongjiang	15%
Kunshan Qiandeng Three Wastes Treatment Co., Ltd.	Qiandeng Wastes Treatment	25%
Kunshan Port and Shipping Logistics Co., Ltd.	Port and Shipping Logistics	20%
Shenzhen Huabao Technology Ltd.	Huabao Technology	15%
Shenzhen Huateng Environment Information Technology Co., Ltd.	Huateng Environment	15%
Qingdao Dongjiang Environmental Recycled Power Ltd.	Qingdao Dongjiang	20%
Hunan Dongjiang Environmental Protection Investment Development Ltd.	Hunan Dongjiang	25%
Chengdu Hazardous Waste Treatment Centre Co., Ltd.	Chengdu Hazardous Waste	25%
Shenzhen Dongjiang Renewable Energy Ltd.	Renewable Energy	25%
Nanchang Xinguan Energy Development Co., Ltd.	Nanchang Xinguan	20%
Hefei Xinguan Energy Development Co., Ltd.	Hefei Xinguan	20%
Shaoguan Dongjiang Environmental Technology Co., Ltd.	Shaoguan Dongjiang	15%
Shenzhen Baoan Dongjiang Environmental Renewable Energy Ltd.	Baoan Energy	20%
Dongjiang Environmental (HK) Ltd.	Dongjiang HK	16.50%
Nantong Dongjiang Environmental Technology Co., Ltd	Nantong Dongjiang	Half of 25%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION (Continued)

### (1) Major taxes and tax rates (Continued)

Name of taxable entities	Short name of taxable entities	Income tax rate for 2024
Dongguan Hengjian Environment Technology Co., Ltd.	Dongguan Hengjian	15%
Huizhou Dongjiang Logistic Ltd.	Dongjiang Transport	20%
Qingyuan Xinlv Environmental Technology Ltd.	Qingyuan Xinlv	25%
Jiaxing Deda Resource Recycling Ltd.	Jiaxing Deda	15%
Jiangmen Dongjiang Environmental Technology Ltd.	Jiangmen Dongjiang	15%
Yancheng Coastal Solid Waste Disposal Co., Ltd.	Coastal Solid Waste	25%
Xiamen Dongjiang Environmental Technology Co., Ltd.	Xiamen Dongjiang	25%
Fujian Oasis Solid Waste Treatment Co., Ltd.	Fujian Oasis	Half of 25%
Longyan Oasis Environmental Technology Co., Ltd.	Longyan Oasis	20%
Nanping Oasis Environmental Technology Co., Ltd.	Nanping Oasis	20%
Sanming Oasis Environmental Technology Co., Ltd.	Sanming Oasis	20%
Xiamen Oasis Environmental Industrial Co., Ltd.	Xiamen Oasis	25%
Karamay Wosen Environmental Technology Co., Ltd.	Wosen Environmental	15%
Shenzhen Dongjiang Kaida Transport Co., Ltd.	Dongjiang Kaida	20%
Jiangxi Dongjiang Environmental Technology Co., Ltd.	Jiangxi Dongjiang	15%
Shenzhen Hengjian Tongda Investment Management Co., Ltd.	Hengjian Tongda	25%
Dongguan Humen Water Co., Ltd.	Humen Green	15%
Hubei Tianyin Circulation Economic Development Co., Ltd.	Hubei Tianyin	25%
Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd.	Tianyin Hazardous Waste	25%
Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd.	Zhuhai Yongxingsheng	15%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION *(Continued)*

### (1) Major taxes and tax rates *(Continued)*

Name of taxable entities	Short name of taxable entities	Income tax rate for 2024
Xiantao Luyi Environmental Technology Co., Ltd.	Xiantao Luyi	25%
Jiangsu Dongjiang Environmental Services Co., Ltd.	Jiangsu Dongjiang	Half of 25%
Hengshui Ruitao Environmental Technology Co., Ltd.	Hengshui Ruitao	25%
Jiangsu Dongheng Environmental Holdings Co., Ltd.	Dongheng Environmental	25%
Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd.	Qianhai Dongjiang	25%
Shenzhen Baoan Dongjiang Environmental Technology Co., Ltd.	Baoan Dongjiang	15%
Shaoxing Huaxin Environmental Technology Co., Ltd.	Huaxin Environmental	15%
Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd.	Weifang Dongjiang	25%
Jingzhou Dongjiang Environmental Technology Co., Ltd.	Jingzhou Dongjiang	Half of 25%
Wandesì (Tangshan Caofeidian) Environmental Technology Co., Ltd	Tangshan Wandesì	Half of 25%
Xiantao Dongjiang Environmental Technology Co., Ltd.	Xiantao Dongjiang	15%
Mianyang Dongjiang Environmental Technology Co., Ltd.	Mianyang Dongjiang	25%
Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd.	Jieyang Dongjiang	25%
Foshan Fulong Environmental Protection Technology Co., Ltd.	Foshan Fulong	15%
Zhuhai Dongjiang Environment Technology Co., Ltd.	Zhuhai Dongjiang	25%
Chenzhou Xiongfeng Environment Technology Company Limited	Xiongfeng Environment	15%
Zhuhai Dongjiang Kaian Transportation Co., Ltd.	Dongjiang Kaian	20%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION (Continued)

### (2) Significant tax incentives and official approval

#### 1. Enterprise Income tax

- (1) According to the provisions of Article 27 of the Enterprise Income Tax Law of the People's Republic of China, enterprises that engage in environmental protection and energy saving and water saving projects that meet certain requirements enjoys full EIT exemption from the first year (that is the tax year in which the project generates revenue from production and business operation for the first time) to the third year, and 50% EIT reduction from the fourth year to the sixth year. In particular:
  - ① Nantong Dongjiang enjoyed full EIT exemption from 2019 to 2021 and 50% EIT reduction from 2022 to 2024;
  - ② Jingzhou Dongjiang and Tangshan Wandesi enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025;
  - ③ Fujian Oasis enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025 for its rotary kiln incineration project, and enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026 for its physicochemical and landfill projects.
  - ④ Jiangsu Dongjiang enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026 for its rigid landfill.
- (2) According to Article 33 of the Enterprise Income Tax Law of the People's Republic of China, only 90% of the revenue of an enterprise generated from production of products that are not restricted and prohibited by the state and meet the relevant national and industrial standards and of which the main raw materials are the resources specified in the Enterprise Income Tax Preferential Catalog for Comprehensive Utilization is included in the total revenue. Huizhou Dongjiang, Qiandeng Wastes Treatment, Jiangmen Dongjiang, Qingyuan Xinlv, Jiaying Deda, Xiamen Oasis, Jiangxi Dongjiang, Baoan Dongjiang, Xiongfeng Environment are entitled to the incentive.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION (Continued)

### (2) Significant tax incentives and official approval (Continued)

#### 1. Enterprise Income tax (Continued)

- (3) According to the Announcement of the Ministry of Finance, State Taxation Administration, National Development and Reform Commission and Ministry of Ecology and Environment on Issues Concerning the Enterprise Income Tax Policy for Third-Party Enterprises Engaged in Pollution Prevention and Control (Announcement No. 38 of 2023 by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission and Ministry of Ecology and Environment), eligible third-party enterprises engaged in pollution prevention and control are subject to a reduced EIT tax rate of 15%. This policy is effective from 1 January 2024 to 31 December 2027. Humen Green and Xiantao Dongjiang, as enterprises engaged in pollution prevention and control, are entitled to the incentive in 2024.
- (4) According to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, Dongjiang Environmental, Longgang Dongjiang, Huizhou Dongjiang, Huabao Technology, Huateng Environment, Shaoguan Dongjiang, Dongguan Hengjian, Jiaying Deda, Jiangmen Dongjiang, Fujian Oasis, Wosen Environmental, Jiangxi Dongjiang, Zhuhai Yongxingsheng, Huaxin Environmental, Jiangsu Dongjiang, Baoan Dongjiang, Tangshan Wandesi, Foshan Fulong, Xiongfeng Environment are entitled to tax incentive as a new and high technology enterprise, and enjoy 15% EIT tax rate.
- (5) According to Article 1 of 《Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises and Individual Businesses (Announcement of the Ministry of Finance and the State Administration of Taxation No. 6 of 2023) (《財政部稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》)(財政部稅務總局公告2023年第6號), only 25% of the annual taxable income of small and micro-profit enterprises not exceeding RMB1 million is included in the taxable income and enjoys 20% EIT tax rate from 1 January 2023 to 31 December 2024.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Cai Shui [2022] No. 13) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財稅[2022]13 號)), only 25% of the annual taxable income of small and micro-profit enterprises exceeding RMB1 million but less than RMB3 million is included in the taxable income and enjoys 20% EIT tax rate from 1 January 2023 to 31 December 2024.

Dongjiang Feeds, Qingdao Dongjiang, Yunnan Dongjiang, Port and Shipping Logistics, Huateng Environment, Nanchang Energy, Hefei Energy, Baoan Energy, Dongjiang Transport, Longyan Oasis, Nanping Oasis, Sanming Oasis, Dongjiang Kaida, Dongjiang Kaian, all being subsidiaries of the Company, qualified as small and micro-profit enterprises, and are entitled to the incentive in 2024.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IV. TAXATION (Continued)

### (2) Significant tax incentives and official approval (Continued)

#### 2. Value Added Tax

- (1) Pursuant to the "Catalogue of Preferential VAT Treatment for Products and Services of Comprehensive Utilization of Resources" (2022 Revision) in the Announcement on Improving the VAT Policies for the Comprehensive Utilization of Resources (2021 No. 40 of the Ministry of Finance and the State Administration of Taxation):
  - ① Revenue from power generation with biogas produced in the course of waste fermentation qualifies for tax incentive of refund of 100% VAT upon collection;
  - ② Revenue from garbage treatment, sludge treatment and disposal services qualifies for tax incentive of refund of 70% VAT upon collection;
  - ③ Revenue from wastewater treatment services qualifies for tax incentive of refund of 70% VAT upon collection;
  - ④ Revenue from production and sales of resource comprehensive utilization products qualifies for tax incentive of refund of 30% VAT upon collection.
- (2) According to the Notice on the Tax Policy of Platinum and Its Products (Caishui [2003] No. 86)\* (《關於鉑金及其製品稅收政策的通知》(財稅[2003]86 號)), domestic platinum producing companies are entitled to tax incentives of refund of 100% VAT upon collection for revenue from self-production and self-sale. Xiongfeng Environment is a domestic platinum production enterprises, and is entitled to this incentive.
- (3) According to the Announcement on the Policy of Granting Additional Reduction On Input Tax Of VAT For Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Administration of Taxation) (《關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告 2023 年第 43 號)), advanced manufacturing enterprises are allowed 5% additional reduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027. Huizhou Dongjiang, Huabao Technology, Dongguan Hengjian and Xiongfeng Environmental are entitled to the above-mentioned incentive of additional reduction on input tax of VAT.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

### (1) Cash and cash equivalents

Item	Balance at the end of the year	Balance at the beginning of the year
Cash on hand	90.86	23,245.19
Bank deposits	1,071,316,495.30	1,238,147,999.15
Other monetary fund	110,599,794.91	2,426,370.40
Total	1,181,916,381.07	1,240,597,614.74
Including: Total amount of other deposits overseas	10,279,959.44	10,162,798.21
Deposit placed with financial company	304,651,414.32	413,452,997.65

Note: At the end of the year, other monetary funds are mainly guarantee deposits. Please refer to Note V. (23) Assets with restricted ownership or use rights for restricted cash and cash equivalents.

### (2) Held-for-trading financial assets

Item	Balance at the end of the year	Balance at the beginning of the year	Reasons for and basis of designation
Financial assets classified as at fair value through profit or loss		60,251,506.84	–
Including: Wealth management products		60,251,506.84	–
Total		60,251,506.84	–

### (3) Notes receivable

#### 1. Classification of notes receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Bank acceptance notes	36,804,227.19	63,053,735.15
Commercial acceptance notes	100,000.00	163,776.72
Sub-total	36,904,227.19	63,217,511.87
Less: Provision for bad debts		
Total	36,904,227.19	63,217,511.87

2. There was no notes receivable subject to pledge at the end of the year.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (3) Notes receivable (Continued)

3. Notes receivable endorsed or discounted at the end of the period but not yet due on the balance sheet date

Item	Derecognised amount at the end of the year	Underecognised amount at the end of the year
Bank acceptance notes		24,439,390.10
Commercial acceptance notes		100,000.00
Total		24,539,390.10

4. There was no transfer of notes receivable to accounts receivable due to non-performance by the drawer at the end of the year.

### (4) Accounts receivable

1. Ageing analysis of accounts receivable by invoice date is as follows:

Aged	Balance at the end of the year	Balance at the beginning of the year
Within 1 year (inclusive)	540,139,017.80	506,623,018.14
1 to 2 years (inclusive)	188,934,086.00	219,720,012.52
2 to 3 years (inclusive)	192,854,302.94	118,591,596.27
Over 3 years	235,942,934.55	255,983,455.86
Sub-total	1,157,870,341.29	1,100,918,082.79
Less: Provision for bad debts	134,272,710.38	78,969,675.63
Total	1,023,597,630.91	1,021,948,407.16

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (4) Accounts receivable (Continued)

2. *Accounts receivable in respect of which provision for bad debts were made on collective basis based on expected credit risks characteristics*

Category	Balance at the end of the year				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Amounts individually tested for expected credit losses	62,419,076.59	5.39	53,828,468.01	86.24	8,590,608.58
Accounts receivable from government	560,802,467.77	48.43			560,802,467.77
Accounts receivable from related companies	51,240,951.38	4.43			51,240,951.38
Accounts receivable from general customers or others:	483,407,845.55	41.75	80,444,242.37	16.64	402,963,603.18
Within 1 year (inclusive)	361,352,452.03	31.21	12,934,605.38	3.58	348,417,846.65
1 to 2 years (inclusive)	56,116,144.55	4.85	14,926,894.50	26.60	41,189,250.05
2 to 3 years (inclusive)	27,336,280.24	2.36	13,979,773.76	51.14	13,356,506.48
Over 3 years	38,602,968.73	3.33	38,602,968.73	100.00	
Total	1,157,870,341.29	100.00	134,272,710.38	11.60	1,023,597,630.91

Category	Balance at the beginning of the year				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Amounts individually tested for expected credit losses	20,562,764.45	1.87	20,562,764.45	100.00	
Accounts receivable from government	601,659,169.25	54.65			601,659,169.25
Accounts receivable from related companies	60,698,290.12	5.51			60,698,290.12
Accounts receivable from general customers or others:	417,997,858.97	37.97	58,406,911.18	13.97	359,590,947.79
Within 1 year (inclusive)	293,919,871.41	26.70	3,930,019.70	1.34	289,989,851.71
1 to 2 years (inclusive)	56,444,745.76	5.13	10,018,437.10	17.75	46,426,308.66
2 to 3 years (inclusive)	45,422,532.62	4.13	22,247,745.20	48.98	23,174,787.42
Over 3 years	22,210,709.18	2.01	22,210,709.18	100.00	
Total	1,100,918,082.79	100.00	78,969,675.63	7.17	1,021,948,407.16

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (4) Accounts receivable (Continued)

#### 3. Amounts individually tested for expected credit impairment at the end of the year

Name of the entity	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Provision for bad debts	Provision rate (%)	Book balance	Provision for bad debts	Basis of provision
Customer 1	18,017,324.00	9,426,715.42	52.32			Not expected to recover in full
Customer 2	14,865,164.60	14,865,164.60	100.00			Not expected to recover
Customer 3	5,525,585.52	5,525,585.52	100.00			Not expected to recover
Customer 4	4,590,666.90	4,590,666.90	100.00	4,590,666.90	4,590,666.90	Not expected to recover
Customer 5	4,290,306.85	4,290,306.85	100.00	4,290,306.85	4,290,306.85	Not expected to recover
Customer 6	3,351,109.19	3,351,109.19	100.00	3,351,109.19	3,351,109.19	Not expected to recover
Customer 7	3,119,607.00	3,119,607.00	100.00			Not expected to recover
Customer 8	508,816.00	508,816.00	100.00	508,816.00	508,816.00	Not expected to recover
Customer 9	454,020.26	454,020.26	100.00	439,180.26	439,180.26	Not expected to recover
Customer 10	429,528.97	429,528.97	100.00			Not expected to recover
Others	7,266,947.30	7,266,947.30	100.00	7,382,685.25	7,382,685.25	Not expected to recover
Total	62,419,076.59	53,828,468.01	86.24	20,562,764.45	20,562,764.45	—

#### 4. Bad debt provision for accounts receivable

Category	Balance at the beginning of the year	Changes in the current year				Balance at the end of the year
		Provided	Recovered or reversed	Written off	Other movements	
Bad debt provision for accounts receivable	78,969,675.63	58,442,113.37	74,558.65	3,064,519.97		134,272,710.38
Total	78,969,675.63	58,442,113.37	74,558.65	3,064,519.97		134,272,710.38

There was no significant reversal or recovery of bad debt provision for accounts receivable during the year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (4) Accounts receivable (Continued)

#### 5. Accounts receivable written off during the year

Accounts receivable written off amounted to RMB3,064,519.97 during the year.

#### 6. Top five outstanding balances of accounts receivable and contract assets at the end of the year categorized by debtors

Name of the entity	Balance of accounts receivable at the end of the year	Balance of contract assets at the end of the year	Balance of accounts receivable and contract assets at the end of the year	Proportion to total accounts receivable and contract assets at the end of the year (%)	Balance of bad debt provision for accounts receivable and impairment of contract assets at the end of the year
No. 1	235,859,993.19		235,859,993.19	19.13	
No. 2	62,400,606.83		62,400,606.83	5.06	
No. 3	54,900,056.88		54,900,056.88	4.45	
No. 4	1,338,316.64	39,913,289.08	41,251,605.72	3.35	9,459,070.54
No. 5	5,960,713.40	34,902,702.02	40,863,415.42	3.31	34,902,702.02
Total	360,459,686.94	74,815,991.10	435,275,678.04	35.30	44,361,772.56

### (5) Receivable financing

#### 1. Receivable financing by categories

Item	Balance at the end of the year	Balance at the beginning of the year
Notes receivable	18,055,682.89	8,265,364.14
Total	18,055,682.89	8,265,364.14

#### 2. There was no receivable financing subject to pledge as at 31 December 2024.

#### 3. Notes receivable endorsed or discounted at the end of the year but not due on the balance sheet date

Item	Derecognised amount at the end of the year	Underecognised amount at the end of the year
Bank acceptance notes	270,019,635.72	
Total	270,019,635.72	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (6) Prepayments

#### 1. Ageing analysis of prepayments

Aged	Balance at the end of the year		Balance at the beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	134,895,374.76	96.02	103,977,701.88	95.18
1 to 2 years	4,138,990.89	2.94	2,229,574.97	2.04
2 to 3 years	434,616.07	0.31	896,629.03	0.82
Over 3 years	1,019,400.32	0.73	2,141,321.14	1.96
Total	140,488,382.04	100.00	109,245,227.02	100.00

#### 2. Top five balances of prepayments at the end of the period categorized by payee

Name of the entity	Balance at the end of the year	Aged	Proportion to the total prepayment at the end of the year
No. 1	34,626,165.81	Within one year	24.65
No. 2	6,214,304.74	Within one year	4.42
No. 3	5,537,513.36	Within one year	3.94
No. 4	5,409,913.78	Within one year	3.85
No. 5	5,028,657.34	Within one year	3.58
Total	56,816,555.03		40.44

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable		
Dividend receivable		
Other accounts receivable	<b>224,655,623.64</b>	167,064,913.33
Total	<b>224,655,623.64</b>	167,064,913.33

#### 1. Other accounts receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Other accounts receivable	<b>317,697,476.03</b>	239,562,543.92
Less: Provision for bad debts	<b>93,041,852.39</b>	72,497,630.59
Total	<b>224,655,623.64</b>	167,064,913.33

#### (1) Categorized by nature of amounts

Nature of amounts	Balance at the end of the year	Balance at the beginning of the year
Payment of social security withheld on behalf of employee and government advance payment	<b>139,881,873.19</b>	9,658,610.94
Guarantee deposits, provisions and others	<b>73,967,889.26</b>	166,990,184.75
Land prepayment	<b>34,467,360.00</b>	34,467,360.00
Government grants	<b>431,282.75</b>	3,397,872.27
Other current account	<b>68,949,070.83</b>	25,048,515.96
Total	<b>317,697,476.03</b>	239,562,543.92

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable (Continued)

#### 1. Other accounts receivable (Continued)

- (2) Accounts receivable in respect of which provisions are made for bad debts on collective basis based on expected credit risks characteristics

Category	Book balance		Balance at the end of the year		Carrying amount
	Amount	Percentage (%)	Amount	Provision for bad debts Provision rate (%)	
Amounts individually tested for expected credit losses	88,853,670.02	27.97	88,853,670.02	100.00	
Accounts receivable from government	137,364,085.94	43.24			137,364,085.94
Accounts receivable from related companies	272,788.62	0.09			272,788.62
Guarantee deposits receivable, provisions and others	83,047,233.70	26.14			83,047,233.70
Accounts receivable from general customers or others:	8,159,697.75	2.56	4,188,182.37	51.33	3,971,515.38
Within 1 year (inclusive)	3,154,238.20	0.99	597,412.72	18.94	2,556,825.48
1 to 2 years (inclusive)	1,580,625.31	0.50	561,438.12	35.52	1,019,187.19
2 to 3 years (inclusive)	804,194.19	0.25	408,691.48	50.82	395,502.71
Over 3 years	2,620,640.05	0.82	2,620,640.05	100.00	
Total	317,697,476.03	100.00	93,041,852.39	29.29	224,655,623.64

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable (Continued)

#### 1. Other accounts receivable (Continued)

#### (2) Accounts receivable in respect of which provisions are made for bad debts on collective basis based on expected credit risks characteristics (Continued)

Category	Book balance		Balance at the beginning of the year		Carrying amount
	Amount	Percentage (%)	Amount	Provision for bad debts Provision rate (%)	
Amounts individually tested for expected credit losses	71,459,180.46	29.83	67,729,502.46	94.78	3,729,678.00
Accounts receivable from government	47,928,886.42	20.01			47,928,886.42
Accounts receivable from related companies	86,948.92	0.03			86,948.92
Guarantee deposits receivable, provisions and others	109,792,877.19	45.83			109,792,877.19
Accounts receivable from general customers or others:	10,294,650.93	4.30	4,768,128.13	46.32	5,526,522.80
Within 1 year (inclusive)	4,461,762.54	1.86	815,164.01	18.27	3,646,598.53
1 to 2 years (inclusive)	1,153,360.91	0.48	408,635.77	35.43	744,725.14
2 to 3 years (inclusive)	2,388,377.11	1.00	1,253,177.98	52.47	1,135,199.13
Over 3 years	2,291,150.37	0.96	2,291,150.37	100.00	
Total	239,562,543.92	100.00	72,497,630.59	30.26	167,064,913.33



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable (Continued)

#### 1. Other accounts receivable (Continued)

##### (3) Amounts individually tested for expected credit impairment at the end of the year

Name of the entity	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Provision for bad debts	Provision rate (%)	Book balance	Provision for bad debts	Basis of provision
Customer 1	34,467,360.00	34,467,360.00	100.00	34,467,360.00	34,467,360.00	Not expected to recover
Customer 2	21,218,300.80	21,218,300.80	100.00			Not expected to recover
Customer 3	8,810,256.00	8,810,256.00	100.00	8,810,256.00	8,810,256.00	Not expected to recover
Customer 4	4,527,704.09	4,527,704.09	100.00	4,527,704.09	4,527,704.09	Not expected to recover
Customer 5	3,379,408.00	3,379,408.00	100.00	3,379,408.00	3,379,408.00	Not expected to recover
Customer 6	2,311,960.63	2,311,960.63	100.00	2,311,960.63	2,311,960.63	Not expected to recover
Customer 7	2,000,000.00	2,000,000.00	100.00	2,000,000.00	2,000,000.00	Not expected to recover
Customer 8	1,700,000.00	1,700,000.00	100.00	1,700,000.00	1,700,000.00	Not expected to recover
Customer 9	1,606,000.00	1,606,000.00	100.00	1,806,000.00	1,806,000.00	Not expected to recover
Customer 10	1,389,000.00	1,389,000.00	100.00	1,359,330.00	1,359,330.00	Not expected to recover
Others	7,443,680.50	7,443,680.50	100.00	11,097,161.74	7,367,483.74	Not expected to recover
Total	88,853,670.02	88,853,670.02	100.00	71,459,180.46	67,729,502.46	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable (Continued)

#### 1. Other accounts receivable (Continued)

#### (4) Bad debt provision

	Stage I Expected credit loss over the next 12 months	Stage II Lifetime expected credit loss (not credit-impaired)	Stage III Lifetime expected credit loss (credit-impaired)	Total
Provision for bad debts				
Balance on 1 January 2024	4,768,128.13		67,729,502.46	72,497,630.59
Provision during the year	210,215.29		276,300.80	486,516.09
Reversal during the year			201,114.31	201,114.31
Transfer during the year				
Amount written-off during the year	790,161.05			790,161.05
Other movements			21,048,981.07	21,048,981.07
Balance on 31 December 2024	4,188,182.37		88,853,670.02	93,041,852.39

#### (5) Provision for bad debts of other accounts receivable

Category	Balance at the beginning of the year	Changes in the current year				Balance at the end of the year
		Provided	Recovered or reversed	Written off	Other movements (Note)	
Provision for bad debts of other accounts receivable	72,497,630.59	486,516.09	201,114.31	790,161.05	21,048,981.07	93,041,852.39
Total	72,497,630.59	486,516.09	201,114.31	790,161.05	21,048,981.07	93,041,852.39

*Note:* Due to a breach of contract by the supplier, the project under construction came to a halt (with full impairment provision recognized in previous years). The project was terminated by the owner, and as a result, the Company sought to recover the construction payments already made to the supplier. In the current period, these amounts have been transferred to other receivables for accounting purposes.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (7) Other accounts receivable (Continued)

#### 1. Other accounts receivable (Continued)

#### (6) Other accounts receivable written off during the year

Other accounts receivable written off amounted to RMB790,161.05 during the year.

