



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)



2025 Annual Report

* For identification purpose only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

WANG Bi'an (*Chairman*)

LI Xiangli (*Chief executive officer*)

ZHU Lintao (*appointed as executive director on 25 June 2025, appointed as employee director on 2 February 2026*)

YU Fan (*resigned on 25 April 2025*)

NON-EXECUTIVE DIRECTORS

WANG Shi (*resigned on 10 March 2026*)

LIU Xiaoxuan

JIA Guorong (*resigned on 20 April 20*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

LEE Kwok Tung Louis (*appointed on 25 June 2025*)

SIU Chi Hung (*resigned on 25 June 2025*)

LI Jinhui

XIANG Ling

SUPERVISORS (*Note*)

PENG Zhuozhuo

LIU Bin

MA Xujian (*appointed on 25 June 2025*)

CHEN Peihuan (*resigned on 25 June 2025*)

COMPANY SECRETARY

WU Qi

AUDIT AND RISK MANAGEMENT COMMITTEE

LEE Kwok Tung Louis (*Chairman*) (*appointed on 25 June 2025*)

SIU Chi Hung (*Chairman*) (*resigned on 25 June 2025*)

LI Jinhui

WANG Shi (*resigned on 10 March 2026*)

XIANG Ling (*appointed on 10 March 2026*)

REMUNERATION AND APPRAISAL COMMITTEE

XIANG Ling (*Chairman*)

LEE Kwok Tung Louis (*appointed on 25 June 2025*)

ZHU Lintao (*appointed on 25 June 2025*)

SIU Chi Hung (*resigned on 25 June 2025*)

YU Fan (*resigned on 25 April 2025*)

NOMINATION COMMITTEE

LI Jinhui (*Chairman*)

WANG Bi'an

XIANG Ling (*appointed on 25 June 2025*)

SIU Chi Hung (*resigned on 25 June 2025*)

STRATEGIC DEVELOPMENT COMMITTEE

WANG Bi'an (*Chairman*)

LI Jinhui

WANG Shi (*resigned on 10 March 2026*)

AUTHORISED REPRESENTATIVES

WANG Bi'an

WU Qi

Note: The Company adopted the resolution on amending the Articles of Association at the second extraordinary general meeting of 2025, and subsequently abolished the Supervisory Committee and Supervisors.

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 Investor Services 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

Suite 4201, 42/F
Tower 1, Lippo Centre
89 Queensway
Admiralty
Hong Kong

DEFINITIONS

In this annual report (except the sections of “Auditor’s Report” and the audited consolidated financial statements set out on pages 80 to 299), unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|--|--|
| “2025” or “Reporting Period” or “Year” | for the year ended 31 December 2025 |
| “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 this 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 |
| “Dongguan Hengjian” | Dongguan Hengjian Environment Technology Co., Ltd.* (東莞市恆建環保科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |

DEFINITIONS

| | |
|-----------------------------------|---|
| “Dongheng Environmental” | Jiangsu Dongheng Environmental Holdings Co., Ltd.* (江蘇東恆環境控股有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “ESG” | environment, society and governance |
| “Group” | the Company and its subsidiaries |
| “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) |
| “Guangdong 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 |
| “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 |
| “Jiaxing Deda” | Jiaxing Deda Resource Recycling Ltd.* (嘉興德達資源循環利用有限公司), a company established in the PRC with limited liability and a subsidiary of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hengjian Tongda” | Shenzhen Hengjian Tongda Investment Management Co., Ltd.* (深圳市恆建通達投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huateng Environment” | Shenzhen Huateng Environment Information Technology Co., Ltd.* (深圳市華騰環境信息科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Huaxin Environmental” | Shaoxing Huaxin Environmental Technology Co., Ltd. (紹興華鑫環保科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company |

DEFINITIONS

| | |
|--|--|
| “Hunan Dongjiang” | Hunan Dongjiang Environmental Protection Investment Development Ltd.* (湖南東江環保投資發展有限公司), a company established in the PRC with limited liability and a subsidiary of the Company |
| “Jiangsu Dongjiang” | Jiangsu Dongjiang Environmental Services Co., Ltd. (江蘇東江環境服務有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “Qingyuan Xinlv” | Qingyuan Xinlv Environmental Technology Ltd. (清遠市新綠環境技術有限公司), a company established in the PRC with limited liability and a subsidiary of the Company |
| “Remuneration and Appraisal Committee” | the remuneration and appraisal committee of the Board |
| “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) |
| “Soho High Hope Group” | Jiangsu Soho High Hope Group Co., Ltd.,* (江蘇蘇豪匯鴻集團股份有限公司), formerly known as 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 this report and is controlled by Jiangsu SOHO Holdings Group Co., Ltd.,* (江蘇省蘇豪控股集團有限公司) |

DEFINITIONS

| | |
|-----------------------------------|---|
| “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 |
| “Xiamen Oasis” | Xiamen Oasis Environmental Industrial Co., Ltd.* (廈門綠洲環保產業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Xiantao Lvyi” | Xiantao Lvyi Environmental Technology Co., Ltd.* (仙桃綠怡環保科技有限公司), a company established in the PRC with limited liability and a 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 |
| “Zhuhai Yongxingsheng” | Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd.* (珠海市斗門區永興盛環保工業廢棄物回收綜合處理有限公司), 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.

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 2025, the industrial landscape underwent profound restructuring, with market competition and value reconstruction intertwined. We have always firmly adhered to our mission of “practising ecological civilization and serving