#### (7) Top five outstanding balances of other accounts receivable at the end of the year categorized by debtors

Name of the entity	Nature of amounts	Balance of other accounts receivable at the end of the year	Aged	Proportion to total balance of other accounts receivable at the end of the year (%)	Balance of bad debt provision at the end of the year
No. 1	Amount to be recovered on termination of BOT project	134,939,775.24	Within 1 year, 1 to 2 years	42.47	
No. 2	Land prepayment	34,467,360.00	Over 3 years	10.85	34,467,360.00
No. 3	Other current account	21,218,300.80	Within 1 year	6.68	21,218,300.80
No. 4	Other current account	8,810,256.00	Over 3 years	2.77	8,810,256.00
No. 5	Guaranteed deposits	5,000,000.00	Over 3 years	1.57	
Total	—	204,435,692.04	—	64.34	64,495,916.80

#### (8) Account receivables related to government grants

Timing and amount expected to receive, and the basis						
Name of the entity	Name of government grant items	Balance at the end of the year	Age at the end of the year	Time	Amount	Basis
State Taxation Administration, Huizhou Zhongkai High-tech Industry Development Zone Taxation Bureau	Refund of value-added tax upon collection	296,358.21	Within 1 year	2025	296,358.21	Cai Shui [2015] No. 78
State Taxation Administration, Shenzhen Luohu District Taxation Bureau	Refund of value-added tax upon collection	134,924.54	Within 1 year	2025	134,924.54	Cai Shui [2015] No. 78
Total	—	431,282.75	—	—	431,282.75	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (8) Inventories

#### 1. Classifications of inventories

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Provision for value reduction/ impairment provision of contract performance costs	Carrying amount	Book balance	Provision for value reduction/ impairment provision of contract performance costs	Carrying amount
Raw materials	395,980,180.72	2,418,920.69	393,561,260.03	373,723,789.70	1,535,957.53	372,187,832.17
Work-in progress	190,706,446.07		190,706,446.07	199,400,572.87		199,400,572.87
Goods in stock	142,986,260.78	2,478,099.42	140,508,161.36	190,450,015.45	365,828.85	190,084,186.60
Goods in transit	46,727,060.10	6,519,484.39	40,207,575.71	18,922,110.78	2,673,802.78	16,248,308.00
Low-valued consumables	8,777,491.09		8,777,491.09	9,514,896.40		9,514,896.40
Contract performance cost	1,638,125.23	308,837.16	1,329,288.07	2,697,579.59	308,837.16	2,388,742.43
Total	786,815,563.99	11,725,341.66	775,090,222.33	794,708,964.79	4,884,426.32	789,824,538.47

#### 2. Increase or decrease in provision for value reduction and impairment provision of contract performance costs

Item	Balance at the beginning of the year	Increase in the year		Decrease in the year		Balance at the end of the year
		Provided	Others	Reversal or transfer	Others	
Raw materials	1,535,957.53	882,963.16				2,418,920.69
Goods in stock	365,828.85	2,112,270.57				2,478,099.42
Goods in transit	2,673,802.78	6,519,484.39		2,673,802.78		6,519,484.39
Contract performance cost	308,837.16					308,837.16
Total	4,884,426.32	9,514,718.12		2,673,802.78		11,725,341.66

#### 3. The year-end balance of inventory excludes the capitalised amount of borrowing costs.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (9) Contract assets

#### 1. Classification of contract assets

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Government public utility construction projects	39,913,289.08	9,459,070.54	30,454,218.54	39,913,289.08	9,459,070.54	30,454,218.54
Power generation subsidy project	34,902,702.02	34,902,702.02		34,902,702.02	22,246,055.96	12,656,646.06
Total	74,815,991.10	44,361,772.56	30,454,218.54	74,815,991.10	31,705,126.50	43,110,864.60

2. Except for transfer-in of the accounts receivable due to the completion of performance obligations or settlement procedures, the carrying amount of contract assets did not change significantly during the year.

#### 3. Impairment provision of contract assets

Item	Balance at the beginning of the year	Changes in the current year				Balance at the end of the year
		Provided	Recovered or reversed	Transfer/ write-off	Reason	
Power generation subsidy project	22,246,055.96	12,656,646.06			Not expected to recover	34,902,702.02
Government public utility construction projects	9,459,070.54					9,459,070.54
Total	31,705,126.50	12,656,646.06			—	44,361,772.56

### (10) Non-current asset due within one year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term receivables due within one year	26,597,785.36	40,359,253.25
Total	26,597,785.36	40,359,253.25

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (11) Other current assets

Item	Balance at the end of the year	Balance at the beginning of the year
Input tax to be deducted	105,531,359.48	116,281,007.43
Prepaid income tax	645,919.48	752,863.01
Others	19,470.57	38,245.91
Total	106,196,749.53	117,072,116.35

### (12) Long-term equity investments

#### 1. Details of long-term equity investments

Investee	Balance at the beginning of the year	Increase in investments	Decrease in investments	Change during the year					Others	Balance at the end of the year	Impairment provision at the end of the year
				Gain and loss of investment recognised under equity approach	Adjustments to other comprehensive income	Change in other equity interests	Cash dividend or profit declared or paid	Impairment provision			
I. Joint venture											
Huizhou Dongjiang Veolia Environmental services Limited	93,853,216.73			-4,271,161.44						89,582,055.29	
Sub-total	93,853,216.73			-4,271,161.44						89,582,055.29	
II. Associates											
Fujian Xingye Dongjiang Environmental Technology Co., Ltd.	73,891,421.63			1,328,715.78						75,220,137.41	
ALBA Rising Green Fuel (Jieyang) Ltd.	61,612,538.47			967,780.72						62,580,319.19	
Jieyang Guangye Environmental Protection Energy Co., Ltd.	25,768,100.80			714,649.62						26,482,750.42	
Dongguan Fengye Solid Waste Treatment Co., Ltd.	14,444,003.56			-1,944,337.44						12,499,666.12	
Jieyang Guangye Environmental Technology Co., Ltd.	3,441,971.00			455.00						3,442,426.00	
Guangdong Jiabao Dongjiang Renewable Resources Industry Investment Co., Ltd.		3,250,000.00								3,250,000.00	
Jieyang Guangye New Energy Environmental Protection Co., Ltd.	2,852,577.00			7,011.86						2,859,588.86	
Jieyang Guangye Biotechnology Co., Ltd.	1,400,110.40									1,400,110.40	
Shenzhen Resource Environmental Technology Company Limited	190,212.79									190,212.79	190,212.79
Sub-total	183,600,935.65	3,250,000.00		1,074,275.54						187,925,211.19	190,212.79
Total	277,454,152.38	3,250,000.00		-3,196,885.90						277,507,266.48	190,212.79

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (13) Investment in other equity instruments

#### 1. Details of other equity instrument investments

Item	Balance at the beginning of the year	Increase in investments	Decrease in investments	Change during the year		Others	Balance at the end of the year
				Gains recognised in other comprehensive income during the year	Loss recognised in other comprehensive income during the year		
Yongxing SRCB Rural Bank Co., Ltd.	4,242,896.51						4,242,896.51
Total	4,242,896.51						4,242,896.51

Item	Dividend income recognised during the year	Cumulative gains recognised in other comprehensive income	Cumulative loss recognised in other comprehensive income during the year	Reasons for designation as at fair value through other comprehensive income
Yongxing SRCB Rural Bank Co., Ltd.	100,000.00	2,242,896.51		Long-term holding for strategic purpose
Total	100,000.00	2,242,896.51		—

### (14) Investment properties

#### 1. Investment properties measured at fair value

Item	Buildings and structures	Total
I. Balance at the beginning of the year	522,789,890.30	522,789,890.30
II. Movement in the current year	26,972,752.70	26,972,752.70
Add: Purchase	10,233,255.79	10,233,255.79
Transfer from fixed assets	24,648,433.00	24,648,433.00
Changes in fair value	-7,908,936.09	-7,908,936.09
III. Balance at the end of the year	549,762,643.00	549,762,643.00

Notes:

- The fair value of buildings and structures includes the value of land use right attributable to rented buildings and structures.
- As of the end of the year, none of properties of the Company is without title certificates.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (14) Investment properties (Continued)

#### 2. Transferred to investment properties measured at fair value during the current period

Item	Fair value amount transferred	Reasons for transfer	Approval procedures	Amounts recognized in profit or loss	Amounts recognized in other comprehensive income
Plants of Xiamen Oasis	24,648,433.00	Intended for long-term lease	Management resolution	Nil	7,981,150.20
Total	24,648,433.00	—	—		7,981,150.20

### (15) Fixed assets

Category	Balance at the end of the year	Balance at the beginning of the year
Fixed assets	4,733,178,211.48	5,148,382,776.17
Disposal of fixed assets		
Total	4,733,178,211.48	5,148,382,776.17

#### 1. Fixed assets

##### (1) Details of fixed assets

Item	Buildings and structures	Plant and machinery	Transportation equipment	Office equipment	Others	Total
I. Original carrying amount						
1. Balance at the beginning of the year	3,898,965,144.67	2,808,322,753.86	129,770,577.65	130,272,578.96	1,056,201,542.66	8,023,532,597.80
2. Increase in the year	45,198,384.38	154,346,753.55	10,052,722.35	8,451,115.62	13,760,325.94	231,809,301.84
(1) Purchase	3,079,112.56	21,165,589.11	9,819,094.03	3,218,245.13	7,927,124.87	45,209,165.70
(2) Transfer from construction in progress	42,119,271.82	133,181,164.44	233,628.32	5,226,756.90	5,832,990.24	186,593,811.72
(3) Exchange rate changes				6,113.59	210.83	6,324.42
3. Decrease in the year	65,460,628.50	21,548,143.68	15,307,965.86	3,999,869.03	7,518,847.32	113,835,454.39
(1) Disposal or retirement	37,355,126.19	8,178,755.96	15,307,965.86	3,985,339.11	5,453,718.51	70,280,905.63
(2) Transfer to investment properties	16,996,738.65					16,996,738.65
(3) Transfer to construction in progress		5,955,194.00		14,529.92	206,444.81	6,176,168.73
(4) Others (note 1)	11,108,763.66	7,414,193.72			1,858,684.00	20,381,641.38
4. Balance at the end of the year	3,878,702,900.55	2,941,121,363.73	124,515,334.14	134,723,825.55	1,062,443,021.28	8,141,506,445.25



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (15) Fixed assets (Continued)

#### 1. Fixed assets (Continued)

##### (1) Details of fixed assets (Continued)

Item	Buildings and structures	Plant and machinery	Transportation equipment	Office equipment	Others	Total
II. Accumulated depreciation						
1. Balance at the beginning of the year	817,107,048.98	1,372,555,635.97	85,021,613.19	98,579,455.50	484,032,478.30	2,857,296,231.94
2. Increase in the year	188,595,386.90	260,357,626.80	11,778,588.42	11,434,094.65	100,184,855.13	572,350,551.90
(1) Provision	188,595,386.90	260,357,626.80	11,778,588.42	11,428,149.68	100,184,665.41	572,344,417.21
(2) Exchange rate changes				5,944.97	189.72	6,134.69
3. Decrease in the year	10,074,818.62	11,991,749.92	14,764,354.75	3,332,364.37	5,388,479.79	45,551,767.45
(1) Disposal or retirement	7,084,979.37	6,999,820.20	14,764,354.75	3,318,270.35	5,188,228.32	37,355,652.99
(2) Transfer to investment properties	2,989,839.25					2,989,839.25
(3) Transfer to construction in progress		1,025,436.71		14,094.02	200,251.47	1,239,782.20
(4) Others (note 2)		3,966,493.01				3,966,493.01
4. Balance at the end of the year	995,627,617.26	1,620,921,512.85	82,035,846.86	106,681,185.78	578,828,853.64	3,384,095,016.39
III. Impairment provision						
1. Balance at the beginning of the year	12,266,670.81	5,194,917.36	273,302.18	647.12	118,052.22	17,853,589.69
2. Increase in the year	6,330,495.07	29,923.53		1,237.37	17,971.72	6,379,627.69
(1) Provision	6,330,495.07	29,923.53		1,237.37	17,971.72	6,379,627.69
3. Decrease in the year						
4. Balance at the end of the year	18,597,165.88	5,224,840.89	273,302.18	1,884.49	136,023.94	24,233,217.38
IV. Carrying amount						
1. Carrying amount at the end of the year	2,864,478,117.41	1,314,975,009.99	42,206,185.10	28,040,755.28	483,478,143.70	4,733,178,211.48
2. Carrying amount at the beginning of the year	3,069,591,424.88	1,430,572,200.53	44,475,662.28	31,692,476.34	572,051,012.14	5,148,382,776.17

Note 1: "Others" was reduced under the original carrying amount, primarily due to the reduction of original value based on the settlement price and the transfer of fixed assets to intangible assets of concession.

Note 2: "Others" was reduced under depreciation, primarily due to the transfer of fixed assets to intangible assets of concession.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (15) Fixed assets (Continued)

#### 1. Fixed assets (Continued)

#### (2) Details of temporarily idle fixed assets as at 31 December 2024

Category	Original carrying amount	Accumulated depreciation	Impairment provision	Carrying amount	Remarks
Buildings and structures	249,108,767.66	76,370,129.86	9,149,247.47	163,589,390.33	
Plant and machinery	262,036,605.90	219,157,471.32	1,743,621.95	41,135,512.63	
Transportation equipment	2,860,139.31	2,729,774.70		130,364.61	
Office equipment	2,786,147.67	2,660,462.69	1,233.80	124,451.18	
Others	17,328,144.82	14,658,410.12	17,255.04	2,652,479.66	
Total	534,119,805.36	315,576,248.69	10,911,358.26	207,632,198.41	

- (3) As at 31 December 2024, none of the fixed assets of the Company were leased under operating leases.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (15) Fixed assets (Continued)

#### 1. Fixed assets (Continued)

##### (4) Details of properties without title certificates as at 31 December 2024

Item	Carrying amount	Reasons for incomplete title certificate
Building and other structures of the comprehensive office of subsidiary Jieyang Dongjiang	257,185,760.60	In progress
Building and structures and other ancillary facilities of subsidiary Mianyang Dongjiang	187,975,052.78	In progress
Workshop and landfill of subsidiary Tangshan Wandes	92,204,899.61	The final accounts are not completed
Factory buildings, warehouses, etc. of subsidiary Xiongfeng Environment	35,308,030.56	In progress
Office buildings and provisional valuation of expansion projects to transfer to fixed assets of subsidiary Hengshui Ruitao	18,892,090.88	In progress
2# dormitory building and factory building of subsidiary Baoan Dongjiang	14,572,471.11	In progress
Office buildings and warehouse of subsidiary Weifang Dongjiang	12,539,224.96	In progress
Office buildings of subsidiary Xiamen Dongjiang	11,855,078.24	In progress
Office buildings and factories of subsidiary Huizhou Dongjiang	8,812,381.36	In progress
Dismantling workshop pump house and complex building of subsidiary Jiangxi Dongjiang	8,041,487.73	In progress
16# Warehouse for sorting Solid Waste of subsidiary Jiangmen Dongjiang	2,185,653.48	In progress
Office buildings and factories of subsidiary Qingyuan Xinlv	2,147,659.28	In progress
Warehouse of subsidiary Jiangsu Dongjiang	922,779.86	In progress
Buildings and structures of subsidiary Chengdu Hazardous Waste	120,473.49	In progress
Datang Residence* (大唐住宅) of subsidiary Qiandeng Wastes Treatment	1,573.56	Private title house due to lack of land use right
Total	652,764,617.50	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (16) Construction in progress

Category	Balance at the end of the year	Balance at the beginning of the year
Construction in progress	30,397,193.91	225,617,248.30
Engineering material		
Total	30,397,193.91	225,617,248.30

#### 1. Construction in progress

##### (1) Profile of construction in progress

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Zhuhai Green Industry Service Center Project	10,207,899.94		10,207,899.94	13,535,918.30		13,535,918.30
Shaoguan Hazardous Waste Treatment and Disposal Center Project	10,246,923.02		10,246,923.02	58,169,498.23		58,169,498.23
Yancheng Solid Waste Disposal and Hazardous Waste Incineration Construction Project	9,926,001.01	9,926,001.01		9,926,001.01	9,926,001.01	
Extension Project of Binjiang Sewage Plant Phase II				73,831,786.18		73,831,786.18
Demonstration project of plasma hazardous waste treatment				29,866,877.11	29,866,877.11	
Reconstruction of fuming furnace				17,933,694.87		17,933,694.87
Technical Transformation of Desulfurization and Denitrification in Oxygen-enriched Side Blowing Furnace, Fuming Furnace and Rotary Kiln				16,505,705.85		16,505,705.85
3T Three-time Evaporation Project				10,553,970.02		10,553,970.02
Transformation of Rotary Kiln				6,844,590.16		6,844,590.16
Hazardous Waste Incineration and Physicochemical Comprehensive Treatment Project in Jieyang Da Nanhai Petrochemical Industrial Zone				580,293.66		580,293.66
Total of other ad hoc projects	9,942,370.95		9,942,370.95	27,661,791.03		27,661,791.03
Total	40,323,194.92	9,926,001.01	30,397,193.91	265,410,126.42	39,792,878.12	225,617,248.30

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (16) Construction in progress (Continued)

#### (2) Movement in significant construction in progress projects

Name of projects	Budget amount	Balance at the beginning of the year	Increase in the year	Transfer to fixed assets during the year	Decrease in others during the year	Balance at the end of the year	Proportion of accumulated expenditure injected to budget (%)	Progress (%)	Total interest capitalised	Including: Interest capitalised during the year	Interest capitalisation rate for the year (%)	Source of capital
Zhuhai Green Industry Service Center Project	593,000,000.00	13,535,918.30	11,160,565.38	14,488,583.74		10,207,899.94	89.33	99.00	17,295,007.25			Internal resources and loans from financial institutions
Shaoguan Hazardous Waste Treatment and Disposal Center Project	605,000,000.00	58,169,498.23	15,996,777.82	63,919,353.03		10,246,923.02	99.60	99.60	103,078,094.83			Internal resources, loans from financial institutions, proceeds raised
Hazardous Waste Incineration and Physicochemical Comprehensive Treatment Project in Jieyang Da Nantai Petrochemical Industrial Zone	379,208,100.00	580,293.66	3,609,783.55	4,190,077.21			100.00	100.00	17,918,366.56			Internal resources and loans from financial institutions
Extension Project of Binjiang Sewage Plant Phase II	170,250,000.00	73,831,786.18	55,061,542.35		128,893,328.53		100.00	100.00				Internal resources, proceeds raised
3T Three-time Evaporation Project	15,000,000.00	10,553,970.02	290,265.49		10,844,235.51		78.80	100.00				Internal resources
Technical Transformation of Desulfurization In Oxygen-enriched Side Blowing Furnace, Fuming Furnace and Rotary Kiln of Xiongfeng Environment	24,000,000.00	16,505,705.85	-708,231.54	15,797,474.31			100.00	100.00	2,060,364.59	514,364.59	3.35	Internal resources, loans from financial institutions, proceeds raised
Reconstruction of fuming furnace of Xiongfeng Environment	15,000,000.00	17,933,694.87	7,868,117.74	25,801,812.61			100.00	100.00	874,194.15	420,843.76	3.35	Internal resources and loans from financial institutions
Total	1,801,458,100.00	191,110,867.11	93,278,820.79	124,197,300.90	139,737,564.04	20,454,822.96			141,226,027.38	935,208.35	—	

**Note:** The decrease in “Others” under construction-in-progress during the year mainly represented the amounts transferred from construction-in-progress of the Company to the intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (16) Construction in progress (Continued)

#### (3) Impairment provision of construction in progress

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year	Reason for provision
Demonstration project of plasma hazardous waste treatment	29,866,877.11		29,866,877.11		Project terminated
Yancheng solid waste disposal and hazardous waste incineration construction project	9,926,001.01			9,926,001.01	Unable to generate economic benefits
Total	39,792,878.12		29,866,877.11	9,926,001.01	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (17) Right-of-use assets

Item	Buildings and structures	Total
I. Original carrying amount		
1. Balance at the beginning of the year	19,661,151.30	19,661,151.30
2. Increase in the year	2,396,036.68	2,396,036.68
(1) New leases	2,396,036.68	2,396,036.68
3. Decrease in the year	3,220,351.73	3,220,351.73
(1) Disposal		
(2) Termination of lease	3,220,351.73	3,220,351.73
4. Balance at the end of the year	18,836,836.25	18,836,836.25
II. Accumulated depreciation		
1. Balance at the beginning of the year	9,841,915.29	9,841,915.29
2. Increase in the year	5,721,990.45	5,721,990.45
(1) Provision	5,721,990.45	5,721,990.45
3. Decrease in the year	3,220,351.73	3,220,351.73
(1) Disposal		
(2) Termination of lease	3,220,351.73	3,220,351.73
4. Balance at the end of the year	12,343,554.01	12,343,554.01
III. Impairment provision		
1. Balance at the beginning of the year		
2. Increase in the year		
3. Decrease in the year		
4. Balance at the end of the year		
IV. Carrying amount		
1. Carrying amount at the end of the year	6,493,282.24	6,493,282.24
2. Carrying amount at the beginning of the year	9,819,236.01	9,819,236.01

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (18) Intangible assets

#### 1. Details of intangible assets

Item	Land use right	Patent	Non-patent technology	Concession rights	Emission rights	Total
I. Original carrying amount						
1. Balance at the beginning of the year	854,646,004.14	21,579,015.71	66,179,737.14	990,221,270.32	10,849,900.20	1,943,475,927.51
2. Increase in the year	43,000,000.00		5,138,387.27	153,392,428.81		201,530,816.08
(1) Purchase	43,000,000.00		348,825.01	3,164,546.42		46,513,371.43
(2) Internal research and development			3,905,069.03			3,905,069.03
(3) Transfer from construction in progress			884,493.23	145,592,971.18		146,477,464.41
(4) Others				4,634,911.21		4,634,911.21
3. Decrease in the year	15,182,649.87			187,623.14		15,370,273.01
(1) Disposal	15,182,649.87			187,623.14		15,370,273.01
4. Balance at the end of the year	882,463,354.27	21,579,015.71	71,318,124.41	1,143,426,075.99	10,849,900.20	2,129,636,470.58
II. Accumulated amortization						
1. Balance at the beginning of the year	128,508,524.93	4,168,813.54	41,269,230.39	550,666,780.61	2,932,879.94	727,546,229.41
2. Increase in the year	18,695,127.07	2,292,224.34	9,251,983.64	41,187,163.71	2,352,142.75	73,778,641.51
(1) Provision	18,695,127.07	2,292,224.34	9,251,983.64	37,220,670.70	2,352,142.75	69,812,148.50
(2) Others				3,966,493.01		3,966,493.01
3. Decrease in the year	2,860,442.01			185,123.75		3,045,565.76
(1) Disposal	2,860,442.01			185,123.75		3,045,565.76
4. Balance at the end of the year	144,343,209.99	6,461,037.88	50,521,214.03	591,668,820.57	5,285,022.69	798,279,305.16
III. Impairment provision						
1. Balance at the beginning of the year				55,934,532.23		55,934,532.23
2. Increase in the year						
3. Decrease in the year						
4. Balance at the end of the year				55,934,532.23		55,934,532.23
IV. Carrying amount						
1. Carrying amount at the end of the year	738,120,144.28	15,117,977.83	20,796,910.38	495,822,723.19	5,564,877.51	1,275,422,633.19
2. Carrying amount at the beginning of the year	726,137,479.21	17,410,202.17	24,910,506.75	383,619,957.48	7,917,020.26	1,159,995,165.87

2. The Company has no intangible assets without title certificates as at 31 December 2024



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill

#### 1. Original carrying amount of goodwill

Item	Balance at the beginning of the year	Increase in the year		Decrease in the year		Balance at the end of the year
		Resulting from business combinations	Others	Disposal	Others	
Shaoguan Dongjiang	30,831,658.44					30,831,658.44
Chengdu Hazardous Waste	2,045,010.07					2,045,010.07
Zhuhai Qingxin	13,100,912.02			13,100,912.02		
Qingyuan Xinlv	17,538,809.93					17,538,809.93
Jiaxing Deda	9,097,974.10					9,097,974.10
Dongguan Hengjian	59,796,611.11					59,796,611.11
Coastal Solid Waste	25,662,811.29					25,662,811.29
Nanchang Xinguan	20,271,219.13					20,271,219.13
Hefei Xinguan	6,873,379.12					6,873,379.12
Xiamen Oasis	180,159,548.44					180,159,548.44
Wosen Environmental	14,369,932.91					14,369,932.91
Hengjian Tongda	136,773,774.37					136,773,774.37
Hubei Tianyin	54,255,302.08					54,255,302.08
Zhuhai Yongxingsheng	141,616,697.35					141,616,697.35
Xiantao Luyi	10,800,000.00					10,800,000.00
Weifang Dongjiang	52,000,000.00					52,000,000.00
Hengshui Ruitao	44,065,339.97					44,065,339.97
Huaxin Environmental	108,953,958.22					108,953,958.22
Jiangsu Dongjiang	223,359,256.95					223,359,256.95
Dongheng Environmental	12,232,241.72					12,232,241.72
Huateng Environment	16,677,905.10					16,677,905.10
Tangshan Wandesi	100,456,186.50					100,456,186.50
Foshan Fulong	89,831,126.19					89,831,126.19
Xiongfeng Environment	7,211,804.79					7,211,804.79
Port and Shipping Logistics	1,459,028.80					1,459,028.80
Total	1,379,440,488.60			13,100,912.02		1,366,339,576.58

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

#### 2. Impairment provision of goodwill

Item	Balance at the beginning of the year	Increase in the year		Decrease in the year		Balance at the end of the year
		Provided	Others	Disposal	Others	
Shaoguan Dongjiang	30,831,658.44					30,831,658.44
Chengdu Hazardous Waste	2,045,010.07					2,045,010.07
Zhuhai Qingxin	13,100,912.02			13,100,912.02		
Xiamen Oasis	58,850,324.85	28,581,045.62				87,431,370.47
Hubei Tianyin	54,255,302.08					54,255,302.08
Xiantao Luyi	7,696,700.00					7,696,700.00
Weifang Dongjiang	52,000,000.00					52,000,000.00
Hengshui Ruitao	44,065,339.97					44,065,339.97
Dongheng Environmental	5,368,275.95					5,368,275.95
Hefei Xinguan	6,873,379.12					6,873,379.12
Coastal Solid Waste	25,662,811.29					25,662,811.29
Tangshan Wandesi	100,456,186.50					100,456,186.50
Nanchang Xinguan	20,271,219.13					20,271,219.13
Foshan Fulong	58,403,175.61	31,427,950.58				89,831,126.19
Port and Shipping Logistics	1,459,028.80					1,459,028.80
Dongguan Hengjian	21,500,247.91	21,471,901.91				42,972,149.82
Hengjian Tongda	28,261,386.61	8,850,341.76				37,111,728.37
Xiongfeng Environment		7,211,804.79				7,211,804.79
Jiangsu Dongjiang		46,317,980.24				46,317,980.24
Zhuhai Yongxingsheng		20,926,598.94				20,926,598.94
Total	531,100,958.35	164,787,623.84		13,100,912.02		682,787,670.17

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

3. Information about the asset group or portfolio of asset groups to which the goodwill belongs

Name	The composition of the asset group or portfolio the goodwill belongs to and basis of determination	Operating segment that the goodwill belongs to and basis of determination	Consistent with the prior years or not?
Qingyuan Xinlv	All operating non-current assets and all goodwill based on the smallest asset portfolio that can independently generate cash flow	Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Jiaxing Deda		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Dongguan Hengjian		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Xiamen Oasis		Industrial waste recycling and disposal, home appliances dismantling, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Wosen Environmental		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Hengjian Tongda		Municipal waste treatment and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Zhuhai Yongxingsheng		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Xiantao Luyi		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

3. Information about the asset group or portfolio of asset groups to which the goodwill belongs (Continued)

Name	The composition of the asset group or portfolio the goodwill belongs to and basis of determination	Operating segment that the goodwill belongs to and basis of determination	Consistent with the prior years or not?
Huaxin Environmental		Industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Jiangsu Dongjiang		Industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Dongheng Environmental		Others (House leasing and property management), classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Huateng Environment		Others, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Foshan Fulong		Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes
Xiongfeng Environment		Rare and precious metals recycling, others, classified according to the Company's internal organizational structure, management requirements and internal reporting system	Yes

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

#### 4. Identification approach of recoverable amount of goodwill

##### (1) Recoverable amount, determined based on the fair value less costs of disposal

Item	Carrying amount	Recoverable amount	Impairment amount	Determination approach of fair value and costs of disposal	Key parameters	Determination basis of key parameters
Xiantao Luyi	81,093,763.11	131,321,039.91		Cost approach	Fair value and costs of disposal of assets	The fair value of assets is determined according to the market value of assets on the benchmark date, and the costs of disposal are determined by reference to the fee standard of assets trading business of the Exchange.
Dongheng Environmental	189,604,276.10	191,220,373.70		Cost approach	Fair value and costs of disposal of assets	The fair value of assets is determined according to the market value of assets on the benchmark date, and the costs of disposal are determined by reference to the fee standard of assets trading business of the Exchange.
Total	270,698,039.21	322,541,413.61	—	—	—	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

#### 4. Identification approach of recoverable amount of goodwill (Continued)

#### (2) Recoverable amount, determined based on the present value of expected future cash flow

Item	Carrying amount	Recoverable amount	Impairment provision of goodwill attributable to shareholders of the parent company	Projected period	Key parameters for projected period	Determination basis of parameters for projected period	Key parameters for stabilization period	Determination basis of parameters for stabilization period
Qingyuan Xinlv	44,550,103.21	48,900,000.00		5 years	Revenue growth rate is 71.35%-1.85%, profit margin is 5.19%-4.73%, pre-tax discount rate is 11.82%	The key parameters are determined according to the macroeconomic situation, industry development trend, enterprise business planning and historical annual operation	Revenue growth rate is 0%, profit margin is 4.73%, pre-tax discount rate is 11.82%	Key parameters are determined according to the macroeconomic situation, industry development trend, enterprise business planning and historical annual operation
Jiaxing Deda	47,473,348.47	62,790,000.00		5 years	Revenue growth rate is 31.26%-2.03%, profit margin is -2.17%-6.18%, pre-tax discount rate is 11.38%		Revenue growth rate is 0%, profit margin is 6.18%, pre-tax discount rate is 11.38%	
Dongguan Hengjian	100,841,901.91	79,370,000.00	21,471,901.91	5 years	Revenue growth rate is -39.66%-0.18%, profit margin is -28.38%-2.23%, pre-tax discount rate is 11.82%		Revenue growth rate is 0%, profit margin is 2.23%, pre-tax discount rate is 11.82%	
Xiamen Oasis	709,175,076.04	661,540,000.00	28,581,045.62	5 years	Revenue growth rate is 28.56%-8.08%, profit margin is 1.71%-9.99%, pre-tax discount rate is 10.94%		Revenue growth rate is 0%, profit margin is 9.99%, pre-tax discount rate is 10.94%	
Wosen Environmental	112,026,132.93	197,120,000.00		5 years	Revenue growth rate is 47.25%-21.82%, profit margin is 22.53%-19.68%, pre-tax discount rate is 12.26%		Revenue growth rate is 0%, profit margin is 19.68%, pre-tax discount rate is 12.26%	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

#### 4. Identification approach of recoverable amount of goodwill (Continued)

##### (2) Recoverable amount, determined based on the present value of expected future cash flow (Continued)

Item	Carrying amount	Recoverable amount	Impairment provision of goodwill attributable to shareholders of the parent company	Projected period	Key parameters for projected period	Determination basis of parameters for projected period	Key parameters for stabilization period	Determination basis of parameters for stabilization period
Hengjian Tongda	155,060,341.76	146,210,000.00	8,850,341.76	9 years	Revenue growth rate is 0%-16.67%, profit margin is 41.93%-52.18%, pre-tax discount rate is 6.89%		Not applicable	Not applicable
Zhuhai Yongxingsheng	285,678,248.68	259,520,000.00	20,926,598.94	5 years	Revenue growth rate is 78.57%-5.20%, profit margin is -1.79%-11.44%, pre-tax discount rate is 11.82%		Revenue growth rate is 0%, profit margin is 11.44%, pre-tax discount rate is 11.82%	Key parameters are determined according to the macroeconomic situation, industry development trend, enterprise business planning and historical annual operation
Huaxin Environmental	222,003,443.50	231,740,000.00		5 years	Revenue growth rate is 8.94%-1.87%, profit margin is 0.93%-20.31%, pre-tax discount rate is 10.94%		Revenue growth rate is 0%, profit margin is 20.31%, pre-tax discount rate is 10.94%	
Jiangsu Dongjiang	454,407,980.24	408,090,000.00	46,317,980.24	5 years	Revenue growth rate is 14.35%-0%, profit margin is 27.44%-27.35%, pre-tax discount rate is 10.50%		Revenue growth rate is 0%, profit margin is 27.35%, pre-tax discount rate is 10.50%	
Huateng Environment	21,170,575.97	31,540,000.00		5 years	Revenue growth rate is 64.19%-0%, profit margin is 18.94%-18.71%, pre-tax discount rate is 13.53%		Revenue growth rate is 0%, profit margin is 18.71%, pre-tax discount rate is 13.53%	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (19) Goodwill (Continued)

#### 4. Identification approach of recoverable amount of goodwill (Continued)

#### (2) Recoverable amount, determined based on the present value of expected future cash flow (Continued)

Item	Carrying amount	Recoverable amount	Impairment provision of goodwill attributable to shareholders of the parent company	Projected period	Key parameters for projected period	Determination basis of parameters for projected period	Key parameters for stabilization period	Determination basis of parameters for stabilization period
Foshan Fulong	407,343,703.76	345,740,000.00	31,427,950.58	5 years	Revenue growth rate is 6.74-4.48%, profit margin is -36.63%-22.16%, pre-tax discount rate is 11.82%		Revenue growth rate is 0%, profit margin is 22.16%, pre-tax discount rate is 11.82%	
Xiongfeng Environment	559,971,532.30	549,250,000.00	7,211,804.79	5 years	Revenue growth rate is 81.11%-6.42%, profit margin is 0.06%-5.83%, pre-tax discount rate is 11.82%		Revenue growth rate is 0%, profit margin is 5.83%, pre-tax discount rate is 11.82%	
Total	3,119,702,388.77	3,021,810,000.00	164,787,623.84	-	-		-	

#### 5. Performance commitment and its influence on goodwill impairment testing

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (20) Long-term deferred expenses

Category	Original cost	Balance at the beginning of the year	Increase in the year	Amortization during the year	Other decreases (Note)	Balance at the end of the year
Facility maintenance and improvement cost	60,282,058.70	25,585,825.89	18,419,833.63	19,881,607.63		24,124,051.89
Renovation cost	33,214,041.93	18,566,134.13	1,610,310.11	4,966,584.07		15,209,860.17
Medical waste disposal	6,564,593.17	5,479,064.61	2,026,700.63	1,529,873.73		5,975,891.51
Hazardous waste landfill	3,753,367.07	2,855,871.90		992,437.50		1,863,434.40
Domestic waste landfill	54,678,204.48	45,620,067.98	48,789.99	1,028,075.65	44,437,420.01	203,362.31
Others	21,235,809.19	12,875,336.67	3,774,220.15	3,433,420.01		13,216,136.81
Total	179,728,074.54	110,982,301.18	25,879,854.51	31,831,998.59	44,437,420.01	60,592,737.09

*Note:* Other decreases primarily related to the cancellation of concession in Shaoyang, Hunan Province. The associated assets were transferred in the current period, and as a result, the Company has demanded compensation from the owner for the project investment, and such amount has been transferred to other receivables for accounting purposes in the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (21) Deferred income tax assets and deferred income tax liabilities

#### 1. Deferred income tax assets and deferred income tax liabilities not offset

Item	Balance at the end of the year		Balance at the beginning of the year	
	Deferred income tax assets/liabilities	Deductible/taxable temporary difference	Deferred income tax assets/liabilities	Deductible/taxable temporary difference
Deferred income tax assets:				
Provisions recognized for decommissioning obligations	33,617,501.13	192,193,232.56	36,893,612.20	190,206,125.29
Provision for credit impairment	23,534,992.03	140,387,754.85	20,279,360.75	115,893,971.47
Lease liabilities	999,134.55	6,660,897.00	1,527,721.15	10,105,363.28
Deferred income	856,820.44	5,712,136.27	1,171,087.53	6,996,716.15
Provision for asset impairment	418,891.46	2,559,881.13	424,132.55	2,594,821.75
Unrealised profit or loss on intra-group sales	379,457.60	2,529,717.33	379,457.60	2,529,717.33
Loss compensation			1,432,382.63	5,729,530.50
Provision for decommissioning cost			385,012.50	1,540,050.00
Sub-total	59,806,797.21	350,043,619.14	62,492,766.91	335,596,295.77
Deferred income tax liabilities:				
Fixed assets recognized for decommissioning obligations	28,788,919.77	160,002,690.25	32,236,259.86	167,183,806.95
Changes in fair value of investment properties	15,267,671.92	70,046,247.40	14,723,986.84	67,313,649.88
The result of continuous calculation of fair value of consolidated assets of businesses not under the common control	13,273,396.79	88,489,311.93	14,696,439.72	97,976,264.80
Right-of-use assets	973,992.34	6,493,282.24	1,498,387.71	9,893,253.46
Depreciation difference of fixed assets	153,534.68	1,023,564.55	1,115,292.93	4,870,597.55
Changes in fair value of held-for-sale financial assets			37,726.03	251,506.84
Sub-total	58,457,515.50	326,055,096.37	64,308,093.09	347,489,079.48

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (21) Deferred income tax assets and deferred income tax liabilities (Continued)

#### 2. Breakdown of unrecognised deferred income tax assets

Item	Balance at the end of the year	Balance at the beginning of the year
Deductible temporary difference	1,300,809,134.82	685,376,605.65
Deductible loss	2,569,884,524.99	1,962,044,888.26
Total	3,870,693,659.81	2,647,421,493.91

#### 3. Deductible losses of unrecognised deferred income tax assets will expire in the following years

Year	Balance at the end of the year	Balance at the beginning of the year	Remarks
Expiring in 2024 (2019)		79,665,548.95	
Expiring in 2025 (2020)	328,671,356.69	328,671,356.69	
Expiring in 2026 (2021)	285,179,287.99	286,131,891.76	
Expiring in 2027 (2022)	648,605,523.77	648,605,523.77	
Expiring in 2028 (2023)	641,229,239.91	618,970,567.09	
Expiring in 2029 (2024)	666,199,116.63		
Total	2,569,884,524.99	1,962,044,888.26	

### (22) Other non-current assets

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Construction or equipment	20,914,441.69		20,914,441.69	25,340,630.36		25,340,630.36
Contract assets	11,382,728.00		11,382,728.00	99,515,058.72		99,515,058.72
Total	32,297,169.69		32,297,169.69	124,855,689.08		124,855,689.08

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (23) Assets with restricted ownership or use rights

Item	At the end of the year				At the beginning of the year			
	Book balance	Carrying amount	Type of restriction	Description of restriction	Book balance	Carrying amount	Type of restriction	Description of restriction
Cash and cash equivalents	156,294,407.47	156,294,407.47	Freeze, guarantee	Litigation freeze and guarantee deposits, etc.	2,786,828.02	2,786,828.02	Freeze, guarantee	Guarantee deposits and litigation freeze, etc.
Notes receivable	12,654,593.49	12,654,593.49	Discounted	Discounted to bank	14,640,150.61	14,640,150.61	Discounted	Discounted to bank
Notes receivable	11,884,796.61	11,884,796.61	Endorsed	Endorsed to bank	40,568,300.14	40,568,300.14	Endorsed	Endorsed to bank
Accounts receivable	14,305,364.76	10,339,985.16	Mortgaged	Mortgaged loan	6,661,551.39	5,968,224.90	Mortgaged	Mortgaged loan
Fixed assets	1,513,706,336.26	1,112,323,683.46	Pledged	Pledged borrowings	1,760,536,813.25	1,401,457,171.60	Pledged	Pledged borrowings
Intangible assets	356,720,667.91	311,059,054.51	Pledged	Pledged borrowings	380,674,675.85	338,783,476.20	Pledged	Pledged borrowings
Investment properties	205,579,730.00	205,579,730.00	Pledged	Pledged borrowings	107,874,170.00	107,874,170.00	Pledged	Pledged borrowings
Total	2,271,145,896.50	1,820,136,250.70	—	—	2,313,742,489.26	1,912,078,321.47	—	—

### (24) Short-term borrowings

#### 1. Classification of short-term borrowings

Conditions of borrowings	Balance at the end of the year	Balance at the beginning of the year
Credit borrowings	441,262,516.08	982,880,000.00
Guaranteed borrowings	366,087,961.28	58,758,633.80
Pledged borrowings	291,705,000.00	198,950,000.00
Discounted bills	97,307,499.25	27,938,486.14
Accrued interest on loans and interest adjustment	649,050.55	459,319.41
Total	1,197,012,027.16	1,268,986,439.35

Please refer to Note V. (23) for details of the types and amounts of pledged assets of mortgage loans.

#### 2. At the end of this year, the Company had no overdue outstanding short-term borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (25) Derivative financial liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
Forward exchange contract	5,673,136.62	
Total	5,673,136.62	

### (26) Accounts payable

#### 1. Accounts payable are set out as follows

Item	Balance at the end of the year	Balance at the beginning of the year
Raw material	229,834,498.46	155,446,921.27
Treatment fee	201,857,409.95	266,856,885.57
Construction fees	93,872,962.31	180,970,509.71
Equipment	19,533,624.05	25,499,685.68
Others	69,638,386.19	46,492,357.40
Total	614,736,880.96	675,266,359.63

#### 2. Significant accounts payable aged over 1 year

Name of creditor	Balance at the end of the year	Reason for not being settled or carried forward
Fujian Xingye Dongjiang Environmental Technology Co., Ltd.	6,343,312.55	The condition for settlement is unsatisfied
Wuxi Xuelang Environment Technology Co., Ltd.	5,500,000.00	The condition for settlement is unsatisfied
Sichuan Zhengsheng Environment Technology Co., Ltd.	3,860,863.33	The condition for settlement is unsatisfied
Nantong Shengda Environmental Protection Co., Ltd.	3,796,733.39	The condition for settlement is unsatisfied
Zhongyin Construction Group Co., Ltd.	2,734,823.62	The condition for settlement is unsatisfied
Total	22,235,732.89	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (26) Accounts payable (Continued)

3. Aging analysis of accounts payable by invoice date is as follows

Aged	Balance at the end of the year	Balance at the beginning of the year
Within 1 year (inclusive)	537,457,944.41	570,018,497.37
1 to 2 years (inclusive)	47,834,735.47	52,680,687.55
2 to 3 years (inclusive)	6,981,524.78	16,115,868.65
Over 3 years	22,462,676.30	36,451,306.06
Total	614,736,880.96	675,266,359.63

### (27) Receipts in advance

1. Presentation of receipts in advance

Item	Balance at the end of the year	Balance at the beginning of the year
Rentals	963,309.66	872,774.74
Total	963,309.66	872,774.74

2. At the end of the year, there are no significant receipts in advance aged more than one year.

### (28) Contract liabilities

1. Classification of contract liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
Payment for goods	106,942,897.58	77,021,152.30
Service fees	39,873,961.46	49,399,555.45
Total	146,816,859.04	126,420,707.75

2. There was no significant contract liabilities aged more than one year.

3. The carrying amount of contract liabilities has not changed significantly during the year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (29) Employee benefits payable

#### 1. Employee benefits payable by category

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Short-term benefits	32,355,340.20	536,969,698.64	536,512,496.76	<b>32,812,542.08</b>
Post-employment benefits- defined contribution scheme	141,963.09	57,114,891.71	56,827,559.02	<b>429,295.78</b>
Termination benefits	4,320,000.00	13,780,245.41	15,285,808.75	<b>2,814,436.66</b>
Total	36,817,303.29	607,864,835.76	608,625,864.53	<b>36,056,274.52</b>

#### 2. Details of short-term benefits of employees

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Salaries, bonus, allowance and subsidies	29,491,981.25	447,775,551.05	446,765,140.81	<b>30,502,391.49</b>
Staff welfare	214,600.08	32,934,623.63	33,143,623.71	<b>5,600.00</b>
Social Insurance cost	28,688.91	21,329,815.76	21,327,839.81	<b>30,664.86</b>
Including: Medical insurance	23,797.98	18,403,260.80	18,398,699.07	<b>28,359.71</b>
Work-related injury insurance	2,369.85	2,006,744.40	2,006,809.10	<b>2,305.15</b>
Maternity insurance	2,521.08	919,810.56	922,331.64	
Housing provident fund	528.00	26,364,511.71	26,174,624.99	<b>190,414.72</b>
Labor union charge and employee education charge	2,619,541.96	8,565,196.49	9,101,267.44	<b>2,083,471.01</b>
Total	32,355,340.20	536,969,698.64	536,512,496.76	<b>32,812,542.08</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (29) Employee benefits payable (continued)

#### 3. Details of defined contribution schemes

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Basic pension	53,802.40	46,778,306.42	46,762,224.65	<b>69,884.17</b>
Unemployment insurance	1,681.43	2,025,709.52	2,024,039.60	<b>3,351.35</b>
Contribution to enterprise annuity	86,479.26	8,310,875.77	8,041,294.77	<b>356,060.26</b>
Total	141,963.09	57,114,891.71	56,827,559.02	<b>429,295.78</b>

#### 4. Termination benefits

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Compensation for termination of labor relations	4,320,000.00	13,780,245.41	15,285,808.75	<b>2,814,436.66</b>
Total	4,320,000.00	13,780,245.41	15,285,808.75	<b>2,814,436.66</b>

### (30) Tax payable

Item	Balance at the end of the year	Balance at the beginning of the year
Enterprise income tax	<b>7,514,516.38</b>	4,093,611.56
Value-added Tax	<b>6,640,870.82</b>	3,131,834.79
Property tax	<b>4,427,817.27</b>	6,310,048.55
Land use tax	<b>2,774,541.20</b>	2,840,676.74
Individual income tax	<b>2,637,170.23</b>	1,243,052.79
Stamp tax	<b>1,197,166.51</b>	273,927.38
City maintenance and construction tax	<b>299,211.55</b>	146,097.06
Education surcharge	<b>233,258.99</b>	105,603.48
Others	<b>395,558.29</b>	148,531.88
Total	<b>26,120,111.24</b>	18,293,384.23



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (31) Other accounts payable

Item	Balance at the end of the year	Balance at the beginning of the year
Interest payable		
Dividend payable	1,000,000.00	1,435,000.65
Other accounts payable	222,215,429.02	165,146,015.66
Total	223,215,429.02	166,581,016.31

#### 1. Dividend payable

Item	Balance at the end of the year	Balance at the beginning of the year
Dongguan Shigu Sewage Treatment Co., Ltd.	1,000,000.00	
Cai Zhuhua		835,273.95
Gao Chunfa		349,144.51
Xinjiang Wosen Environmental Technology Co., Ltd.		250,582.19
Total	1,000,000.00	1,435,000.65

#### 2. Other accounts payable

##### (1) Amounts categorized by nature

Item	Balance at the end of the year	Balance at the beginning of the year
Guaranteed deposits, provision	30,968,711.46	29,653,414.83
Payment for acquisition of equity interests	6,988,786.64	6,988,786.64
Provision for decommissioning cost	12,176,184.41	14,434,593.55
Others	172,081,746.51	114,069,220.64
Total	222,215,429.02	165,146,015.66

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (31) Other accounts payable (Continued)

#### 2. Other accounts payable (Continued)

##### (2) Significant other accounts payable aged over 1 year or overdue

Name of the entity	Balance at the end of the year	Reason for not being settled or carried forward
Sichuan Diwosi Environmental Technology Co., Ltd.	6,731,610.70	The condition for settlement is unsatisfied
Mianyang Xinkeyuan Environmental Protection Technology Co., Ltd.	4,400,491.83	The condition for settlement is unsatisfied
Beijing Hi-Fortune Union Technology Company Limited	3,434,111.64	The condition for settlement is unsatisfied
Guo Baixin	2,204,675.00	The condition for settlement is unsatisfied
People's Government of Chengdu Qingbaijiang District	1,600,000.00	The condition for settlement is unsatisfied
Zhang Yong	1,350,000.00	The condition for settlement is unsatisfied
Shenzhen Santu Construction Engineering Co., Ltd.	1,293,766.89	The condition for settlement is unsatisfied
Jiangsu Furong Technology Development Co., Ltd	1,200,000.00	The deposit has not expired
Local Taxation Bureau of Hengshui Taocheng District	1,070,862.55	The condition for settlement is unsatisfied
Zhaoqing Changhengli Trading Co., Ltd	1,000,000.00	The deposit has not expired
Total	24,285,518.61	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (32) Non-current liabilities due within 1 year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term loans due within one year	1,590,093,143.03	719,747,980.00
Lease liabilities due within one year	5,899,235.53	4,874,340.38
Accrued interest on bond payables	1,593,698.82	2,666,666.65
Accrued interest on long-term loans	1,581,020.90	2,837,170.46
Bond payables due within one year		200,000,000.00
Total	1,599,167,098.28	930,126,157.49

### (33) Other current liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
Pending output VAT	15,583,295.93	12,139,503.81
Notes receivable that have been endorsed but not yet matured	11,884,796.61	40,568,300.14
Total	27,468,092.54	52,707,803.95

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (34) Long-term borrowings

Item	Balance at the end of the year	Balance at the beginning of the year	Interest rate range
Credit borrowings	2,482,250,000.00	2,418,500,000.00	2.80%-3.65%
Pledged borrowings	627,850,008.29	1,054,499,986.32	2.40%-3.90%
Guaranteed & mortgaged loan	340,777,936.98	152,000,000.00	3.26%-4.05%
Guaranteed & mortgaged & pledged loan	258,749,992.85	273,749,995.45	3.30%-3.90%
Guaranteed borrowings	125,464,065.85	135,658,840.18	3.45%-3.70%
Pledged loan	55,914,375.00	76,246,875.00	3.55%
Sub-total	3,891,006,378.97	4,110,655,696.95	
Less: Long-term loans due within one year	1,590,093,143.03	719,747,980.00	
Total	2,300,913,235.94	3,390,907,716.95	

Note:

- The interest rate of long-term loans ranges from 2.40% to 4.05%.
- Please refer to Note V. (23) for the types and amounts of pledged and mortgage loans.

Note: Please refer to Note X. (1) for the maturity analysis of long-term loans as of 31 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (35) Bond payables

Item	Balance at the end of the year	Balance at the beginning of the year
First Tranche of Medium-term Notes in 2024 of Dongjiang Environmental Company Limited (24 Dongjiang Environmental MTN001)	500,979,706.23	—
First Tranche of Medium-term Notes in 2021 of Dongjiang Environmental Company Limited (21 Dongjiang Environmental MTN001)		202,666,666.65
Sub-total	500,979,706.23	202,666,666.65
Less: Bond payables due within one year (Note V. (32))		200,000,000.00
Less: Accrued interest due within one year (Note V. (32))	1,593,698.82	2,666,666.65
Total	499,386,007.41	

#### 1. Increase or decrease in bond payables (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

Bond name	Par value	Coupon rate (%)	Issue date	Term of bond	Issued amount
First Tranche of Medium-term Notes in 2024 of Dongjiang Environmental Company Limited (24 Dongjiang Environmental MTN001)	500,000,000.00	2.77	20 November 2024	2+1	500,000,000.00
First Tranche of Medium-term Notes in 2021 of Dongjiang Environmental Company Limited (21 Dongjiang Environmental MTN001)	500,000,000.00	3.20	26 August 2021	2+1	500,000,000.00
Less: Bond payables due within one year	—	—	—	—	—
Less: Accrued interest due within one year	—	—	—	—	—
Total	1,000,000,000.00	—	—	—	1,000,000,000.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (35) Bond payables (Continued)

1. Increase or decrease in bond payables (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities) (Continued)

Bond name	Balance at the beginning of the year	Issued during the year	Interest provision based on par value	Premium/ discount amortization	Repayment during the year	Balance at the end of the year	Default or not
First Tranche of Medium-term Notes in 2024 of Dongjiang Environmental Company Limited (24 Dongjiang Environmental MTN001)		500,000,000.00	1,593,698.82	-613,992.59		500,979,706.23	No
First Tranche of Medium-term Notes in 2021 of Dongjiang Environmental Company Limited (21 Dongjiang Environmental MTN001)	202,666,666.65				202,666,666.65		No
Less: Bond payables due within one year	200,000,000.00	—	—	—	—		—
Less: Accrued interest due within one year	2,666,666.65	—	1,593,698.82	—	—	1,593,698.82	—
Total		500,000,000.00		-613,992.59	202,666,666.65	499,386,007.41	—

### (36) Lease liabilities

1. Breakdown of lease liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
Lease payment	6,971,900.91	10,629,570.26
Less: Unrecognised finance costs	208,486.47	524,207.00
Less: Lease liabilities due within 1 year	5,899,235.53	4,874,340.38
Total	864,178.91	5,231,022.88

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (36) Lease liabilities (Continued)

#### 2. Maturity analysis of lease liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
1-2 years	797,789.84	4,534,987.62
2-5 years	66,389.07	696,035.26
Total	864,178.91	5,231,022.88

### (37) Provisions

Item	Balance at the end of the year	Balance at the beginning of the year	Resulting from
Landfill decommissioning cost (Note)	232,954,990.94	216,999,023.99	Provision for decommissioning cost
Outstanding litigations and arbitrations	2,109,847.18	914,500.00	—
Total	235,064,838.12	217,913,523.99	—

Note: Please refer to Note III. (29) for the standard of provision for decommissioning cost of landfill site

### (38) Deferred income

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year	Resulting from
Government grants	160,293,031.94	8,935,130.00	18,408,480.68	150,819,681.26	Government subsidies related to assets
Total	160,293,031.94	8,935,130.00	18,408,480.68	150,819,681.26	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (38) Deferred income (Continued)

Among them, items related to government grants:

Item	Balance at the beginning of the year	New grants in the year	Amount included in non-operating income for the year	Amount included in other income for the year	Other movements	Balance at the end of the year	Related to assets/revenue
Refund of land premium and refund of farmland occupation tax and deed tax	43,679,808.67			1,094,294.64		42,585,514.03	Related to assets
Grants in respect of hazardous waste treatment and construction projects	43,520,847.30			6,239,137.32		37,281,709.98	Related to assets
Grants in respect of industrial park development	28,378,447.23			1,222,718.93		27,155,728.30	Related to assets
Grants in respect of urban mineral projects of Xiamen Oasis	26,849,022.98			5,819,289.12		21,029,733.86	Related to assets
Special funds for technological transformation of enterprises	3,473,036.89	6,000,000.00		663,833.37		8,809,203.52	Related to assets
Grant funds for northern Guangdong project	4,821,095.10			574,061.78		4,247,033.32	Related to assets
Financial discount for Zhuhai Dongjiang Green Service Center Project		2,935,130.00		294,713.02		2,640,416.98	Related to assets
Special funds for the development of energy-saving and environmental protection industries in Shenzhen	2,467,094.20			493,418.76		1,973,675.44	Related to assets
Special funds for provincial scientific research projects	2,251,249.89			525,000.04		1,726,249.85	Related to assets
Provincial special funds for environmental protection guidance	1,119,153.89			66,942.91		1,052,210.98	Related to assets
Special funds for national scientific research projects	1,312,570.99			352,570.99		960,000.00	Related to assets
Demolition and relocation compensation funds	990,885.77			231,458.40		759,427.37	Related to assets
Subsidies for circular economy and energy conservation and emission reduction construction projects	799,319.03			277,041.40		522,277.63	Related to assets
Medical waste collection, transfer and disposal system upgrading construction project	130,500.00			54,000.00		76,500.00	Related to assets
Clean and efficient recovery project of rare and precious metals from low-grade complex materials	500,000.00			500,000.00			Related to assets
Total	160,293,031.94	8,935,130.00	-	18,408,480.68	-	150,819,681.26	-



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (39) Other non-current liabilities

Item	Balance at the end of the year	Balance at the beginning of the year
Pending output VAT	4,854,922.62	4,875,915.01
Total	4,854,922.62	4,875,915.01

### (40) Share capital

Item	Increase or decrease (+, -)						Balance at the end of the year
	Balance at the beginning of the year	Issuance of new shares	Bonus shares	Capitalisation of surplus reserve	Others	Sub-total	
Total number of shares	1,105,255,802.40						1,105,255,802.40

### (41) Capital reserve

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Share capital premium	1,397,765,070.66		99,904,479.70	1,297,860,590.96
Other capital reserve	13,325,890.64			13,325,890.64
Total	1,411,090,961.30		99,904,479.70	1,311,186,481.60

Note: Decrease in share capital premium in the current period of RMB99,904,479.70 was due to acquisition of minority interest.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (42) Other comprehensive income

Item	Balance at the beginning of the year	Movement before income tax during the year	Less: Amount that was previously recognised in other comprehensive income and are transferred to profit or loss for the current period	Amount of the year		Less: Income tax expenses	Attributable to the parent company, net of tax	Attributable to minority interests, net of tax	Balance at the end of the year
				Less: Amount that was previously recognised in other comprehensive income and are transferred to retained earnings for the current period	Less: Amount that was previously recognised in other comprehensive income and are transferred to retained earnings for the current period				
1. Other comprehensive income that cannot be reclassified to profit or loss									
2. Other comprehensive income that will be reclassified to profit or loss	19,234,255.89	10,601,015.97				2,660,383.40	7,940,632.57		27,174,888.46
Including: Exchange difference on translation of financial statement in foreign currency	-258,542.41	-40,517.63					-40,517.63		-299,060.04
The excess of fair value over carrying amount on the date of transfer from owner-occupied properties to investment properties measured at fair value	19,492,798.30	10,641,533.60				2,660,383.40	7,981,150.20		27,473,948.50
Total other comprehensive income	19,234,255.89	10,601,015.97				2,660,383.40	7,940,632.57		27,174,888.46

### (43) Special reserve

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Safety production costs	2,109,140.84	17,166,929.05	17,590,296.64	1,685,773.25
Total	2,109,140.84	17,166,929.05	17,590,296.64	1,685,773.25

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (44) Surplus reserve

Item	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year
Statutory surplus reserve	269,816,271.96			<b>269,816,271.96</b>
Total	269,816,271.96			<b>269,816,271.96</b>

*Note:* According to the Company Law and the Articles of Association, the Company appropriates 10% of the net profit to the statutory surplus reserve. The appropriation process continues until the accumulated amount of statutory surplus reserves reaches more than 50% of the registered capital of the Company.

### (45) Undistributed profits

Item	Amount of the year	Amount of last year
Undistributed profits at the end of last year before adjustment	<b>1,688,916,877.98</b>	2,439,387,446.51
Adjustment for total undistributed profits as at the beginning of the year (+ for increase and – for decrease)		
Undistributed profits as at the beginning of the year after adjustment	<b>1,688,916,877.98</b>	2,439,387,446.51
Add: Net profits attributable to the shareholders of the parent company in the current year	<b>-804,185,867.23</b>	-750,470,568.53
Others		
Less: Appropriation to statutory surplus reserve		
Dividends payable on ordinary shares		
Undistributed profits at the end of the year	<b>884,731,010.75</b>	1,688,916,877.98

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (46) Operating revenue and cost of operation

#### 1. Operating revenue and cost of operation

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Principal operating activities	3,443,357,742.60	3,271,010,331.43	3,974,634,456.57	3,824,198,819.60
Other operating activities	43,302,960.49	20,630,190.53	47,833,648.40	24,122,937.95
Total	3,486,660,703.09	3,291,640,521.96	4,022,468,104.97	3,848,321,757.55

#### (1) Principal businesses – by business category

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Industrial waste recycling	1,301,252,837.78	1,218,830,152.32	1,129,149,057.14	1,094,836,883.04
Industrial waste treatment and disposal	935,401,534.07	911,747,032.45	913,656,623.27	860,260,046.62
Rare and precious metals recycling	858,015,108.43	831,356,106.52	1,501,434,130.80	1,467,153,265.00
Electronic waste dismantling treatment	117,002,138.83	128,685,639.83	150,737,236.89	143,490,908.76
Municipal waste treatment and disposal	106,092,899.41	85,593,492.15	156,129,822.62	152,255,819.14
Environmental engineering and services	97,526,484.49	65,765,565.68	92,578,047.64	70,739,284.73
Renewable energy utilization	28,066,739.59	29,032,342.48	30,949,538.21	35,462,612.31
Total	3,443,357,742.60	3,271,010,331.43	3,974,634,456.57	3,824,198,819.60

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (46) Operating revenue and cost of operation (Continued)

#### 1. Operating revenue and cost of operation (Continued)

#### (2) Other business-by business category

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Asset leasing	18,929,049.48	3,245,073.87	16,355,207.75	4,962,630.99
Processing fee income	6,290,588.49	3,404,107.58		
Business cooperation service fee income	5,746,132.08		5,505,040.06	
Income from sale of scraps	4,056,859.31	1,569,415.09	12,409,196.56	13,530,581.76
Property management fee	2,764,565.61	6,318,613.21	4,252,844.93	4,729,523.29
Trademark fee income	783,020.05		6,581,157.71	
Others	4,732,745.47	6,092,980.78	2,730,201.39	900,201.91
Total	43,302,960.49	20,630,190.53	47,833,648.40	24,122,937.95

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (46) Operating revenue and cost of operation (Continued)

#### 2. Table of deduction of operating revenue

Item	Current year	Specific deduction	Last year	Specific deduction
Amount of operating revenue	3,486,660,703.09		4,022,468,104.97	
Total amount of deductions of operating revenue	43,302,960.49		47,833,648.40	
Proportion of total amount of operating revenue deductions in operating revenue (%)	1.24	/	1.19	/
I. Operating income irrelevant to main business				
1. Other business revenues beyond normal operation. Income obtained by renting fixed assets, intangible assets, packaging, sales of materials, exchange of non-monetary assets with materials, and operation of trusted management businesses, as well as income that is included in the main business income but is beyond the normal operation of the listed company.	43,302,960.49	Mainly rental income, trademark loyalty income, scraps income, business cooperation service fee income, property management fee income, processing fee income.	47,833,648.40	Mainly rental income, trademark loyalty income, scraps income, business cooperation service fee income, property management fee income.
Sub-total of operating revenue irrelevant to main businesses	43,302,960.49		47,833,648.40	
II. Income without commercial substance				
Subtotal of income without commercial substance				
III. Other income irrelevant to the main business or without commercial substance				
Operating revenue after deduction	3,443,357,742.60		3,974,634,456.57	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (47) Tax and levies

Item	Amount of the year	Amount of last year
Property tax	29,171,369.44	24,589,264.77
Land use tax	11,115,991.56	13,175,077.61
Stamp tax	3,866,560.95	2,646,139.00
City maintenance and construction tax	3,188,044.99	2,944,645.10
Education surcharge	2,761,394.90	2,508,887.21
Others	2,095,618.39	1,082,824.53
Total	52,198,980.23	46,946,838.22

Note: Please refer to Note IV Taxation for Information about payment standards for various taxes. Others mainly include environmental protection tax, vehicle and vessel tax, etc.

### (48) Selling expenses

Item	Amount of the year	Amount of last year
Employee benefits	68,593,336.45	70,512,699.86
Technical service fee	6,908,129.54	3,806,778.85
Business entertainment expenses	4,680,477.71	5,385,569.92
Transportation cost	1,550,951.80	1,980,887.08
Rentals	1,163,843.18	1,173,940.28
Advertising and publicity cost	972,091.01	649,821.99
Delivery cost	460,861.76	661,637.23
Packaging cost	344,285.45	1,276,469.72
Consulting expenses	123,532.18	633,829.78
Handling charges	32,816.92	1,543,932.28
Others	2,106,586.87	2,967,283.15
Total	86,936,912.87	90,592,850.14

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (49) Administrative expenses

Item	Amount of the year	Amount of last year
Employee benefits	196,940,588.03	220,319,726.46
Depreciation charges	90,685,049.75	90,002,331.05
Amortization of intangible assets	21,986,157.46	19,652,161.05
Business entertainment expenses	12,086,092.15	13,843,003.95
Fees for intermediary agencies	11,281,728.47	9,925,260.31
Including: Audit fee	2,509,433.96	2,509,433.96
Public utility	7,728,723.92	8,864,909.93
Repair charge	4,194,258.23	4,751,435.08
Office expenses	3,518,237.30	4,410,004.78
Vehicle use cost	3,076,281.32	3,595,462.90
Consulting expenses	2,002,614.82	4,616,927.76
Others	41,433,466.86	56,815,801.53
Total	394,933,198.31	436,797,024.80

### (50) Research and development expenses

Item	Amount of the year	Amount of last year
Employee benefits	60,958,986.33	62,902,695.90
Machinery material consumption	17,907,923.65	65,765,678.92
Depreciation	15,802,647.69	16,199,612.69
Amortization of intangible assets	8,099,330.22	5,805,535.03
Rentals	2,829,092.44	1,638,908.71
Technical service fee	2,613,967.29	3,990,114.87
Testing fee	1,416,525.43	7,528,842.22
Others	5,392,971.16	7,331,750.78
Total	115,021,444.21	171,163,139.12



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (51) Finance costs

#### 1. Breakdown of finance costs

Item	Amount of the year	Amount of last year
Interest expense	<b>198,850,961.59</b>	185,180,503.41
Less: Interest income	<b>5,384,340.29</b>	16,412,980.23
Exchange gains and losses	<b>-8,074,225.97</b>	-277,492.46
Bank fee and others	<b>383,851.70</b>	478,767.83
Total	<b>185,776,247.03</b>	168,968,798.55

#### 2. Breakdown of interest expenses

Item	Amount of the year	Amount of last year
Interest expenditure on loans from financial institutions	<b>183,322,516.55</b>	167,300,583.21
Interest expenditure on decommissioning costs	<b>10,728,890.39</b>	8,677,137.23
Bond interest based on effective interest rate	<b>5,363,982.97</b>	28,542,928.51
Interest expense of lease liabilities	<b>423,786.60</b>	596,842.63
Sub-total	<b>199,839,176.51</b>	205,117,491.58
Less: Capitalised interest	<b>935,208.35</b>	19,869,785.74
Less: Loan interest subsidy from government	<b>53,006.57</b>	67,202.43
Total	<b>198,850,961.59</b>	185,180,503.41

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (52) Other income

Item	Amount of the year	Amount of last year	Amount included in the current year's non-recurring gains and losses	Related to assets/revenue
Government grants	38,978,077.41	43,764,177.59	31,151,472.22	See Note IX. (3)
Additional deduction of Input VAT	11,583,683.90	10,597,452.21		Related to revenue
Refund of individual income tax fee	81,221.17	171,779.40		Related to revenue
Total	50,642,982.48	54,533,409.20	31,151,472.22	—

### (53) Investment income

Item	Amount of the year	Amount of last year
Long-term equity investment loss accounted using equity method	-3,196,885.90	-7,156,423.44
Investment income from disposal of long-term equity investment	968,124.56	
Investment income from disposal of trading financial assets	6,481,548.14	2,879,156.16
Investment income from other equity instruments during the holding period	100,000.00	160,000.00
Gain on derecognition of financial assets at amortized cost	-735,331.36	
Others	-1,069.12	377,127.48
Total	3,616,386.32	-3,740,139.80

### (54) Gains from changes in fair value

Source of gains from changes in fair value	Amount of the year	Amount of last year
Held-for-trading financial assets	5,713,823.48	2,057,885.84
Investment properties measured at fair value	-7,908,936.09	-2,498,217.75
Derivative financial instruments	-5,673,136.62	
Total	-7,868,249.23	-440,331.91

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (55) Credit Impairment loss

Item	Amount of the year	Amount of last year
Bad debt loss of accounts receivable	-58,367,554.72	-19,951,825.65
Bad debt loss of other accounts receivable	-285,401.78	1,380,117.56
Total	-58,652,956.50	-18,571,708.09

### (56) Impairment loss on assets

Item	Amount of the year	Amount of last year
Impairment loss on goodwill	-164,787,623.84	-136,713,914.64
Impairment loss on contract assets	-12,656,646.06	
Inventory depreciation loss and impairment loss of contract performance costs	-9,514,718.12	-2,679,874.38
Impairment loss on fixed assets	-6,379,627.69	-3,921,414.26
Impairment loss of intangible assets		-35,568,823.00
Impairment loss on construction in progress		-604,841.73
Total	-193,338,615.71	-179,488,868.01

### (57) Gains on disposal of assets

Item	Amount of the year	Amount of last year
Gain/loss from disposal of non-current assets	4,394,509.60	710,819.45
Total	4,394,509.60	710,819.45

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (58) Non-operating revenue

Item	Amount of the year	Amount of last year	Amount included in non-recurring profit or loss
Waived payables	<b>1,903,986.43</b>	857,942.27	1,903,986.43
Claim for breach of contract and compensation	<b>1,546,730.50</b>	2,565,241.32	1,546,730.50
Sale of scraps and colloidal particles	<b>1,331,945.16</b>	355,955.60	1,331,945.16
Confiscation income	<b>987,744.81</b>	210,686.59	987,744.81
Gains from spoilage and obsolescence of non-current assets	<b>113,178.21</b>	42,831.92	113,178.21
Government grants not related to the daily activities of the Company	<b>111,431.29</b>	4,000.00	111,431.29
Others	<b>629,782.71</b>	530,159.35	629,782.71
Total	<b>6,624,799.11</b>	4,566,817.05	6,624,799.11

### (59) Non-operating expenses

Item	Amount of the year	Amount of last year	Amount included in non-recurring profit or loss
Loss on spoilage and obsolescence of non-current assets	<b>30,806,720.53</b>	2,304,878.81	30,806,720.53
Extraordinary losses (penalty)	<b>8,221,671.69</b>	1,208,262.92	8,221,671.69
Litigation and arbitration expenses	<b>3,688,702.24</b>		3,688,702.24
Donations	<b>355,000.00</b>	370,000.00	355,000.00
Expenditure on carbon emission quota trading	<b>260,874.53</b>	442,699.90	260,874.53
Others	<b>2,259,940.61</b>	116,754.80	2,259,940.61
Total	<b>45,592,909.60</b>	4,442,596.43	45,592,909.60

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (60) Income tax expenses

#### 1. Breakdown of income tax expenses

Item	Amount of the year	Amount of last year
Current income tax expense	13,359,703.44	5,260,745.98
Deferred income tax expense	-5,824,991.29	-2,984,091.33
Total	7,534,712.15	2,276,654.65

#### 2. Reconciliation of accounting profit to income tax expense

Item	Amount
Total profit	-880,020,655.05
Income tax expense at statutory/applicable tax rate	-132,003,098.26
Effect of different tax rates on subsidiaries	-29,533,170.13
Effect of adjusting income tax in prior periods	-437,070.16
Effect of income not subject to tax	-17,451,002.81
Effect of non-deductible costs, expenses and losses	5,297,644.49
Effect of additional deduction of research and development expenses	-16,458,230.43
Effect of utilization of deductible loss of unrecognised deferred income tax assets in the previous period	-4,028,165.52
Effect of deductible temporary differences or deductible losses on unrecognised deferred income tax assets in the year	200,462,668.45
Effect of recognition of deductible temporary differences on unrecognised deferred income tax assets in the prior period	54,256.29
Change in deferred income tax asset/liability balance at the beginning of the year due to tax rate adjustments	1,630,880.23
Income tax expenses	7,534,712.15

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (61) Cash Flow Statement

#### 1. Cash flow from operating activities

##### (1) Other cash receipts relating to operating activities

Item	Amount of the year	Amount of last year
Receipts from current accounts	1,756,146,506.55	61,559,224.17
Government grants	32,663,968.71	33,042,135.03
Interest income	5,384,340.29	17,073,453.57
Non-operating revenue	3,468,856.01	6,001,338.50
Total	1,797,663,671.56	117,676,151.27

##### (2) Other cash payments relating to operating activities

Item	Amount of the year	Amount of last year
Payment to current accounts	1,877,046,129.55	18,061,475.07
Out-of-pocket expenses	116,018,579.83	121,273,186.38
Non-operating expenses	1,628,650.32	1,449,206.41
Total	1,994,693,359.70	140,783,867.86

#### 2. Cash flows from investing activities

##### (1) Cash receipts relating to major investing activities

Item	Amount of the year	Amount of last year
Structured wealth management	2,180,600,000.00	1,110,000,000.00
Total	2,180,600,000.00	1,110,000,000.00

##### (2) Cash payments relating to major investing activities

Item	Amount of the year	Amount of last year
Structured wealth management	2,129,860,000.00	1,170,000,000.00
Payment for investment in associates		20,578,708.80
Total	2,129,860,000.00	1,190,578,708.80

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (61) Cash Flow Statement (Continued)

#### 3. Cash flows from financing activities

##### (1) Other cash receipts relating to financing activities

Item	Amount of the year	Amount of last year
Loans received from the minority shareholder		11,920,000.00
Total		11,920,000.00

##### (2) Other cash payments relating to financing activities

Item	Amount of the year	Amount of last year
Increase in restricted funds	40,000,000.00	
Payment for lease payments	5,341,414.87	3,641,718.17
Payment for acquisition of equity interests from minority shareholders	3,556,000.00	22,615,310.23
Refund of capital contributions of minority shareholders		900,000.00
Payments of the costs associated with bonds issuance		125,000.00
Total	48,897,414.87	27,282,028.40

##### (3) Changes in liabilities arising from financing activities

Item	Balance at the beginning of the year	Increase in the year		Decrease in the year		Balance at the end of the year
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	1,268,986,439.35	2,099,208,413.54	169,843,492.59	2,341,026,318.32		1,197,012,027.16
Dividends payable	1,435,000.65		6,763,116.31	7,198,116.96		1,000,000.00
Long-term borrowings	3,390,907,716.95	500,098,662.02			1,590,093,143.03	2,300,913,235.94
Bond payables		499,500,000.00	1,479,706.23		1,593,698.82	499,386,007.41
Lease liabilities	5,231,022.88		1,999,466.05	467,074.49	5,899,235.53	864,178.91
Non-current liabilities due within 1 year	930,126,157.49		1,599,167,098.28	930,126,157.49		1,599,167,098.28
Total	5,596,686,337.32	3,098,807,075.56	1,779,252,879.46	3,278,817,667.26	1,597,586,077.38	5,598,342,547.70

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (62) Supplementary information of cash flow statement

#### 1. Supplementary information of cash flow statement

Item	Amount of the year	Amount of last year
1. Net profit reconciled to cash flow from operating activities		
Net profit	<b>-887,555,367.20</b>	-889,471,556.60
Add: Provision for asset impairment	<b>193,338,615.71</b>	179,488,868.01
Credit Impairment loss	<b>58,652,956.50</b>	18,571,708.09
Depreciation of fixed assets, consumption of oil and gas assets, depreciation of productive biological assets, depreciation of investment properties	<b>572,344,417.21</b>	515,933,613.78
Depreciation of right-of-use assets	<b>5,721,990.45</b>	7,312,528.50
Amortization of intangible assets	<b>69,812,148.50</b>	79,223,275.78
Amortization of long-term deferred expenses	<b>31,831,998.59</b>	35,960,046.66
Loss from disposal of fixed assets, intangible assets and other long-term assets ((gain represented by "-" sign)	<b>-4,394,509.60</b>	-710,819.45
Loss on written off of fixed assets (gain represented by "-" sign)	<b>30,687,270.72</b>	2,262,046.89
Net loss on hedging exposure (gain represented by "-" sign)		
Gain/loss of changes in fair value (gain represented by "-" sign)	<b>7,868,249.23</b>	440,331.91
Finance costs (gain represented by "-" sign)	<b>198,850,961.59</b>	185,180,503.41
Investment loss (gain represented by "-" sign)	<b>-3,616,386.32</b>	3,740,139.80
Decrease in deferred income tax assets (increase represented by "-" sign)	<b>2,685,969.70</b>	-4,190,829.64
Increase in deferred income tax liabilities (decrease represented by "-" sign)	<b>-3,190,194.19</b>	1,754,146.54
Decrease in inventory (increase is marked with "-")	<b>5,219,598.02</b>	-112,877,318.38
Decrease in operating receivables (increase represented by "-" sign)	<b>-77,015,373.32</b>	144,575,905.29
Increase in operating payables (decrease represented by "-" sign)	<b>-75,823,102.04</b>	-166,163,244.45
Others		
Net cash flows from operating activities	<b>125,419,243.55</b>	1,029,346.14



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (62) Supplementary information of cash flow statement (Continued)

#### 1. Supplementary information of cash flow statement (Continued)

Item	Amount of the year	Amount of last year
2. Significant non-cash investing and financing transactions:		
Capitalisation of debts		
Convertible corporate bonds due within 1 year		
Lease of fixed assets		
3. Net changes in cash and cash equivalents		
Balance of cash at the end of the year	1,016,307,175.22	1,237,810,786.72
Less: Balance of cash at the beginning of the year	1,237,810,786.72	617,856,312.92
Add: Balance of cash equivalents at the end of the year		
Less: Balance of cash equivalents at the beginning of the year		
Net increase in cash and cash equivalents	-221,503,611.50	619,954,473.80

#### 2. Net cash received from disposal of subsidiaries during the period

Item	Amount
Cash or cash equivalents received from disposal of subsidiaries during the period	1,486,900.00
Including: Zhuhai Qingxin	1,486,900.00
Less: Cash and cash equivalents held by the Company at the date of loss of control	96,456.85
Including: Zhuhai Qingxin	96,456.85
Net cash received from disposal of subsidiaries	1,390,443.15

#### 3. Cash and cash equivalents

Item	Balance at the end of the year	Balance at the beginning of the year
I. Cash	1,016,307,175.22	1,237,810,786.72
Including: Cash on hand	90.86	23,245.19
Bank deposits readily available for payments	1,016,307,084.36	1,237,787,541.53
II. Cash equivalents		
III. Balances of cash and cash equivalents at the end of the year	1,016,307,175.22	1,237,810,786.72

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (62) Supplementary information of cash flow statement (Continued)

#### 4. Monetary funds not classified as cash and cash equivalents

Item	Balance at the end of the year	Balance at the beginning of the year	Reasons
Restricted cash and cash equivalents	156,294,407.47	2,786,828.02	Not readily available for payments
Time deposits with maturity of over three months	9,260,000.00		Not readily available for payments
Accrued interests	54,798.38		Not readily available for payments
Total	165,609,205.85	2,786,828.02	–

### (63) Foreign currency monetary item

#### 1. Foreign currency monetary item

Item	Balance in foreign currencies at the end of the year	Exchange rate	Balance of equivalent RMB at the end of the year
Cash and cash equivalents			
Including: US Dollars	120,701.17	7.1884	867,648.29
Hong Kong Dollars	11,101,978.60	0.9260	10,280,432.18
Other accounts receivable			
Including: Hong Kong Dollars	122,791.36	0.9260	113,704.80
Other accounts payable			
Including: Hong Kong Dollars	13,619,896.45	0.9260	12,612,024.11
Short-term borrowings			
Including: US Dollars	21,000,000.00	7.1884	150,956,400.00
Japanese yen	4,100,000,000.00	0.0462	189,555,300.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (64) Leases

#### 1. As lessee

##### (1) Details of amount included in profit or loss for the year

Item	Amount included in profit or loss for the year Reported items	Amount
Interest on lease liabilities	Finance costs	423,786.60
Short-term lease expense (applicable to simplified approach)	Overheads, selling expenses, administrative expenses, research and development expenses	9,707,401.60
Rental expenses of low- value assets (applicable to simplified approach)	Selling expenses, administrative expenses	229,637.32

Note: In the above table, the "Short-term lease expense" excludes the lease-related cost with a lease term of less than one month; "Rental expenses of low-value assets" excludes the short-term rental expenses of low-value assets included in "short-term rental expenses".

##### (2) Details of cash outflow relating to lease

Item	Types of cash flow	Amount
Cash paid for repayment of principal and interest on lease liabilities	Cash outflows from financing activities	5,341,414.87
Payments for short-term leases and low-value assets (applicable to simplified approach)	Cash outflows from operating activities Cash outflows from investing activities	9,871,449.59
Total	—	15,212,864.46

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

### (64) Leases (Continued)

#### 2. As lessor

##### (1) Information related to operating leases

##### 1 Details of amount included in profit or loss for the year

Item	Amount included in profit or loss for the year	
	Reported items	Amount
Rental income	Operation revenue	18,929,049.48
Total	—	18,929,049.48

##### 2 Details of lease payments receivable

Item	Amount
First year after balance sheet date	18,175,697.01
Second year after balance sheet date	16,787,679.19
Third year after balance sheet date	14,967,326.63
Fourth year after balance sheet date	12,995,132.26
Fifth year after balance sheet date	11,453,503.25
Total	74,379,338.34

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VI. RESEARCH AND DEVELOPMENT EXPENDITURE

### (1) Presentation of expenses by nature

Item	Amount of the year	Amount of last year
Employee benefits	61,666,409.04	65,246,078.32
Machinery material consumption	17,907,923.65	65,813,420.13
Depreciation charges	15,802,647.69	16,326,332.35
Amortization of intangible assets	8,099,330.22	5,805,535.03
Rentals	2,829,092.44	4,140,958.79
Technical service fee	2,613,967.29	2,203,527.64
Testing fee	1,557,525.43	7,921,840.57
Others	6,104,693.93	7,847,713.01
Total	116,581,589.69	175,305,405.84
Including: Research and development expenditure, expensed	115,021,444.21	171,163,139.12
Research and development expenditure, capitalised	1,560,145.48	4,142,266.72

### (2) Development expenditure of R&D projects eligible for capitalisation

Item	Balance at the beginning of the year	Increase in the year		Decreased in the year		Balance at the end of the year
		Internal development expenditure	Others	Recognised as intangible assets	Transfer to profit or loss	
Feasibility study and application of co-disposal of incineration fly ash and waste phosphoric acid		583,995.00				583,995.00
Research and application of pre-treatment method for mercury-containing wastes		875,992.54				875,992.54
Industrialization of deep dephosphorization and nickel removal technology from electroless nickel plating wastewater	1,105,014.94			1,105,014.94		
Research on key technology development and industrialization technology of green collaborative resource treatment of BOE waste liquid	838,085.90	99,353.31		937,439.21		
Research on calcium removal process of mother liquor with high COD content	553,255.60			553,255.60		
Research on the influence of PH value of evaporation stock solution on ammonia nitrogen content of distilled water	511,338.22			511,338.22		
Other projects	2,751,191.95	804.63		798,021.06	1,953,975.52	
Total	5,758,886.61	1,560,145.48		3,905,069.03	1,953,975.52	1,459,987.54

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VI. RESEARCH AND DEVELOPMENT EXPENDITURE *(Continued)*

### (2) Development expenditure of R&D projects eligible for capitalisation *(Continued)*

#### (1) Major capitalised research and development projects

Item	Research and development progress	Estimated completion time	Projected economic benefits generation mode	Timing of capitalisation	Specific basis
Industrialization of deep dephosphorization and nickel removal technology from electroless nickel plating wastewater	Completed	March 2024	Industrial production were formed, and the technology has been applied in Jiangmen Dongjiang for disposal of electroless nickel plating wastewater to increase economic benefits	January 2021	Achieved technological innovation (patent certificate)
Feasibility study and application of co-disposal of incineration fly ash and waste phosphoric acid	Projects completed	January 2025	Through co-disposal, the costs of neutralizing agents such as phosphoric acid and cement used for fly ash disposal as well as the costs of neutralizing agents like caustic soda and lime for treating waste phosphoric acid have been reduced. Additionally, the reaction of phosphate radicals with heavy metals forms stable phosphates, reducing the cost of chelating agents	January 2024	Due to the characteristics of fly ash, such as high pH, low moisture content, and a tendency to generate dust easily, mixing it with collected waste phosphoric acid for disposal can reduce the use of auxiliary materials like phosphoric acid agents and lime agents, thereby treating waste with waste, directly lowering the input costs of auxiliary materials
Research and application of pre-treatment method for mercury-containing wastes	Projects completed	January 2025	Through the pre-treatment of mercury-containing waste, highly toxic mercury is converted into a product with low mobility, reducing the volume of hazardous waste disposal. Longgang Dongjiang has the capability of independent disposal, saving costs related to external transportation and incineration disposal	January 2024	Mercury-containing waste contains mercury, a highly toxic substance. Daily landfill operations pose a safety risk to workers, and its high mercury content prevents direct entry into landfills. Typically, it must be transferred externally to a facility with incinerator for harmless disposal, significantly increasing external disposal costs. However, through pre-treatment, its mercury toxicity can be promptly reduced, allowing it to be disposed of as general hazardous waste in landfills, thereby reducing the costs associated with external incineration disposal

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VII. CHANGE OF CONSOLIDATION SCOPE

### (1) Combination of businesses not under common control during the period

Nil.

### (2) Combination of businesses under common control during the period

Nil.

### (3) Reverse purchase during the period

Nil.

### (4) Disposal of equity interests in subsidiaries

#### 1. Transactions or matters involving loss of control of subsidiaries

Name of subsidiary	Time of loss of control	Disposal price at time of loss of control	Proportion of disposal at time of loss of control (%)	Disposal method at time of loss of control	Basis for determining the time of loss of control	Difference between the disposal consideration and the share of net assets of the subsidiary at the level of the consolidated financial statements corresponding to the disposal of the investment	Carrying amount of the remaining equity interest at the date of loss of control	Fair value of the remaining equity interest at the date of loss of control	Gain or loss on remeasurement of remaining equity interest at fair value	Method and key assumptions used to determine the fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Amount of other comprehensive income related to equity investments in former subsidiary transferred to investment gain or loss or retained earnings
Zhuohai Qingxin Industrial Environment Ltd.	December 2024	1,486,900.00	100.00	Transfer by agreement	Registration of equity transaction	968,124.56					

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VII. CHANGE OF CONSOLIDATION SCOPE *(Continued)*

### (5) Change of consolidation scope due to other reasons

There was a decrease of three consolidated entities as compared with last year in the period due to other reasons. Reasons are:

1. Shaoxing Dongjiang Environmental Engineering Co., Ltd.\* (紹興東江環保工程有限公司) (a subsidiary of the Company) completed statutory de-registration procedures during the year.
2. Zhejiang Jianglian Environmental Investment Co., Ltd.\* (浙江江聯環保投資有限公司) (a subsidiary of the Company) has been absorbed and consolidated by Huaxin Environmental (a joint venture of the Company) during the year.
3. Hubei Tianyin Waste Vehicle Recycling and Dismantling Co., Ltd.\* (湖北天銀報廢汽車回收拆解有限公司) (a joint venture of the Company) has been absorbed and consolidated by Hubei Tianyin (a subsidiary of the Company) during the year.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES

### (1) Interests in subsidiaries

#### 1. Structure of the Group

Name of subsidiaries	Type of enterprise	Principle place of business	Registered capital (RMB'0000)	Place of registration	Business nature	Shareholding proportion (%)		Acquisition method
						Direct	Indirect	
Huabao Technology	Company with limited liability	Shenzhen, Guangdong	1,000.00	Shenzhen, Guangdong	Services	100.00		Business combination not under common control
Huateng Environment	Company with limited liability	Shenzhen, Guangdong	2,000.00	Shenzhen, Guangdong	Services	100.00		Business combination not under common control
Baoan Dongjiang	Company with limited liability	Shenzhen, Guangdong	6,000.00	Shenzhen, Guangdong	Industrial	100.00		Established by way of capital contribution
Dongjiang Feeds	Company with limited liability	Shenzhen, Guangdong	2,500.00	Shenzhen, Guangdong	Industrial	100.00		Established by way of capital contribution
Dongjiang Kaida	Company with limited liability	Shenzhen, Guangdong	100.00	Shenzhen, Guangdong	Services	100.00		Established by way of capital contribution
Baoan Energy	Company with limited liability	Shenzhen, Guangdong	1,000.00	Shenzhen, Guangdong	Industrial	100.00		Established by way of capital contribution
Qianhai Dongjiang	Company with limited liability	Shenzhen, Guangdong	5,100.00	Shenzhen, Guangdong	Services	100.00		Established by way of capital contribution
Longgang Dongjiang	Company with limited liability	Shenzhen, Guangdong	10,000.00	Shenzhen, Guangdong	Industrial	54.00		Established by way of capital contribution
Renewable Energy	Company with limited liability	Shenzhen, Guangdong	9,032.45	Shenzhen, Guangdong	Industrial	100.00		Established by way of capital contribution
Nanchang Xinguan	Company with limited liability	Nanchang, Jiangxi	1,000.00	Nanchang, Jiangxi	Industrial		100.00	Business combination not under common control
Hefei Xinguan	Company with limited liability	Hefei, Anhui	1,000.00	Hefei, Anhui	Industrial		100.00	Business combination not under common control
Huizhou Dongjiang	Company with limited liability	Huizhou, Guangdong	500.00	Huizhou, Guangdong	Industrial	100.00		Established by way of capital contribution
Dongjiang Transport	Company with limited liability	Huizhou, Guangdong	3,400.00	Huizhou, Guangdong	Services	100.00		Established by way of capital contribution
Foshan Fulong	Company with limited liability	Foshan, Guangdong	10,000.00	Foshan, Guangdong	Industrial	51.00		Business combination not under common control
Shaoguan Dongjiang	Company with limited liability	Shaoguan, Guangdong	60,714.59	Shaoguan, Guangdong	Industrial	92.03		Business combination not under common control
Zhuhai Yongxingsheng	Company with limited liability	Zhuhai, Guangdong	4,500.00	Zhuhai, Guangdong	Industrial	80.00		Business combination not under common control
Zhuhai Dongjiang	Company with limited liability	Zhuhai, Guangdong	20,185.61	Zhuhai, Guangdong	Industrial	74.31		Established by way of capital contribution
Qingyuan Xinlv	Company with limited liability	Qingyuan, Guangdong	5,216.00	Qingyuan, Guangdong	Industrial	77.50		Business combination not under common control
Jiangmen Dongjiang	Company with limited liability	Jiangmen, Guangdong	5,000.00	Jiangmen, Guangdong	Industrial	100.00		Established by way of capital contribution
Jieyang Dongjiang	Company with limited liability	Jieyang, Guangdong	15,000.00	Jieyang, Guangdong	Industrial	85.00		Established by way of capital contribution
Hengjian Tongda	Company with limited liability	Shenzhen, Guangdong	1,000.00	Shenzhen, Guangdong	Industrial	100.00		Business combination not under common control
Humen Green	Company with limited liability	Dongguan, Guangdong	5,800.00	Dongguan, Guangdong	Industrial		90.00	Business combination not under common control
Dongguan Hengjian	Company with limited liability	Dongguan, Guangdong	3,900.00	Dongguan, Guangdong	Industrial	100.00		Business combination not under common control

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

### (1) Interests in subsidiaries *(Continued)*

#### 1. Structure of the Group *(Continued)*

Name of subsidiaries	Type of enterprise	Principle place of business	Registered capital (RMB'0000)	Place of registration	Business nature	Shareholding proportion (%)		
						Direct	Indirect	Acquisition method
Xiamen Oasis	Company with limited liability	Xiamen, Fujian	3,500.00	Xiamen, Fujian	Industrial	100.00		Business combination not under common control
Xiamen Dongjiang	Company with limited liability	Xiamen, Fujian	1,000.00	Xiamen, Fujian	Industrial	60.00		By way of demerger
Fujian Oasis	Company with limited liability	Nanping, Fujian	2,000.00	Nanping, Fujian	Industrial		100.00	Business combination not under common control
Longyan Oasis	Company with limited liability	Longyan, Fujian	300.00	Longyan, Fujian	Industrial		100.00	Business combination not under common control
Nanping Oasis	Company with limited liability	Nanping, Fujian	500.00	Nanping, Fujian	Industrial		100.00	Business combination not under common control
Sanming Oasis	Company with limited liability	Sanming, Fujian	400.00	Sanming, Fujian	Industrial		100.00	Business combination not under common control
Jiangxi Dongjiang	Company with limited liability	Fengcheng, Jiangxi	5,000.00	Fengcheng, Jiangxi	Industrial	100.00		Established by way of capital contribution
Hubei Tianyin	Company with limited liability	Jingzhou, Hubei	4,875.50	Jingzhou, Hubei	Industrial	100.00		Business combination not under common control
Tianyin Hazardous Waste	Company with limited liability	Jingzhou, Hubei	2,000.00	Jingzhou, Hubei	Industrial		100.00	Business combination not under common control
Jingzhou Dongjiang	Company with limited liability	Jingzhou, Hubei	1,000.00	Jingzhou, Hubei	Industrial	100.00		Established by way of capital contribution
Xiantao Luyi	Company with limited liability	Xiantao, Hubei	3,444.00	Xiantao, Hubei	Industrial	55.00		Business combination not under common control
Xiantao Dongjiang	Company with limited liability	Xiantao, Hubei	9,000.00	Xiantao, Hubei	Services	100.00		Established by way of capital contribution
Dongjiang HK	Company with limited liability	Hong Kong, China	15,475.58	Hong Kong, China	Services	100.00		Established by way of capital contribution
Nantong Dongjiang	Company with limited liability	Nantong, Jiangsu	US\$2,000.00	Nantong, Jiangsu	Services		100.00	Established by way of capital contribution
Jiangsu Dongjiang	Company with limited liability	Nantong, Jiangsu	11,000.00	Nantong, Jiangsu	Industrial	100.00		Business combination not under common control
Dongheng Environmental	Company with limited liability	Jurong, Jiangsu	4,571.89	Jurong, Jiangsu	Industrial	100.00		Business combination not under common control
Qiandeng Wastes Treatment	Company with limited liability	Kunshan, Jiangsu	3,000.00	Kunshan, Jiangsu	Industrial	51.00		Established by way of capital contribution
Port and Shipping Logistics	Company with limited liability	Kunshan, Jiangsu	593.00	Kunshan, Jiangsu	Services		100.00	Business combination not under common control
Jiaxing Deda	Company with limited liability	Jiaxing, Zhejiang	4,200.00	Jiaxing, Zhejiang	Industrial	51.00		Business combination not under common control
Huaxin Environmental	Company with limited liability	Shaoxing, Zhejiang	3,000.00	Shaoxing, Zhejiang	Industrial		100.00	Business combination not under common control
Coastal Solid Waste	Company with limited liability	Yancheng, Jiangsu	870.00	Yancheng, Jiangsu	Industrial	100.00		Business combination not under common control
Hengshui Ruitao	Company with limited liability	Hengshui, Hebei	4,000.00	Hengshui, Hebei	Industrial	85.00		Business combination not under common control
Weifang Dongjiang	Company with limited liability	Changyi, Shandong	4,000.00	Changyi, Shandong	Industrial	70.00		Business combination not under common control

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES (Continued)

### (1) Interests in subsidiaries (Continued)

#### 1. Structure of the Group (Continued)

Name of subsidiaries	Type of enterprise	Principle place of business	Registered capital (RMB'0000)	Place of registration	Business nature	Shareholding proportion (%)		Acquisition method
						Direct	Indirect	
Qingdao Dongjiang	Company with limited liability	Qingdao, Shandong	1,500.00	Qingdao, Shandong	Industrial	100.00		Established by way of capital contribution
Tangshan Wandesi	Company with limited liability	Tangshan, Hebei	13,300.00	Tangshan, Hebei	Services	80.00		Business combination not under common control
Wosen Environmental	Company with limited liability	Karamay, Xinjiang	5,000.00	Karamay, Xinjiang	Industrial	100.00		Business combination not under common control
Hunan Dongjiang	Company with limited liability	Shaoyang, Hunan	1,000.00	Shaoyang, Hunan	Industrial	95.00		Established by way of capital contribution
Chengdu Hazardous Waste	Company with limited liability	Chengdu, Sichuan	1,000.00	Chengdu, Sichuan	Industrial	100.00		Established by way of capital contribution
Mianyang Dongjiang	Company with limited liability	Mianyang, Sichuan	16,000.00	Mianyang, Sichuan	Industrial	51.00		Established by way of capital contribution
Yunnan Dongjiang	Company with limited liability	Kunming, Yunnan	1,000.00	Kunming, Yunnan	Industrial	100.00		Established by way of capital contribution
Xiongfeng Environment	Company with limited liability	Chenzhou, Hunan	41,137.98	Chenzhou, Hunan	Industrial	70.00		Business combination not under common control
Dongjiang Kaian	Company with limited liability	Zhuhai, Guangdong	1,000.00	Zhuhai, Guangdong	Services	100.00		Established by way of capital contribution

#### 2. Significant non-wholly owned subsidiaries

Serial number	Name of company	Shareholdings proportion of minority interest (%)	Profit or loss attributable to minority interest for the current period	Dividend declared to minority interest for the current period	Balance of equity of minority interest at the end of the year
			interest for the current period	interest for the current period	interest at the end of the year
1	Zhuhai Yongxingsheng	20.00	-2,413,561.48		38,195,157.60
2	Qiandeng Wastes Treatment	49.00	776,798.37		30,459,972.73
3	Xiongfeng Environment	30.00	-10,820,381.19		160,303,305.56
4	Shaoguan Dongjiang	7.97	-2,330,942.57		45,364,797.09

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES (Continued)

### (1) Interests in subsidiaries (Continued)

#### 3. Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Balance at the end of the year						Balance at the beginning of the year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhuhai Yongxingsheng Qiandeng Wastes Treatment Xiongfeng Environment	144,805,747.87	109,303,910.70	254,109,658.57	61,338,500.41	1,795,370.17	63,133,870.58	113,572,675.58	125,930,411.92	239,503,087.50	34,110,121.90	2,349,370.21	36,459,492.11
	72,371,142.28	20,398,759.06	92,769,901.34	29,532,864.80		29,532,864.80	55,380,299.63	22,444,296.81	77,824,596.44	13,643,741.04		13,643,741.04
	629,016,239.68	553,967,866.81	1,182,984,106.49	621,280,190.52	19,273,396.79	640,553,587.31	550,398,456.86	493,607,540.57	1,044,005,997.43	548,043,019.35	750,000.00	548,793,019.35
Shaoguan Dongjiang	179,049,022.12	710,397,431.53	889,446,453.65	238,058,338.37	96,837,518.77	334,895,857.14	157,834,640.94	751,750,314.03	909,584,954.97	202,370,137.27	123,531,046.45	325,901,183.72

Name of subsidiaries	Amount of the year				Amount of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Zhuhai Yongxingsheng Qiandeng Wastes Treatment Xiongfeng Environment Shaoguan Dongjiang	105,423,218.45	-12,067,807.40	-12,067,807.40	1,723,037.96	102,129,253.82	-16,341,330.52	-16,341,330.52	3,763,474.72
	289,504,453.21	1,606,729.70	1,606,729.70	8,140,405.99	207,705,071.92	-7,291,903.02	-7,291,903.02	7,468,451.33
	870,319,026.49	-36,067,937.30	-36,067,937.30	18,836,439.72	1,520,283,730.65	-44,062,103.10	-44,062,103.10	-6,288,689.70
	118,353,968.75	-29,232,639.22	-29,232,639.22	37,979,176.63	69,376,601.75	-29,824,013.04	-29,824,013.04	26,068,229.14

### (2) Transactions that caused changes in the share of owner's equity in a subsidiary without loss of control in the subsidiary

Item	Hubei Tianyin
Acquisition cost/disposal consideration	1,006,000.00
Including: Cash	1,006,000.00
Total acquisition cost/disposal consideration	1,006,000.00
Less: Share of net assets of the subsidiary in proportion to the equity interest acquired/disposed of	-98,898,479.70
Difference	99,904,479.70
Including: Adjustment to capital reserve	99,904,479.70
Adjustment to surplus reserves	
Adjustment to retained earnings	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

### (3) Interests in joint ventures or associates

#### 1. Significant joint ventures and associates

Name of joint ventures or associates	Principle place of business	Place of registration	Business nature	Shareholding proportion (%)		Accounting method of investments
				Direct	Indirect	
Huizhou Dongjiang Veolia Environmental services Limited (Dongjiang Veolia)	Huizhou, Guangdong	Huizhou, Guangdong	Industrial	50.00		Equity approach
Fujian Xingye Dongjiang Environmental Technology Co., Ltd. (Xingye Dongjiang)	Quanzhou, Fujian	Quanzhou, Fujian	Industrial	42.50		Equity approach
ALBA Rising Green Fuel (Jieyang) Ltd. (Jieyang ALBA)	Jieyang, Guangdong	Jieyang, Guangdong	Industrial	37.10		Equity approach
Dongguan Fengye Solid Waste Treatment Co., Ltd. (Dongguan Fengye)	Dongguan, Guangdong	Dongguan, Guangdong	Industrial	20.00		Equity approach
Jieyang Guangye Environmental Protection Energy Co., Ltd. (Jieyang Guangye)	Jieyang, Guangdong	Jieyang, Guangdong	Industrial	13.00		Equity approach
Shenzhen Resource Environmental Technology Company Limited (Shenzhen Resource)	Shenzhen, Guangdong	Shenzhen, Guangdong	Industrial	49.00		Equity approach

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

### (3) Interests in joint ventures or associates *(Continued)*

#### 2. Key financial information of significant joint ventures

Item	Balance at the end of the year/ amount of the year Dongjiang Veolia	Balance at the beginning of the year/amount of last year Dongjiang Veolia
Current assets	<b>72,008,393.66</b>	107,697,098.16
Including: Cash and cash equivalent	<b>7,082,066.29</b>	10,134,362.43
Non-current assets	<b>347,291,503.65</b>	362,554,085.45
Total assets	<b>419,299,897.31</b>	470,251,183.61
Current liabilities	<b>110,538,639.69</b>	156,480,835.39
Non-current liabilities	<b>82,131,514.98</b>	75,441,682.56
Total liabilities	<b>192,670,154.67</b>	231,922,517.95
Minority interests	<b>30,355,949.29</b>	34,695,340.75
Equity interests attributable to shareholders of the parent company	<b>196,273,793.35</b>	203,633,324.91
Share of net asset based on shareholdings	<b>98,136,896.68</b>	101,816,662.46
Adjustments		
Including: Goodwill		
Unrealized profit from intra-group transactions		
Others		
Carrying amount of investments in interest of joint venture	<b>89,582,055.29</b>	93,853,216.73
Fair value of investments in interest in joint ventures with open market quotations		
Operation revenue	<b>101,508,891.00</b>	138,553,524.54
Finance costs	<b>3,410,091.32</b>	4,051,151.26
Income tax expenses	<b>979,786.74</b>	275,982.09
Net profit	<b>-12,882,092.33</b>	-11,263,531.67
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	<b>-12,882,092.33</b>	-11,263,531.67
Dividends received from joint venture during the year		7,500,000.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES (Continued)

### (3) Interests in joint ventures or associates (Continued)

#### 3. Key financial information of significant associates

Item	Balance at the end of the year/ amount of the year		Balance at the beginning of the year/ amount of last year	
	Jieyang ALBA	Xingye Dongjiang	Jieyang ALBA	Xingye Dongjiang
Current assets	79,305,704.59	96,647,300.71	58,192,762.04	95,832,281.13
Including: Cash and cash equivalent	16,762,923.78	64,700,086.91	8,966,296.51	71,764,396.95
Non-current assets	591,929,844.55	298,618,031.24	617,434,048.13	317,878,619.39
Total assets	671,235,549.14	395,265,331.95	675,626,810.17	413,710,900.52
Current liabilities	135,224,360.12	42,583,883.43	125,223,187.60	79,847,248.72
Non-current liabilities	373,886,699.51	175,692,889.90	390,887,706.43	160,001,483.26
Total liabilities	509,111,059.63	218,276,773.33	516,110,894.03	239,848,731.98
Minority interests				
Equity interests attributable to shareholders of the parent company	162,124,489.51	176,988,558.62	159,515,916.14	173,862,168.54
Share of net asset based on shareholdings	60,148,185.61	75,220,137.41	59,180,404.89	73,891,421.63
Adjustments				
Including: Goodwill				
Unrealized profit from intra-group transactions				
Others				
Carrying amount of investments in interest of associates	62,580,319.19	75,220,137.41	61,612,538.47	73,891,421.63
Fair value of investments in interest in associates with open market quotations				
Operation revenue	89,409,330.99	83,713,280.67	103,138,484.55	83,283,763.57
Finance costs	17,086,348.70	-1,435,009.54	20,113,929.35	-1,541,003.43
Income tax expenses	-2,551,483.00	77,362.96	1,171,966.33	-521,904.16
Net profit	2,608,573.37	3,126,390.08	-4,741,741.85	3,284,675.28
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	2,608,573.37	3,126,390.08	-4,741,741.85	3,284,675.28
Dividends received from associates during the year				

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

### (3) Interests in joint ventures or associates *(Continued)*

#### 4. Summarized financial information of insignificant joint ventures and associates

Item	Balance at the end of the year/ amount of the year	Balance at the beginning of the year/amount of last year
Associates		
Total carrying amount of investments	<b>49,934,541.80</b>	47,906,762.76
Total amounts based on shareholding:		
Net profit	<b>-4,166,945.38</b>	-9,919,049.47
Total comprehensive income	<b>-4,166,945.38</b>	-9,919,049.47

5. There were no significant restrictions on transfer of funds from joint ventures or associates to the Company.
6. There was no excess loss incurred by joint ventures or associates.
7. There was no unrecognised guarantee in relation to investments in joint ventures.
8. There were no contingent liabilities in relation to investments in joint ventures or associates.

## IX. GOVERNMENT GRANTS

### (1) Government grants recognised by amounts receivable

Item	Balance of accounts receivable at the end of the year	Reasons for not receiving the estimated amount of government grants at the expected time
Refund of value-added tax upon collection	431,282.75	Not applicable
Total	431,282.75	—



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## IX. GOVERNMENT GRANTS *(Continued)*

### (2) Liabilities items related to government grants

Financial statement items	Balance at the beginning of the year	New grants in the year	Amount included in non-operating income for the year	Transfer to other income during the year	Other movements during the year	Balance at the end of the year	Related to assets/revenue
Deferred income	160,293,031.94	8,935,130.00		18,408,480.68		<b>150,819,681.26</b>	Related to assets
Total	160,293,031.94	8,935,130.00		18,408,480.68		<b>150,819,681.26</b>	—

### (3) Government grants included in profit or loss for the current period

Type	Amount of the year	Amount of last year	Related to assets/revenue
Transfer from deferred income	<b>18,408,480.68</b>	19,483,240.03	Related to assets
Refund of value-added tax upon collection	<b>7,826,605.19</b>	9,028,714.17	Related to revenue
Subsidies or incentive funds related to scientific and technological innovation	<b>2,499,000.00</b>	2,429,300.00	Related to revenue
Provincial and municipal financial subsidy funds	<b>2,352,213.00</b>	2,127,772.31	Related to revenue
Tax and levy subsidy funds such as property tax and land use tax	<b>2,119,884.65</b>	3,991,922.25	Related to revenue
Loan interests subsidy from government	<b>1,820,891.00</b>	43,000.00	Related to revenue
Special subsidies for environmental protection such as pollution prevention and control	<b>1,259,669.94</b>	3,658,741.00	Related to revenue
Technical transformation subsidy funds	<b>1,002,800.00</b>		Related to revenue
Employment stabilization subsidy	<b>636,569.17</b>	327,620.07	Related to revenue
Social security-related subsidy funds	<b>519,527.68</b>	1,160,869.30	Related to revenue
Incentive subsidies for identified high-tech enterprises	<b>130,000.00</b>	670,000.00	Related to revenue
Subsidy for “stay put” employee training and job creation	<b>57,585.00</b>	374,854.85	Related to revenue
Others (less than RMB100,000)	<b>456,282.39</b>	472,143.61	Related to revenue
Total	<b>39,089,508.70</b>	43,768,177.59	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS

### (1) Risks of financial instruments

#### 1. Credit Risk

As at 31 December 2024, the maximum credit risk exposure that is likely to cause financial losses to the Company was due primarily to the losses on the Company's financial assets arising from the failure of the counter-party to the contract to fulfill its obligations, and the financial guarantee undertaken by the Company. In particular, it includes: the carrying amount of the financial assets recognised in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects its risk exposure, that is not the maximum risk exposure, and its maximum risk exposure will change with changes in fair value in the future.

In order to minimize the credit risk, the Company has set up a special department to determine credit lines, conduct credit approvals, and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Company reviews the recoverable amount of each single account receivable on each balance sheet date to ensure that adequate bad debt provision is made for irrecoverable amounts. As a result, the management of the Company considers that the Company's credit risk has been reduced significantly.

The Company is mainly engaged in the industrial waste recycling and disposal, electronic waste dismantling treatment and other services. Among them, the main customers of industrial waste recycling and disposal are the government and state-owned enterprises. The Company stipulates the payment obligations of the government mainly through contracts; the electronic waste dismantling treatment falls into the scope of recycling economy that enjoys priority support of the national industrial policy. The collection of waste electrical and electronic products disposal fund is in accordance to regulations, and guaranteed by national laws. The fund is administered and paid by the Ministry of Finance. Payment is directly given to the dismantling enterprises enjoying such subsidies. On the whole, the Company is exposed to insignificant credit risk.

The Company places its liquid funds in banks with relatively higher credit ratings; therefore, the credit risk with respect to liquid funds is low.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

### (1) Risks of financial instruments *(Continued)*

#### 2. Liquidity Risk

The method to manage liquidity risk is to ensure adequate cash flows to perform obligations at maturity, so that no unacceptable losses are caused or the Company's reputation is damaged. The Company analyzes its debt structure and duration regularly to ensure sufficient liquidity. The management of the Company monitors the utilization of bank borrowings and ensures compliance with loan covenants. Meanwhile, they enter into negotiation with financial institutions on financing, to maintain enough credit facilities and mitigate liquidity risk. The Company deems bank borrowing as its main capital source. As at 31 December 2024, the unused credit facilities of bank borrowing of the Company was RMB7,222 million. As at 31 December 2024, the analysis of financial liabilities held by the Company according to the maturity of undiscounted remaining contractual obligations is set out below:

Items of Liabilities	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,213,704,956.28				1,213,704,956.28
Accounts payable	614,736,880.96				614,736,880.96
Other accounts payable	223,215,429.02				223,215,429.02
Non-current liabilities due					
within 1 year	1,622,074,658.20				1,622,074,658.20
Other current liabilities	27,468,092.54				27,468,092.54
Long-term borrowings	74,284,649.87	1,326,453,246.61	108,407,152.71	1,006,127,263.48	2,515,272,312.67
Bonds payable		13,850,000.00	526,106,301.18		539,956,301.18
Lease liabilities		875,379.89	76,306.00		951,685.89

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

### (1) Risks of financial instruments *(Continued)*

#### 3. Market risks

##### (1) Foreign exchange risk

The Company primarily operates in the Mainland China, and its business is primarily settled in Renminbi. However, the recognised foreign currency assets and liabilities and future foreign currency transactions of the Company (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in Hong Kong dollars and US dollars) are still exposed to foreign exchange risks. The Company pays close attention to the impact of exchange rate changes on the Company. At present, the Company has not taken other measures to avoid foreign exchange risks. Please refer to Note V. (63) "Foreign currency monetary items" for the foreign exchange risk exposure of each of the Company's foreign currency assets and liabilities at the end of the year.

Sensitivity analysis of foreign exchange risk: The pre-tax effect of reasonable movements in exchange rates on the net profit or loss for the current period and equity provided that variables other than exchange rate holding constant is set out below:

Item	During the year		During last year	
	Effect on net profit	Effect on shareholder' equity	Effect on net profit	Effect on shareholder' equity
Increase of 5% in the exchange rate of HKD against RMB	-94,260.20	-94,260.20	-92,842.81	-92,842.81
Decrease of 5% in the exchange rate of HKD against RMB	94,260.20	94,260.20	92,842.81	92,842.81
Increase of 5% in the exchange rate of JPY against RMB	-8,056,100.25	-8,056,100.25		
Decrease of 5% in the exchange rate of JPY against RMB	8,056,100.25	8,056,100.25		
Increase of 5% in the exchange rate of USD against RMB	-6,378,771.95	-6,378,771.95	617,584.85	617,584.85
Decrease of 5% in the exchange rate of USD against RMB	6,378,771.95	6,378,771.95	-617,584.85	-617,584.85

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

### (1) Risks of financial instruments *(Continued)*

#### 3. Market risks *(Continued)*

##### (2) Interest rate risk

The risk of market interest rate changes faced by the Company is mainly related to the Company's floating interest rate liabilities. The Company's interest rate risk mainly arises from interest-bearing debts such as long-term bank borrowings. Financial liabilities at floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities at fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed interest rate contract and floating interest rate contracts depending on the market conditions. The interest-bearing financial instruments held by the Company as at 31 December 2024 are as follows:

Items of interest-bearing liabilities	Fixed interest rate	Floating interest rate	Total
Short-term borrowings	1,197,012,027.16		1,197,012,027.16
Long-term borrowings	879,077,762.95	1,421,835,472.99	2,300,913,235.94
Bonds payable	499,386,007.41		499,386,007.41
Non-current liabilities due within 1 year-Lease liabilities	5,899,235.53		5,899,235.53
Non-current liabilities due within 1 year-Long-term borrowings	529,423,961.02	1,062,250,202.91	1,591,674,163.93
Non-current liabilities due within 1 year-Bond payables	1,593,698.82		1,593,698.82
Lease liabilities	864,178.91		864,178.91
Total	3,113,256,871.80	2,484,085,675.90	5,597,342,547.70

Sensitivity analysis of interest rate risk:

The pre-tax effect of reasonable movements of interest rate on the net profit or loss for the current period and shareholders' equity, provided that variables other than interest rate holding constant, is set out below:

Item	During the year		During last year	
	Effect on net profit	Effect on shareholders' equity	Effect on net profit	Effect on shareholders' equity
RMB benchmark interest rate rises by 1%	-21,114,728.25	-21,114,728.25	-14,493,775.00	-14,493,775.00
RMB benchmark interest rate drops by 1%	21,114,728.25	21,114,728.25	14,493,775.00	14,493,775.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

### (2) Transfer of financial assets

#### 1. *Classification of transfer modes*

Transfer modes	Nature of transferred financial assets	Amount of transferred financial assets	Information about derecognition	Recognition basis of derecognition
Endorsement/ discount	Receivable financing	270,019,635.72	Yes	Transfer of credit risk
Endorsement/ discount	Notes receivable	24,539,390.10	No	The risks related to bills have not been transferred, and the conditions for derecognition of financial assets are not met
Total	—	294,559,025.82	—	—

#### 2. *Derecognition of financial assets due to transfer*

Category of financial assets	Transfer mode	Amount of derecognised financial assets	Gains and losses related to derecognition
Receivable financing	Endorsement/ discount	270,019,635.72	-735,331.36

#### 3. *Transferred financial assets with continuing involvement*

Category of financial assets	Asset transfer modes	Amount of assets resulting from continuous involvement	Amount of liabilities resulting from continuous involvement
Notes receivable	Endorsement/ discount	24,539,390.10	24,539,390.10

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XI. FAIR VALUE

### (1) Analysis of assets and liabilities measured at fair value according to fair value hierarchy

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement				
1. Financial assets designated at fair value through profit or loss				
(i) Receivable financing		18,055,682.89		18,055,682.89
(1) Accounts receivable				
(2) Notes receivable		18,055,682.89		18,055,682.89
(ii) Investment in other equity instruments			4,242,896.51	4,242,896.51
(iii) Investment properties			549,762,643.00	549,762,643.00
2. Leased buildings			549,762,643.00	549,762,643.00
Total assets with continuous fair value measurement		18,055,682.89	554,005,539.51	572,061,222.40
(i) Held-for-trading financial liabilities				
3. Financial liabilities at fair value through profit or loss				
Including: Derivative financial liabilities		5,673,136.62		5,673,136.62
Total liabilities with continuous fair value measurement		5,673,136.62		5,673,136.62

### (2) Qualitative and quantitative information on valuation technique and important parameters used for continuous and not continuous level 2 fair value measurement items

For receivable financing, the Company uses the present value of cash flows method to determine its fair value, which approximates the carrying amount.

For derivative financial liabilities, the Company uses the discounted cash flow valuation technique based on observable market data, and the market prices of the fair value items are derived from the fair value report of banks.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XI. FAIR VALUE *(Continued)*

### (3) **Qualitative and quantitative information on valuation technique and important parameters used for continuous and not continuous level 3 fair value measurement items**

For investment in other equity instruments, the Company regards the investment cost and the operating results of the invested enterprise as a reasonable estimate of fair value in measurement because the operating environment, operating conditions and financial status of the investee have not changed substantially.

For investment properties, the Company entrusts an external appraiser to evaluate its fair value. The methods adopted mainly include rental income mode and cost approach. The inputs used mainly include rental growth rate, capitalisation rate and unit price.

### (4) **Fair value of financial assets and financial liabilities not measured at fair value.**

The Company's financial assets and liabilities measured at amortized cost mainly include: accounts receivable, loans, accounts payable, bond payables, etc. As at 31 December 2024, there was no significant difference between the carrying amount and fair value of the above financial assets and financial liabilities.





# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS

### (1) Parent company of the Company

Name of parent company	Place of registration	Business nature	Registered capital (RMB0.1 billion)	Shareholding proportion of parent company in the Company (%)	Voting proportion of parent company in the Company (%)
Guangdong Rising Holdings Group Co., Ltd.	Guangzhou, Guangdong	Services	100.00	26.37	26.37

*Note:* The ultimate controlling shareholder of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government of Shandong Province.

As at 31 December 2024, Guangdong Rising Holdings Group Co., Ltd (hereinafter referred to as "**Guangdong Rising Group**") holds 291,458,228 A shares of the Company, accounting for 26.37% of the Company's entire share capital. Among them, Guangdong Rising Group holds 266,279,028 A shares of the Company, accounting for 24.09% of the Company's entire share capital; Rising Investment Development Co., Ltd.\* (廣晟投資發展有限公司), a wholly-owned subsidiary of Guangdong Rising Group holds 22,283,200 H shares of the Company, accounting for 2.02% of the Company's entire share capital; Guangdong Rising H.K. (Holding) Limited holds 2,896,000 H shares of the Company, accounting for 0.26% of the Company's entire share capital.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (2) Information about the subsidiaries of the Company

Please refer to Note “VIII. Interests in other entities”.

### (3) Information about the joint ventures and associates of the Company

Information about major joint ventures or associates was set out in Note “VIII. Interests in other entities”. Details of joint ventures or associates who had related party transactions with the Company during the year or balance resulting from previous related party transactions with the Company are as follows

Name of joint ventures or associates	Short name of joint ventures or associates	Relationship with the Company
Huizhou Dongjiang Veolia Environmental Services Limited	Dongjiang Veolia	Joint venture
Fujian Xingye Dongjiang Environmental Technology Co., Ltd.	Xingye Dongjiang	Associates
ALBA Rising Green Fuel (Jieyang) Ltd.	Jieyang ALBA	Associates
Dongguan Fengye Solid Waste Treatment Co., Ltd.	Dongguan Fengye	Associates
Jieyang Guangye New Energy Environmental Protection Co., Ltd.	Jieyang Guangye Environmental	Associates
Jieyang Guangye Environmental Technology Co., Ltd.	Jieyang Guangye Technology	Associates
Guangdong Jiabao Dongjiang Renewable Resources Industry Investment Co., Ltd.	Jiabao Dongjiang	Associates

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (4) Information about other related parties

Name of other related parties	Short name of other related parties	Relationship with the Company
Guangdong Rising Finance Co., Ltd.	Guangdong Rising Finance Company	Controlled by the same controlling shareholder
Deqing Xingbang Rare Earth New Material Co., Ltd.* (德慶興邦稀土新材料有限公司)	Deqing Xingbang	Controlled by the same controlling shareholder
Foshan Electrical And Lighting Co., Ltd	Foshan Lighting	Controlled by the same controlling shareholder
Foshan Holilite Photoelectricity Co., Ltd	Foshan Holilite	Controlled by the same controlling shareholder
Foshan NationStar Semiconductor Technology Co., Ltd	NationStar Semiconductor	Controlled by the same controlling shareholder
Foshan NationStar Optoelectronics Co., Ltd	NationStar Optoelectronics	Controlled by the same controlling shareholder
Foshan Lighting Chanchang Optoelectronics Co., Ltd.* (佛山照明禪昌光電有限公司)	Foshan Lighting Chanchang	Controlled by the same controlling shareholder
Foshan Lighting Zhida Electrical Technology Co., Ltd.	Foshan Lighting Zhida	Controlled by the same controlling shareholder
Ganzhou Zhongjin High Energy Battery Material Co., Ltd.	Zhongjin High Energy Battery	Controlled by the same controlling shareholder
Guangdong Fenghua Chaorong Technology Co., Ltd	Fenghua Chaorong	Controlled by the same controlling shareholder
Guangdong Fenghua Advanced Technology Holding Co., Ltd.* (廣東風華高新科技股份有限公司)	Fenghua Advanced Technology	Controlled by the same controlling shareholder
Gaoyao Zhenghua Ceramic Capacitor Branch of Guangdong Fenghua Advanced Technology Holding Co., Ltd.* (廣東風華高新科技股份有限公司高要正華陶瓷電容器分公司)	Fenghua Advanced Technology Ceramic Capacitor	Controlled by the same controlling shareholder

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (4) Information about other related parties *(Continued)*

Name of other related parties	Short name of other related parties	Relationship with the Company
Guangdong Guohua New Material Technology Co., Ltd.* (廣東國華新材料科技股份有限公司)	Guohua New Material	Controlled by the same controlling shareholder
Guangdong Dabaoshan Mining Co., Ltd.	Dabaoshan Mining	Controlled by the same controlling shareholder
Guangdong Rising Cultural Industry Development Co., Ltd. Cultural Business Division* (廣東省廣晟文化產業發展有限公司文化事業部)	Rising Cultural Industry Cultural Business Division	Controlled by the same controlling shareholder
Guangdong Shiliuye Construction Co. Ltd.* (廣東十六冶建設有限公司)	Guangdong Shiliuye	Controlled by the same controlling shareholder
Guangdong Shiliuye Specialized Equipment Engineering Co., Ltd.	Guangdong Shiliuye Equipment	Controlled by the same controlling shareholder
Guangdong Yixin Great Wall Construction Group Co., Ltd. * (廣東一新長城建築集團有限公司)	Guangdong Yixin Great Wall Construction	Controlled by the same controlling shareholder
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.* (廣東中金嶺南工程技術有限公司)	Zhongjin Lingnan Engineering	Controlled by the same controlling shareholder
Guangdong Zhongjin Lingnan Environmental Protection Engineering Co., Ltd.* (廣東中金嶺南環保工程有限公司)	Zhongjin Lingnan Environmental	Controlled by the same controlling shareholder
Guangdong Zhongnan Construction Co., Ltd.	Zhongnan Construction	Controlled by the same controlling shareholder
Guangdong Zhongren Group Construction Co., Ltd.	Zhongren Group	Controlled by the same controlling shareholder
Guangzhou Huajian Business Development Co., Ltd.	Huajian Business	Controlled by the same controlling shareholder
Ramada Pearl Hotel Guangzhou of Guangzhou of Guangzhou Kaixuan Hotel Co., Ltd.	Ramada Pearl Hotel	Controlled by the same controlling shareholder
Guangzhou Nansha District Zhongjin Lingnan International Trade Co., Ltd.* (廣州市南沙區中金嶺南國際貿易有限公司)	Zhongjin Lingnan International	Controlled by the same controlling shareholder
Huizhou Fuyile Permanent Magnet Technology Co., Ltd.* (惠州市福益樂永磁科技有限公司)	Fuyile Permanent Magnet	Controlled by the same controlling shareholder

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (4) Information about other related parties *(Continued)*

Name of other related parties	Short name of other related parties	Relationship with the Company
Longnan Heli Rare Earth Smelting Co., Ltd* (龍南市和利稀土冶煉有限公司)	Heli Smelting	Controlled by the same controlling shareholder
Naidian Soft Technology Electronics (Zhuhai) Co., Ltd.* (奈電軟性科技電子(珠海)有限公司)	Naidian Technology	Controlled by the same controlling shareholder
Qingyuan Jiahe Rare Metal Co., Ltd* (清遠市嘉禾稀有金屬有限公司)	Jiahe Rare Metal	Controlled by the same controlling shareholder
Shandong Zhongjin Lingnan Copper Co., Ltd.* (山東中金嶺南銅業有限責任公司)	Zhongjin Copper	Controlled by the same controlling shareholder
Shenzhen Guangsheng Curtain Wall Technology Co., Ltd*. (深圳廣晟幕牆科技有限公司)	Guangsheng Curtain Wall	Controlled by the same controlling shareholder
Shenzhen Huajiar Xilin Industrial Co.Ltd	Shenzhen Huajiar Xilin	Controlled by the same controlling shareholder
Zhongjin Lingnan New Material Co., Ltd. of Shenshan Special Cooperation Zone of Shenzhen	Zhongjin Shenshan Cooperation Zone	Controlled by the same controlling shareholder
Shenzhen Zhongjin Lingnan Technology Co., Ltd.* (深圳市中金嶺南科技有限公司)	Zhongjin Lingnan Technology	Controlled by the same controlling shareholder
Zinc Alloy Branch of Shenzhen Zhongjin Lingnan Technology Co., Ltd.* (深圳市中金嶺南科技有限公司鋅合金分公司)	Zhongjin Lingnan Zinc Alloy Branch	Controlled by the same controlling shareholder
Shenzhen Zhongjin Lingnan Xinyue New Material Co., Ltd.* (深圳市中金嶺南鑫越新材料有限公司)	Zhongjin Lingnan Xinyue	Controlled by the same controlling shareholder
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd	Zhongjin Lingnan	Controlled by the same controlling shareholder
Danxia smelter of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Zhongjin Lingnan Danxia Smelting Plant	Controlled by the same controlling shareholder
Fankou Lead-Zinc Mine of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Fankou Lead-Zinc Mine of Zhongjin Lingnan	Controlled by the same controlling shareholder

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (4) Information about other related parties *(Continued)*

Name of other related parties	Short name of other related parties	Relationship with the Company
Shaoguan smelter of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Shaoguan smelter of Zhongjin Lingnan	Controlled by the same controlling shareholder
Shenzhen Yueding Seiki Co., Ltd.	Shenzhen Yueding	Controlled by the same controlling shareholder
Guangdong Huaxin Environmental Protection Technology Co., Ltd* (廣東華欣環保科技有限公司)	Huaxin Environmental Protection	Other related parties controlled by shareholders holding more than 5% of the Company
Jiangsu High Hope International Exhibition Decoration Engineering Co., Ltd* (江蘇匯鴻國際展覽裝飾工程有限公司)	High Hope International Exhibition Decoration	Other related parties controlled by shareholders holding more than 5% of the Company
Wenzhou Environment Development Co., Ltd	Wenzhou Environment	Other related parties controlled by shareholders holding more than 5% of the Company
Guangdong Anjiatai Environmental Protection Technology Co., Ltd	Guangdong Anjiatai	Holding subsidiaries of significant joint ventures
Langfang Resource Environmental Technology Company Limited	Langfang Resource	Subsidiary of joint venture

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions

#### 1. *Related party transactions in respect of purchase and sales of goods, providing and receiving services*

##### (1) Purchasing goods/receiving services

Name of related party	Description of related party transactions	Amount of the year	Amount of last year
Zhongnan Construction	Receiving services	<b>3,606,355.61</b>	2,468,960.00
Wenzhou Environment	Receiving services	<b>2,492,299.61</b>	1,196,214.50
Zhongjin Lingnan International	Purchasing goods	<b>1,579,096.54</b>	
Jieyang ALBA	Receiving services	<b>330,109.19</b>	517,007.27
Dongjiang Veolia	Receiving services	<b>314,411.10</b>	5,952,888.93
High Hope International Exhibition Decoration	Receiving services	<b>112,396.23</b>	162,032.83
Shaoguan smelter of Zhongjin Lingnan	Purchasing goods	<b>62,032.86</b>	
Ramada Pearl Hotel	Purchasing goods	<b>35,681.41</b>	
Dongjiang Veolia	Purchasing goods	<b>26,621.46</b>	83,576.59
Ramada Pearl Hotel	Receiving services	<b>7,794.06</b>	
Huajian Business	Purchasing goods	<b>6,360.00</b>	
Guangdong Rising Group	Receiving services	<b>3,000.00</b>	
Rising Cultural Industry Cultural Business Division	Purchasing goods	<b>2,895.42</b>	
Zhongren Group	Receiving services		3,807,227.47
Naidian Technology	Purchasing goods		1,306,219.03
Guangdong Anjiatai	Receiving services		785,796.22
Total	—	<b>8,579,053.49</b>	16,279,922.84

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

1. *Related party transactions in respect of purchase and sales of goods, providing and receiving services (Continued)*

(2) Sales of goods/providing services

Name of related party	Description of related party transactions	Amount of the year	Amount of last year
Dongjiang Veolia	Providing services	<b>6,452,975.74</b>	10,903,538.06
Shaoguan smelter of Zhongjin Lingnan	Providing services	<b>1,117,378.31</b>	11,547,599.62
Danxia smelter of Zhongjin Lingnan	Providing services	<b>971,051.40</b>	
Fenghua Advanced Technology	Providing services	<b>902,260.37</b>	1,077,636.25
Dongjiang Veolia	Trademark use right	<b>783,020.05</b>	6,581,157.71
Guangdong Rising Group	Providing services	<b>429,042.58</b>	
Huaxin Environmental Protection	Sales of goods	<b>428,710.71</b>	9,442.83
Dongguan Fengye	Providing services	<b>321,431.32</b>	1,346,518.68
NationStar Optoelectronics	Providing services	<b>290,768.85</b>	326,223.32
Foshan Lighting	Providing services	<b>184,961.31</b>	188,786.80
Xingye Dongjiang	Providing services	<b>89,997.96</b>	3,773.58
Zhongjin Lingnan Environmental	Providing services	<b>58,344.90</b>	8,018.87
NationStar Semiconductor	Providing services	<b>53,286.97</b>	218,074.49
Fenghua Advanced Technology Ceramic Capacitor	Providing services	<b>38,061.33</b>	
Huaxin Environmental Protection	Providing services	<b>35,655.39</b>	34,737.74
Zhongjin Lingnan Zinc Alloy Branch	Providing services	<b>19,811.32</b>	
Fuyile Permanent Magnet	Providing services	<b>16,037.74</b>	21,509.43
Guohua New Material	Providing services	<b>14,622.64</b>	12,641.51
Zhongjin Lingnan Engineering	Providing services	<b>12,121.70</b>	8,750.00
Zhongjin Lingnan Xinyue	Providing services	<b>10,377.36</b>	
Foshan Lighting Zhida	Providing services	<b>8,113.21</b>	4,528.30



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

1. *Related party transactions in respect of purchase and sales of goods, providing and receiving services (Continued)*

(2) Sales of goods/providing services *(Continued)*

Name of related party	Description of related party transactions	Amount of the year	Amount of last year
Fankou Lead-Zinc Mine of Zhongjin Lingnan	Providing services	<b>7,230.19</b>	67,339.61
Zhongjin Lingnan Technology	Providing services	<b>5,188.68</b>	60,400.00
Jiahe Rare Metal	Providing services	<b>4,716.98</b>	6,603.77
Jieyang Guangye Environmental	Providing services	<b>3,773.58</b>	
Jieyang Guangye Technology	Providing services	<b>3,773.58</b>	
Foshan Holilite	Providing services	<b>2,169.81</b>	2,358.49
Foshan Lighting Chanchang	Providing services	<b>2,169.81</b>	2,641.51
Shenzhen Huajiar Xilin	Providing services	<b>495.28</b>	40,566.04
Naidian Technology	Providing services		58,108.87
Fenghua Chaorong	Providing services		20,283.02
Shenzhen Yueding	Providing services		16,828.30
Zhongjin High Energy Battery	Providing services		14,150.94
Heli Smelting	Providing services		9,528.30
Deqing Xingbang	Providing services		9,433.96
Zhongjin Shenshan Cooperation Zone	Providing services		8,490.57
Zhongjin Lingnan	Providing services		6,596.23
Guangsheng Curtain Wall	Providing services		2,830.19
Total	—	<b>12,346,779.26</b>	32,686,087.55

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 2. Guarantee with related parties

##### (1) The Company as the guarantor

Name of guaranteed party	Amount guaranteed	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee fulfilled
Mianyang Dongjiang	246,000,000.00	1 April 2021	25 March 2030	No
Foshan Fulong	160,497,000.00	18 March 2020	18 March 2030	No
Tangshan Wandesi	160,000,000.00	31 March 2022	9 February 2026	No
Xiamen Oasis	80,000,000.00	27 June 2024	27 June 2027	No
Xingye Dongjiang	57,375,000.00	30 June 2021	15 September 2026	No
Dongguan Fengye	44,000,000.00	15 October 2018	15 October 2033	No
Total	747,872,000.00	—	—	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 3. *Emoluments of key management*

##### (1) Emoluments of Directors and Supervisors

The emoluments of each director and supervisor during the year are as follows:

Name	Fees of Directors and Supervisors	Salaries and allowances	Bonus	Retirement benefits scheme contributions	Total
<b>Executive Directors</b>					
WANG Bi'an (Note 1)		555,221.00		118,933.05	674,154.05
LI Xiangli (Note 1)		579,631.75		122,683.18	702,314.93
YU Fan (Note 1)		583,752.50	27,199.03	136,217.22	747,168.75
TAN Kan (Note 2)					
YU Zhongmin (Note 3)					
LIN Peifeng (Note 3)					
<b>Non-executive Directors</b>					
JIN Yongfu (Note 5)					
HUANG Honggang (Note 4)					
LIU Xiaoxuan (Note 1)					
<b>Independent non-executive Directors</b>					
LI Jinhui		150,000.00			150,000.00
SIU Chi Hung		150,000.00			150,000.00
GUO Suyi (Note 5)		33,152.17			33,152.17
<b>SUPERVISORS</b>					
PENG Zhuozhuo (Note 1)		498,121.50		117,180.16	615,301.66
LIU Bin		247,631.28	44,700.90	94,334.90	386,667.08
ZHANG Hao		210,913.40	45,865.08	72,713.26	329,491.74
JIANG Ping (Note 5)					
<b>Total</b>		<b>3,008,423.60</b>	<b>117,765.01</b>	<b>662,061.77</b>	<b>3,788,250.38</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 3. Emoluments of key management *(Continued)*

##### (1) Emoluments of Directors and Supervisors *(Continued)*

Emoluments of Directors and Supervisors for last year were as follows:

Name	Fees of Directors and Supervisors	Salaries and allowances	Bonus	Retirement benefits scheme contributions	Total
<b>Executive Directors</b>					
TAN Kan <i>(Note 2)</i>		636,192.16	67,573.27	135,896.94	839,662.37
YU Zhongmin <i>(Note 3)</i>		608,816.55	64,194.61	135,896.94	808,908.10
LIN Peifeng <i>(Note 3)</i>		563,798.00	58,863.91	134,220.40	756,882.31
<b>Non-executive Directors</b>					
JIN Yongfu <i>(Note 5)</i>					
TANG Yi					
SHAN Xiaomin					
HUANG Honggang <i>(Note 4)</i>					
<b>Independent non-executive Directors</b>					
LI Jinhui	150,000.00				150,000.00
SIU Chi Hung	150,000.00				150,000.00
GUO Suyi <i>(Note 5)</i>	150,000.00				150,000.00
<b>Supervisors</b>					
YU Fan		563,798.00	58,195.00	134,220.40	756,213.40
ZHANG Hao		234,036.05		68,104.17	302,140.22
JIANG Ping <i>(Note 5)</i>					
<b>Total</b>	450,000.00	2,606,640.76	248,826.79	608,338.85	3,913,806.40

Notes:

1. Appointed on 21 February 2024;
2. Resigned on 21 February 2024;
3. Resigned on 16 January 2024;
4. Resigned on 24 July 2024;
5. Resigned on 10 October 2024.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 3. Emoluments of key management *(Continued)*

##### (1) Emoluments of Directors and Supervisors *(Continued)*

During the year ended 31 December 2024, there was no arrangement under which any director had waived or agreed to waive any remuneration (2023: Nil). In addition, no emoluments have been paid by the Company to the directors as an inducement to join or upon joining the Company or as compensation for loss of office (2023: Nil).

##### (2) Top five highest paid employees

During 2024, top five highest paid employees include no (2023: one) director.

The other five (2023: four) employees with the highest emoluments were as follows:

Item	2024	2023
Salaries and allowances	<b>3,189,869.53</b>	3,412,199.63
Bonus	<b>818,225.00</b>	
Retirement benefits scheme contributions	<b>637,334.26</b>	368,383.73
Total	<b>4,645,428.79</b>	3,780,583.36

Range of remuneration	Number of persons	
	2024	2023
HK\$0 – HK\$1,000,000	<b>4</b>	3
HK\$1,000,000 – HK\$1,500,000	<b>1</b>	1
HK\$1,500,000 – HK\$2,000,000		

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 3. Emoluments of key management *(Continued)*

##### (3) Emoluments of senior management

Item	Amount of the year	Amount of last year
Salaries and allowances	<b>3,299,639.75</b>	2,419,502.27
Bonus	<b>258,099.03</b>	113,714.36
Retirement benefits scheme contributions	<b>748,411.09</b>	519,088.61
Total	<b>4,306,149.87</b>	3,052,305.24

Range of remuneration	Number of persons	
	2024	2023
HK\$0 – HK\$1,000,000	<b>3</b>	4
HK\$1,000,000 – HK\$1,500,000		

##### (4) Borrowings due from Directors/related companies of Directors

Nil.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (5) Details of related party transactions *(Continued)*

#### 4. Other related party transactions

- (1) On 24 December 2024, the third meeting of the eighth session of the board of directors of the Company considered and approved the Proposal on Entering into the New Financial Services Agreement and Related Party Transactions, which agreed the Company to enter into the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. ("**Rising Finance**"), pursuant to which Rising Finance shall provide the Company (including its branches and subsidiaries) with deposits, settlements, credit facilities and other financial services as approved by the National Financial Regulatory Administration. In particular, during the validity period of the agreement, the maximum daily deposit balance of the Company placed with Rising Finance shall not exceed RMB550 million, within which the Company and Rising Finance shall carry out the relevant settlement services; at the same time, Rising Finance shall offer the Company (including its branches and subsidiaries) a comprehensive credit facility of up to RMB1.5 billion. As at 31 December 2024, the Company had a deposit balance of RMB304,651,414.32 with Rising Finance, and a loan balance of was RMB561,235,000.00 from Rising Finance based on actual capital requirements. The interest income from deposits with Rising Finance amounted to RMB1,604,735.02 and the interest expense from loans from Rising Finance amounted to RMB14,646,161.64 in 2024.
- (2) On 28 May 2024, the 43rd meeting of the seventh session of the board of directors of the Company considered and approved the Proposal on Wholly-owned Subsidiary's Application for Comprehensive Credit Facility from Guangdong Rising Finance Co., Ltd. and Related Party Transactions, which agreed the proposed application of Karamay Wosen Environmental Technology Co., Ltd. (a wholly-owned subsidiary of the Company, "**Wosen Environmental**") for comprehensive credit facility from Rising Finance in the principal amount of up to RMB30,000,000 for a term from the date of consideration and approval by the board of directors of the Company to 14 December 2025. The facility was secured and guaranteed by the real estate titles of Wosen Environmental.
- (3) On 28 August 2024, the 45th meeting of the seventh session of the board of directors of the Company considered and approved the Proposal on Entering into the Copper Recycling Products Sale and Purchase Framework Agreement and Related Party Transactions, which agreed the Company to enter into the Copper Recycling Products Sale and Purchase Framework Agreement with Shandong Zhongjin Lingnan Copper Co., Ltd. ("**Zhongjin Copper**"), pursuant to which it shall sell copper recycling products to Zhongjin Copper and its subsidiaries at an amount of up to RMB60 million.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (6) Outstanding accounts due from and to related parties

#### 1. *Receivables*

		Balance at the end of the year		Balance at the beginning of the year	
Name of items	Related parties	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable:					
	Dongjiang Veolia	38,384,477.13		37,423,431.01	
	Jieyang ALBA	6,118,042.85		6,418,042.85	
	Dongguan Fengye	2,950,293.01		2,609,575.81	
	Xingye Dongjiang	2,811,199.30		2,788,699.30	
	Fenghua Advanced Technology	506,521.39		107,792.55	
	Danxia smelter of Zhongjin Lingnan	264,256.25			
	Shaoguan smelter of Zhongjin Lingnan	104,470.00		11,203,075.40	
	Zhongjin Lingnan Environmental	61,845.60			
	Foshan Lighting	20,311.50		46,584.00	
	NationStar Optoelectronics	8,381.95		47,716.20	
	NationStar Semiconductor	7,352.40		10,803.10	
	Foshan Lighting Zhida	3,800.00			
	Fankou Lead-Zinc Mine of Zhongjin Lingnan			16,560.00	
	Langfang Resource			1,236,857.40	1,236,857.40
	Naidian Technology			23,209.90	
	Fuyile Permanent Magnet			2,800.00	
Total		51,240,951.38		61,935,147.52	1,236,857.40
Prepayments:					
	Shaoguan smelter of Zhongjin Lingnan	216,702.88		286,800.00	
	Dongjiang Veolia	2,235.60			
Total		218,938.48		286,800.00	



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (6) Outstanding accounts due from and to related parties *(Continued)*

#### 1. *Receivables (Continued)*

Name of items	Related parties	Balance at the end of the year		Balance at the beginning of the year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other accounts receivable:					
	Xingye Dongjiang	252,588.62		26,748.92	
	Zhongren Group	10,000.00		10,000.00	
	Zhongnan Construction	10,000.00		10,000.00	
	Shaoguan smelter of Zhongjin				
	Lingnan	200.00		200.00	
	NationStar Semiconductor			40,000.00	
Total		272,788.62		86,948.92	

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

### (6) Outstanding accounts due from and to related parties *(Continued)*

#### 2. Payables items

Name of items	Related parties	Balance at the end of the year	Balance at the beginning of the year
Accounts payable:			
	Xingye Dongjiang	6,343,312.55	7,623,887.15
	Zhongnan Construction	5,966,968.85	3,829,168.85
	Zhongren Group	3,649,878.00	3,649,878.00
	Guangdong Anjiatai	898,115.00	898,115.00
	Guangdong Yixin Great Wall Construction	685,321.10	685,321.10
	Dongjiang Veolia	426,995.54	2,164,607.25
	High Hope International Exhibition Decoration	171,663.12	171,663.12
	Jieyang ALBA	88,882.56	249,437.97
	Guangdong Shiliuye	10,750.00	10,750.00
	Naidian Technology		551,559.57
Total		18,241,886.72	19,834,388.01
Other accounts payable:			
	Jiabao Dongjiang	3,250,000.00	
	Zhongnan Construction	586,250.00	586,250.00
	Zhongren Group	50,300.00	50,300.00
	Guangdong Rising Group	22,281.41	2,166.00
	Guangdong Shiliuye Equipment		6,500.00
Total		3,908,831.41	645,216.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XIII. COMMITMENTS AND CONTINGENCIES

### (1) Significant Commitments

#### 1. Capital commitments

Item	Balance at the end of the year	Balance at the beginning of the year
– Large amount outsourcing contract	<b>71,830,125.95</b>	148,897,680.73
– Commitment to purchase and build long-term assets	<b>23,002,506.21</b>	32,489,879.43
– Commitments to external investment	<b>23,406,302.44</b>	16,926,302.44
Total	<b>118,238,934.60</b>	198,313,862.60

### (2) Contingencies

#### 1. Cancellation of concession in Shaoyang, Hunan Province

On 7 February 2008, Shaoyang Municipal People's Government and its authorized unit Shaoyang Municipal Administration and Law Enforcement Bureau (whose name is changed to "Shaoyang Municipal Administration and Comprehensive Law Enforcement Bureau", hereinafter referred to as Shaoyang Urban Management Bureau) as Party A signed the Shaoyang Municipal Domestic Waste Sanitary Landfill Construction and Concession Contract (hereinafter referred to as the Concession Contract) with Dongjiang Environmental Protection and its authorized unit Hunan Dongjiang as Party B. It was agreed that Party A would grant Party B the Concession of Shaoyang Municipal Domestic Waste Sanitary Landfill for a period of 30 years from June 2011 to June 2041, counting from the opening date of the landfill.

During the process of the Concession agreement being implemented, Shaoyang's domestic garbage was converted from landfill to incineration according to the local government's plan due to policy changes. On 29 February 2024, Shaoyang Municipal People's Government served a letter to Dongjiang Environmental Protection, revoking the concession contract and recovering the concession on the grounds of major public interests such as energy saving and emission reduction. The Company negotiated with the Shaoyang Municipal People's Government regarding compensation for the government's unilateral termination of the contract. On 18 April 2024, the transfer of assets and operational maintenance responsibilities for the Shaoyang Municipal Domestic Waste Sanitary Landfill and its leachate treatment facilities was completed. After the transfer, multiple rounds of negotiations between the two parties failed to reach an agreement. On 29 September 2024, the Company initiated an administrative lawsuit, demanding that the Shaoyang Municipal Government pay the project investment amount and other related costs. The case was heard in court on 21 November 2024. As of the date of approval for issuance of the financial statements, the first-instance judgment has not yet been received.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

### (2) Contingencies *(Continued)*

#### 2. *The lawsuit against Hunan Dongjiang, a subsidiary of the Company*

On 30 June 2022, Party A, Hunan Dongjiang, and Party B, Jiayuan Environmental Protection Co., Ltd. ("**Jiayuan Environmental**"), entered into the Garbage Leachate Treatment and Operation Service Contract. The contract stipulated that Jiayuan Environmental shall undertake the leachate treatment and operation services for the Shaoyang Municipal Landfill, with an operation period of 3 years starting from 1 July 2022. During the performance of the contract in question, Jiayuan Environmental breached the agreement by failing to meet the contracted inflow volume and outflow rate standards. On 16 April 2024, Hunan Dongjiang issued a Contract Termination Letter to Jiayuan Environmental. Due to the early termination of the contract, Jiayuan Environmental demanded that Hunan Dongjiang pay compensation and damages, but the two parties failed to reach an agreement on the settlement and payment matters following the contract termination. In September 2024, Jiayuan Environmental filed a lawsuit against Hunan Dongjiang in the Shaoyang Daxiang District People's Court regarding the contract in question, requesting the court to order Hunan Dongjiang to pay service fees, compensation, related interest and litigation costs.

In October 2024, the Company filed a counterclaim in this case, demanding that the opposing party pay penalties for breach of contract and other fees. On 7 January 2025, as the project in question is part of the Shaoyang Municipal Domestic Waste Sanitary Landfill and the reasons for the termination of the contract in question are related to the termination reasons of the concession agreement between Hunan Dongjiang and the Shaoyang Municipal People's Government (a third party not involved in this case), the Company submitted an application to the court to suspend the trial. On 23 January 2025, the Company received the court's ruling to suspend the trial. As of the date of approval for issuance of the financial statements, the case remains under suspension of trial.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

### (2) Contingencies *(Continued)*

#### 3. *Litigation involving the Company and the freezing of part of the funds in the designated fundraising account*

The Company has received a statement of civil claim, a notice of action and relevant documents served by the People's Court of Gongqingcheng City. Due to a contractual dispute, Jiangxi Environmental Protection Co., Ltd.\* (江西環保股份有限公司, "**Jiangxi Environmental Protection**"), as plaintiff, has initiated legal proceedings at the court against the Company, GuiJianping\* (桂建平) and Zhou Yue\* (周玥) as defendants, request the court to order the three defendants to jointly bear various costs, interest on funds occupied and litigation-related costs, tentatively totaling RMB96,317,554.88. In connection with the aforementioned litigation, Jiangxi Environmental Protection Company has simultaneously applied to the People's Court of Gongqingcheng City for pre-litigation asset preservation, part of the funds in the Company's designated fundraising account amounting to RMB96,317,554.88 have been frozen. For details, please refer to the Announcement on Litigation Involving the Company and the Freezing of Part of the Funds in the Designated Fundraising Account issued by the Company on 21 August 2024. The case was heard in court on 12 March 2025. As of the date of approval for issuance of the financial statements, the first-instance judgment has not yet been received.

Except for the above contingencies, as at 31 December 2024, the Company had no other major contingencies.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XIV. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval for issuance of the financial statements, there were no significant events after the balance sheet date that are subject to disclosure by the Company.

## XV. OTHER SIGNIFICANT EVENTS

### (1) Segment reporting

#### 1. *Determination basis and accounting policy of segment reporting*

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's business is classified into eight reportable segments, which are determined on the basis of internal organizational structure, management requirements and internal reporting system. The management of the Company evaluates the operating results of the reporting segments to decide resource allocation to them and to evaluate their business performance. The major products and services provided by each reportable segment of the Company are industrial waste recycling, industrial waste treatment and disposal, rare and precious metals recycling, Municipal waste treatment and disposal, renewable energy utilization, environmental engineering and services, electronic waste dismantling and others.

Segment reporting information is disclosed in accordance to the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting and measurement basis adopted in preparing financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XV. OTHER SIGNIFICANT EVENTS (Continued)

### (1) Segment reporting (Continued)

#### 2. Financial information of reportable segments

① Segment information for 2024 and as at 31 December 2024 is set out below:

Item	Industrial waste recycling	Industrial waste treatment and disposal	Rare and precious metals recycling	Municipal waste treatment and disposal	Electronic waste dismantling treatment	Environmental engineering and services	Renewable energy utilization	Others	Unallocated amounts	Inter-segment elimination	Total
I. Operating revenue	1,319,243,329.31	987,592,005.91	858,015,108.43	106,092,899.41	117,002,138.83	146,265,054.87	28,066,739.59	51,636,492.36		-127,251,065.62	3,486,660,703.09
Revenue from sale to external customers											
Revenue from inter-segment transactions	1,301,252,837.78	935,401,534.07	858,015,108.43	106,092,899.41	117,002,138.83	97,526,484.49	28,066,739.59	43,302,960.49			3,486,660,703.09
II. Cost of operation (inclusive of tax and levies)	17,990,491.53	52,190,471.84				48,736,570.38		8,333,531.87		-127,251,065.62	
III. Total profit	1,218,830,152.32	911,747,032.45	831,356,106.52	85,593,492.15	128,685,639.83	65,765,565.68	29,032,342.48	20,630,190.53	52,198,980.23		3,343,839,502.19
IV. Total assets	-103,369,753.85	-403,900,419.36	-37,313,394.00	1,305,864.40	-47,752,631.39	26,934,288.49	-15,415,637.12	-1,359,953.14	-137,855,338.49	-161,293,680.59	-880,020,655.05
V. Total liabilities	2,396,704,532.28	4,751,472,807.15	1,177,380,580.23	975,640,064.19	513,184,781.72	423,053,308.40	142,170,093.14	540,910,514.07	4,569,016,262.32	-4,211,055,528.03	11,278,479,415.46
VI. Depreciation and amortization	680,108,422.95	3,049,136,888.10	637,519,430.87	537,254,223.11	296,795,414.78	41,531,462.85	53,464,249.01	187,286,406.71	2,846,757,423.62	-1,202,264,343.19	7,127,589,598.80
VII. Addition of construction in progress, fixed assets and intangible assets	67,766,576.72	486,588,494.95	49,082,721.35	23,852,836.53	19,477,823.59	6,974,089.54	9,416,745.10	2,254,947.50	14,296,319.48		679,710,554.75
	18,702,988.19	158,694,297.34	34,037,034.32	60,507,841.45	4,413,160.22	5,957,942.90	776,094.16	10,243,345.06	10,852,758.89		304,185,462.53

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XV. OTHER SIGNIFICANT EVENTS (Continued)

### (1) Segment reporting (Continued)

#### 2. Financial information of reportable segments (Continued)

② Segment information for 2023 and as at 31 December 2023 is set out below:

Item	Industrial waste recycling	Industrial waste treatment and disposal	Rare and precious metals recycling	Municipal waste treatment and disposal	Electronic waste dismantling treatment	Environmental engineering and services	Renewable energy utilization	Others	Unallocated amounts	Inter-segment elimination	Total
I. Operating revenue	1,176,647,527.52	929,976,001.24	1,501,434,130.80	156,129,822.62	150,737,236.89	137,839,842.46	30,949,538.21	68,832,654.68	9,750,295.96	-139,828,945.41	4,022,468,104.97
Revenue from sale to external customers	1,129,149,057.14	913,656,623.27	1,501,434,130.80	156,129,822.62	150,737,236.89	92,576,047.64	30,949,538.21	47,833,648.40			4,022,468,104.97
Revenue from inter-segment transactions	47,498,470.38	16,319,377.97				45,261,794.82		20,999,006.28	9,750,295.96	-139,828,945.41	
II. Cost of operation (inclusive of tax and levies)	1,094,836,883.04	860,260,046.62	1,467,153,265.00	152,255,819.14	143,490,908.76	70,739,284.73	35,462,612.31	24,122,937.95	46,946,838.22		3,895,268,595.77
III. Total profit	-124,057,073.24	-404,894,463.94	-53,268,272.65	-6,602,077.12	-22,066,210.22	18,556,134.41	-7,109,084.48	12,073,783.03	-264,940,993.14	-34,886,644.60	-887,194,901.95
IV. Total assets	2,508,482,554.81	4,626,395,729.20	1,086,119,869.46	959,350,087.66	660,880,447.82	417,359,779.44	177,644,568.60	562,334,361.20	4,716,050,464.16	-3,553,120,227.80	12,161,497,644.55
V. Total liabilities	450,138,098.32	3,131,922,816.98	360,593,997.50	498,587,915.96	404,259,466.54	143,815,593.72	13,633,946.10	233,062,785.19	2,877,390,779.92	-993,804,149.63	7,119,601,250.60
VI. Depreciation and amortization	57,131,517.61	441,636,075.19	45,670,905.43	37,450,424.03	19,852,226.09	7,497,931.35	3,620,726.87	2,652,065.94	21,817,438.30		637,329,310.81
VII. Addition of construction in progress, fixed assets and intangible assets	34,803,209.81	468,114,959.51	43,738,477.21	78,347,202.61	2,650,857.00	6,036,496.09	1,481,402.09	426,380.77	6,852,273.85		642,451,258.94



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XV. OTHER SIGNIFICANT EVENTS *(Continued)*

### (2) Information about PPP project contracts

As at 31 December 2024, profile of PPP project contracts:

Item	Contract awarding party	Operation mode	Agreed term of contract	Transfer mode	Whether subject to price adjustment agreement	Accounting mode
Guangdong Dongguan Sewage Treatment Plant Concession Project-Island Sewage Plant & Ningzhou Sewage Plant* (廣東省東莞市污水處理廠特許經營權項目-海島污水廠&寧洲污水廠)	Humen Town People's Government of Dongguan City	BOT	November 2008 to November 2033	Zero consideration transfer upon expiry	Yes	Intangible assets
Concession Project of Jiangling County Binjiang Sewage Treatment Plant* (江陵縣濱江污水處理廠特許經營權項目)	Jiangling County Housing and Urban-Rural Development Bureau	BOT	December 2018 to June 2046	Zero consideration transfer upon expiry	Yes	Intangible assets
Entrusted Operation and TOT Project of Xianxiahe Sewage Treatment Plant in Xiantao New Material Industrial Park, Hubei Province	Xiantao Housing and Urban-Rural Development Committee	TOT	October 2020 to September 2048	Zero consideration transfer upon expiry	Yes	Intangible assets
Longyan Medical Waste Centralized Disposal Concession Project	Fujian Longyan Environmental Protection Bureau	BOT	May 2010 to May 2030	Zero consideration transfer upon expiry	Yes	Intangible assets
Nanping Investment and Operation Projects of Medical Waste Disposal Center	Nanping Health Bureau of Fujian Province	BOT	October 2005 to October 2025	Zero consideration transfer upon expiry	Yes	Intangible assets
Concession Project of Industrial Hazardous Waste Treatment Base in Longgang District, Shenzhen	Shenzhen Longgang District Environmental Protection Bureau	BOT	February 2009 to February 2031	Zero consideration transfer upon expiry	Yes	Intangible assets
Jiangxi Province Hazardous Waste Treatment and Disposal Concession Project	Jiangxi Provincial Department of Environmental Protection	BOT	January 2016 to January 2041	Zero consideration transfer upon expiry	Yes	Intangible assets

### (3) Other significant transactions or events that have an impact on the decisions of users of financial statements

The Concession Agreement for Collection, Transportation and Disposal of Kitchen Wastes in Luohu District of Shenzhen signed by the Company and the Urban Management Bureau of Luohu District of Shenzhen expired on 30 June 2023. As of the date of approval for issuance of the financial statements, the Company has completed the transfer of the relevant assets, pending finalization of the handover procedures.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

### (1) Accounts receivable

1. Ageing analysis of accounts receivable by invoice date is as follows:

Aged	Balance at the end of the year	Balance at the beginning of the year
Within 1 year (inclusive)	<b>36,490,487.31</b>	108,519,420.95
1 to 2 years (inclusive)	<b>98,634,295.85</b>	44,562,301.48
2 to 3 years (inclusive)	<b>39,552,048.20</b>	15,295,806.38
Over 3 years	<b>63,622,075.18</b>	64,144,108.07
Sub-total	<b>238,298,906.54</b>	232,521,636.88
Less: Provision for bad debts	<b>23,851,813.80</b>	17,807,388.61
Total	<b>214,447,092.74</b>	214,714,248.27

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (1) Accounts receivable (Continued)

2. Accounts receivable that are provided for bad debts on collective basis based on expected credit risks characteristics

Category	Balance at the end of the year				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision rate (%)	
Receivables in respect of which separate provision has been made for bad debt	5,135,616.62	2.15	5,135,616.62	100.00	
Accounts receivable from government	81,427,948.47	34.17			81,427,948.47
Accounts receivable from related companies	120,163,569.89	50.43			120,163,569.89
Accounts receivable from general customers or others:	31,571,771.56	13.25	18,716,197.18	59.28	12,855,574.38
Within 1 year (inclusive)	13,172,810.74	5.53	471,586.63	3.58	12,701,224.11
1 to 2 years (inclusive)	89,244.80	0.04	23,739.12	26.60	65,505.68
2 to 3 years (inclusive)	181,835.02	0.08	92,990.43	51.14	88,844.59
Over 3 years	18,127,881.00	7.60	18,127,881.00	100.00	
Total	238,298,906.54	100.00	23,851,813.80	10.01	214,447,092.74

Category	Balance at the beginning of the year				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Provision rate (%)	
Receivables in respect of which separate provision has been made for bad debt	5,135,616.62	2.21	5,135,616.62	100.00	
Accounts receivable from government	79,969,041.28	34.39			79,969,041.28
Accounts receivable from related companies	118,571,298.63	51.00			118,571,298.63
Accounts receivable from general customers or others:	28,845,680.35	12.40	12,671,771.99	43.93	16,173,908.36
Within 1 year (inclusive)	5,050,805.23	2.17	67,680.79	1.34	4,983,124.44
1 to 2 years (inclusive)	4,585,173.63	1.97	817,994.97	17.84	3,767,178.66
2 to 3 years (inclusive)	14,145,363.88	6.08	6,721,758.62	47.52	7,423,605.26
Over 3 years	5,064,337.61	2.18	5,064,337.61	100.00	
Total	232,521,636.88	100.00	17,807,388.61	7.66	214,714,248.27

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (1) Accounts receivable (Continued)

#### 3. Amounts individually tested for expected credit impairment at the end of the year

Name of the entity	Book balance	Balance at the end of the year		
		Provision for bad debts	Provision rate (%)	Reasons
Customer 1	4,590,666.90	4,590,666.90	100.00	Not expected to recover
Customer 2	359,353.08	359,353.08	100.00	Not expected to recover
Customer 3	99,956.64	99,956.64	100.00	Not expected to recover
Customer 4	85,640.00	85,640.00	100.00	Not expected to recover
Total	5,135,616.62	5,135,616.62	100.00	—

#### 4. Information about bad debt provision for accounts receivable

Category	Balance at the beginning of the year	Changes in the current year				Balance at the end of the year
		Provided	Recovered or reversed	Written off	Other movements	
Bad debt provision for accounts receivable	17,807,388.61	6,044,425.19				23,851,813.80
Total	17,807,388.61	6,044,425.19				23,851,813.80

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (1) Accounts receivable (Continued)

5. Top five outstanding balances of accounts receivable and contract assets at the end of the period categorized by debtors

Name of the entity	Balance of accounts receivable at the end of the year	Balance of contract assets at the end of the year	Balance of accounts receivable and contract assets at the end of the year	Proportion to total accounts receivable and contract assets at the end of the year (%)	Balance of provision for accounts receivable and impairment of contract assets at the end of the year
No. 1	57,453,320.61		57,453,320.61	20.65	
No. 2		39,913,289.08	39,913,289.08	14.35	9,459,070.54
No. 3	37,261,874.74		37,261,874.74	13.39	
No. 4	28,114,282.99		28,114,282.99	10.11	
No. 5	23,699,882.33		23,699,882.33	8.52	
Total	146,529,360.67	39,913,289.08	186,442,649.75	67.02	9,459,070.54

### (2) Other accounts receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable		
Dividend receivable	152,000,000.00	10,229,738.88
Other accounts receivable	2,252,524,386.07	2,418,775,905.48
Total	2,404,524,386.07	2,429,005,644.36

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 1. Dividend receivable

Details of dividend receivable

Project (or Investee)	Balance at the end of the year	Balance at the beginning of the year
Jiangsu Dongjiang Renewable Energy	40,000,000.00	
Huizhou Dongjiang	30,000,000.00	
Xiantao Dongjiang	20,000,000.00	
Hengjian Tongda	9,000,000.00	
Dongjiang Feeds	6,000,000.00	
Baoan Energy	4,000,000.00	
Dongjiang Transport	3,000,000.00	
Zhejiang Jianglian		3,312,000.00
Wosen Environmental		6,917,738.88
Sub-total	152,000,000.00	10,229,738.88
Less: Provision for bad debts		
Total	152,000,000.00	10,229,738.88

#### 2. Other accounts receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Other accounts receivable	2,677,258,794.80	2,461,144,854.87
Less: Provision for bad debts	424,734,408.73	42,368,949.39
Total	2,252,524,386.07	2,418,775,905.48

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 2. Other accounts receivable (Continued)

##### (1) Categorized by nature of amounts

Nature of amounts	Balance at the end of the year	Balance at the beginning of the year
Land prepayment	34,467,360.00	34,467,360.00
Guaranteed deposits, provision and others	10,041,623.80	26,857,730.89
Payment of social security withheld on behalf of employee and government advance payment	919,872.92	953,278.23
Other current account	2,631,829,938.08	2,398,866,485.75
Total	2,677,258,794.80	2,461,144,854.87

##### (2) Accounts receivable that are provided for bad debts on collective basis based on expected credit risks characteristics

Category	Book balance		Balance at the end of the year		Carrying amount
	Amount	Percentage (%)	Amount	Provision for bad debts Provision rate (%)	
Amounts individually tested for expected credit losses	40,158,728.63	1.50	40,158,728.63	100.00	
Accounts receivable from government					
Accounts receivable from related companies	2,622,357,494.31	97.96	382,828,708.54	14.60	2,239,528,785.77
Guarantee deposits receivable, provisions and others	11,855,974.74	0.44			11,855,974.74
Accounts receivable from general customers or others:	2,886,597.12	0.10	1,746,971.56	60.52	1,139,625.56
Within 1 year (inclusive)	333,715.49	0.01	63,205.70	18.94	270,509.79
1 to 2 years (inclusive)	890,913.05	0.03	316,452.31	35.52	574,460.74
2 to 3 years (inclusive)	599,135.89	0.02	304,480.86	50.82	294,655.03
Over 3 years	1,062,832.69	0.04	1,062,832.69	100.00	
Total	2,677,258,794.80	100.00	424,734,408.73	15.86	2,252,524,386.07

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 2. Other accounts receivable (Continued)

(2) Accounts receivable that are provided for bad debts on collective basis based on expected credit risks characteristics (Continued)

Category	Book balance		Balance at the beginning of the year		Carrying amount
	Amount	Percentage (%)	Amount	Provision for bad debts Provision rate (%)	
Amounts individually tested for expected credit losses	40,158,728.63	1.63	40,158,728.63	100.00	
Accounts receivable from government	14,523.71				14,523.71
Accounts receivable from related companies	2,388,416,676.74	97.05			2,388,416,676.74
Guarantee deposits receivable, provisions and others	27,811,009.12	1.13			27,811,009.12
Accounts receivable from general customers or others:					
Within 1 year (inclusive)	4,743,916.67	0.19	2,210,220.76	46.59	2,533,695.91
1 to 2 years (inclusive)	1,192,481.32	0.05	217,866.34	18.27	974,614.98
2 to 3 years (inclusive)	770,415.45	0.03	272,958.19	35.43	497,457.26
Over 3 years	2,234,997.19	0.09	1,173,373.52	52.50	1,061,623.67
Over 3 years	546,022.71	0.02	546,022.71	100.00	
Total	2,461,144,854.87	100.00	42,368,949.39	1.72	2,418,775,905.48



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 2. Other accounts receivable (Continued)

##### (3) Amounts individually tested for expected credit impairment at the end of the year

Name of the entity	Book balance	Balance at the end of the year		Reasons for amendment
		Provision for bad debts	Provision rate (%)	
Zhaoqing Asia Metal Resources Recycling Co., Ltd* (肇慶市亞洲金屬資源再生有限公司)	34,467,360.00	34,467,360.00	100.00	Not expected to recover
Zhejiang Xindonghai Pharmaceutical Co., Ltd.	3,379,408.00	3,379,408.00	100.00	Not expected to recover
Shenzhen Xiaping Environment Park* (深圳市下坪環境園)	2,311,960.63	2,311,960.63	100.00	Not expected to recover
Total	40,158,728.63	40,158,728.63	100.00	—

Name of the entity	Book balance	Balance at the beginning of the year		Reasons for amendment
		Provision for bad debts	Provision rate (%)	
Zhaoqing Asia Metal Resources Recycling Co., Ltd* (肇慶市亞洲金屬資源再生有限公司)	34,467,360.00	34,467,360.00	100.00	Not expected to recover
Zhejiang Xindonghai Pharmaceutical Co., Ltd.	3,379,408.00	3,379,408.00	100.00	Not expected to recover
Shenzhen Xiaping Environment Park* (深圳市下坪環境園)	2,311,960.63	2,311,960.63	100.00	Not expected to recover
Total	40,158,728.63	40,158,728.63	100.00	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 2. Other accounts receivable (Continued)

##### (4) Information about bad debt provision

	Stage I Expected credit loss over the next 12 months	Stage II Lifetime expected credit loss (not credit-impaired)	Stage III Lifetime expected credit loss (credit-impaired)	Total
Provision for bad debts				
Balance on 1 January 2024	2,210,220.76		40,158,728.63	42,368,949.39
Provision during the year	383,155,620.39			383,155,620.39
Reversal during the year				
Transfer during the year				
Amount written-off during the year	790,161.05			790,161.05
Other movements				
Balance on 31 December 2024	384,575,680.10		40,158,728.63	424,734,408.73

##### (5) Provision for bad debts of other accounts receivable

Category	Balance at the beginning of the year	Changes in the current year				Balance at the end of the year
		Provided	Recovered or reversed	Written off	Other movements	
Provision for bad debts of other accounts receivable	42,368,949.39	383,155,620.39		790,161.05		424,734,408.73
Total	42,368,949.39	383,155,620.39		790,161.05		424,734,408.73

There was no reversal or recovery of important bad debt provision during the year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (2) Other accounts receivable (Continued)

#### 2. Other accounts receivable (Continued)

(6) Top five outstanding balances of other accounts receivable at the end of the period categorized by debtors

Name of the entity	Nature of amounts	Balance at the end of the year	Aged	Proportion to total other accounts receivable at the end of the year (%)	Balance of bad debt provision at the end of the year
No. 1	Other current account	412,404,375.64	Within 1 year, 1 to 2 years, 2 to 3 years	15.40	197,457,986.05
No. 2	Other current account	294,820,846.33	Within 1 year, 1 to 2 years, 2 to 3 years	11.01	75,641,393.25
No. 3	Other current account	291,930,859.66	Within 1 year, 1 to 2 years, 2 to 3 years	10.90	
No. 4	Other current account	168,915,981.07	Within 1 year, 1 to 2 years, 2 to 3 years	6.31	36,107,882.12
No. 5	Other current account	163,559,167.28	Within 1 year, 1 to 2 years, 2 to 3 years	6.11	
Total	—	1,331,631,229.98	—	49.73	309,207,261.42

### (3) Long-term equity investments

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investment in subsidiaries	4,573,855,623.71	932,976,811.40	3,640,878,812.31	4,591,219,221.84	792,974,197.17	3,798,245,024.67
Investment in associates and joint ventures	274,257,266.48	190,212.79	274,067,053.69	277,454,152.38	190,212.79	277,263,939.59
Total	4,848,112,890.19	933,167,024.19	3,914,945,866.00	4,868,673,374.22	793,164,409.96	4,075,508,964.26

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (3) Long-term equity investments (Continued)

#### 1. Details of long-term equity investments

##### (1) Investment in subsidiaries

Investee	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year	Impairment provision during the year	Impairment provision at the end of the year
Shaoguan Dongjiang	679,533,500.00			679,533,500.00		30,831,658.44
Xiongfeng Environment	429,000,000.00			429,000,000.00	7,211,804.79	7,211,804.79
Xiamen Oasis	354,881,154.68			354,881,154.68	28,745,228.44	87,595,553.29
Jiangmen Dongjiang	328,800,000.00			328,800,000.00	46,327,980.24	46,327,980.24
Zhuhai Yongxingsheng	220,100,000.00			220,100,000.00	20,898,297.35	20,898,297.35
Tangshan Wandesi	204,000,000.00			204,000,000.00		100,483,544.09
Dongjiang HK	154,755,770.00			154,755,770.00		
Xiamen Dongjiang	151,845,285.32			151,845,285.32		
Zhuhai Dongjiang	150,000,000.00			150,000,000.00		
Hengjian Tongda	145,284,297.00			145,284,297.00	19,763,087.76	48,024,474.37
Jieyang Dongjiang	127,500,000.00			127,500,000.00		
Foshan Fulong	124,078,195.93			124,078,195.93	31,427,950.58	89,702,372.09
Coastal Solid Waste	104,333,457.12			104,333,457.12		104,333,457.12
Weifang Dongjiang	94,000,000.00			94,000,000.00		94,000,000.00
Shaoxing Huaxin	90,558,000.00			90,558,000.00		
Renewable energy	90,324,500.00			90,324,500.00		32,161,079.12
Xiantao Dongjiang	90,000,000.00			90,000,000.00		
Qingyuan Xinlv	84,950,000.00			84,950,000.00		
Hengshui Ruitao	84,601,300.50			84,601,300.50		84,601,300.50
Mianyang Dongjiang	81,600,000.00			81,600,000.00		
Dongguan Hengjian	76,083,404.82			76,083,404.82	9,991,863.20	31,193,828.87
Hubei Tianyin	73,500,000.00	1,006,000.00		74,506,000.00	1,006,000.00	74,506,000.00
Wosen Environmental	70,912,607.00			70,912,607.00		
Baoan Dongjiang	60,000,000.00			60,000,000.00		
Qianhai Dongjiang	51,000,000.00			51,000,000.00		

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (3) Long-term equity investments (Continued)

#### 1. Details of long-term equity investments (Continued)

##### (1) Investment in subsidiaries (Continued)

Investee	Balance at the beginning of the year	Increase in the year	Decrease in the year	Balance at the end of the year	Impairment provision during the year	Impairment provision at the end of the year
Jiangmen Dongjiang	50,000,000.00			50,000,000.00		
Jiangxi Dongjiang	50,000,000.00			50,000,000.00		
Longgang Dongjiang	46,350,000.00			46,350,000.00		
Dongheng						
Environmental	45,901,335.27			45,901,335.27		
Xiantao Luyi	40,500,000.00			40,500,000.00		40,500,000.00
Dongjiang Transport	34,000,000.00			34,000,000.00		
Dongjiang Feeds	33,000,000.00			33,000,000.00		
Jiaxing Deda	30,183,600.00			30,183,600.00		
Huateng Environment	20,062,500.00	2,000,000.00		22,062,500.00		
Baoan Energy	17,230,102.04			17,230,102.04		
Qingdao Dongjiang	15,000,000.00			15,000,000.00		15,000,000.00
Jingzhou Dongjiang	10,000,000.00			10,000,000.00		
Yunnan Dongjiang	10,000,000.00			10,000,000.00		10,000,000.00
Huabao Technology	10,000,000.00			10,000,000.00		
Dongjiang Kaian	5,000,000.00	5,000,000.00		10,000,000.00		
Hunan Dongjiang	9,500,000.00			9,500,000.00		9,500,000.00
Huizhou Dongjiang	6,458,352.90			6,458,352.90		
Chengdu Hazardous Waste	6,105,461.13			6,105,461.13		6,105,461.13
Qiandeng Wastes Treatment	3,916,800.00			3,916,800.00		
Dongjiang Kaida	1,000,000.00			1,000,000.00		
Zhuhai Qingxin	24,329,598.13		24,329,598.13		-24,329,598.13	
Shaoxing Dongjiang	1,040,000.00		1,040,000.00		-1,040,000.00	
Total	4,591,219,221.84	8,006,000.00	25,369,598.13	4,573,855,623.71	140,002,614.23	932,976,811.40

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (3) Long-term equity investments (Continued)

#### 1. Details of long-term equity investments (Continued)

##### (2) Investment in associates and joint ventures

Investee	Balance at the beginning of the year	Increase in investments	Decrease in investments	Change during the year				Impairment provision at the end of the year
				Gain and loss of investment recognised under equity approach	Adjustments to other comprehensive income	Change in other equity interests	Cash dividend or profit declared or paid	
I. Joint venture								
Huizhou Dongjiang Veolia Environmental services Limited	93,853,216.73			-4,271,161.44				89,582,055.29
Sub-total	93,853,216.73			-4,271,161.44				89,582,055.29
II. Associates								
Fujian Xingye Dongjiang Environmental Technology Co., Ltd.	73,891,421.63			1,328,715.78				75,220,137.41
ALBA Rising Green Fuel (Jieyang) Ltd.	61,612,538.47			967,780.72				62,580,319.19
Shenzhen Resource Environmental Technology Company Limited	190,212.79							190,212.79
Dongguan Fengye Solid Waste Treatment Co., Ltd.	14,444,003.56			-1,944,337.44				12,499,666.12
Jieyang Guangye Environmental Protection Energy Co., Ltd.	25,768,100.80			714,649.62				26,482,750.42
Jieyang Guangye Biotechnology Co., Ltd.	1,400,110.40							1,400,110.40
Jieyang Guangye New Energy Environmental Protection Co., Ltd.	2,852,577.00			7,011.86				2,859,588.86
Jieyang Guangye Environmental Technology Co., Ltd.	3,441,971.00			455.00				3,442,426.00
Sub-total	183,600,935.65			1,074,275.54				184,675,211.19
Total	277,454,152.38			-3,196,885.90				274,257,266.48

### (4) Operating revenue and cost of operation

#### 1. Operating revenue and cost of operation

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Principal operating activities	242,336,547.29	257,913,819.51	264,905,893.23	289,755,551.63
Other operating activities	10,932,873.85	498,408.87	27,082,911.75	380,323.89
Total	253,269,421.14	258,412,228.38	291,988,804.98	290,135,875.52

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVI. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

### (4) Operating revenue and cost of operation (Continued)

#### 1. Operating revenue and cost of operation (Continued)

##### (1) Main businesses – by business

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Industrial waste recycling	227,819,658.36	227,819,658.45	224,599,203.74	224,613,442.40
Municipal waste treatment and disposal	-14,051,872.44	2,030,252.63	34,242,501.65	60,493,343.44
Environmental engineering and services	28,568,761.37	28,063,908.43	6,064,187.84	4,648,765.79
Total	242,336,547.29	257,913,819.51	264,905,893.23	289,755,551.63

### (5) Investment income

Item	Amount of the year	Amount of last year
Long-term equity investment income accounted for using cost approach	190,687,373.70	15,777,738.88
Long-term equity investment income accounted for using equity method	-3,196,885.90	-7,156,423.44
Investment income from disposal of long-term equity investment	1,486,900.00	34,139.07
Investment income from disposal of held-for-trading financial assets	6,481,548.14	2,879,156.16
Others		200,000.00
Total	195,458,935.94	11,734,610.67

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVII. SUPPLEMENTARY INFORMATION

### (1) Breakdown of non-recurring profit or loss

Item	Amount of the year	Amount of last year
1. Gains and losses on disposal of non-current assets, including the portion which has been written-off and in respect of which provision has been made for asset impairment	-26,299,032.72	-1,551,227.44
2. Government grants included in the current profits and losses, except for Government grants that are closely related to the Company's normal business operations, conform to national policies, and are enjoyed according to certain standards, and have a continuous impact on the Company's profits and losses	31,262,903.51	34,911,242.82
3. Gains and losses arising from the changes in fair value of financial assets and financial liabilities held by non-financial enterprises and the gains and losses arising from the disposal of financial assets and financial liabilities, other than the effective hedging business related to the Company's normal business	6,522,235.00	4,937,042.00
4. Reversal of Impairment provision of accounts receivable subject to impairment test separately	205,714.31	5,344,592.00
5. One-off expenses incurred by the Company due to discontinuation of related business activities, such as staff resettlement cost		-10,936,545.45
6. Gains and losses arising from changes in fair value of investment properties that are subsequently measured at fair value	-7,908,936.09	-2,498,217.75
7. Other non-operating income and expenses other than the above items	-8,385,999.46	2,382,267.51
Less: Income tax impact	442,540.86	837,383.36
Effect of minority shareholders' equity (after tax)	-10,627,929.74	4,704,105.68
Total	5,582,273.43	27,047,664.65

Note: For non-recurring profit or loss items, the number "+" indicates income and "-" indicates loss or expenditure.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 to 31 December 2024

(Unless otherwise stated, all amounts in the notes are expressed in RMB)

## XVII. SUPPLEMENTARY INFORMATION *(Continued)*

### (2) Return on net assets and earnings per share

Profit during the Reporting Period	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per Share		Diluted earnings per Share	
	For the year	For the last year	For the year	For the last year	For the year	For the last year
Net profit attributable to ordinary shareholders of the Company	-19.86	-19.67	-0.73	-0.74	-0.73	-0.74
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	-20.00	-20.38	-0.73	-0.77	-0.73	-0.77

Dongjiang Environmental Company Limited  
28 March 2025



DONGJIANG ENVIRONMENTAL COMPANY LIMITED\*

東江環保股份有限公司

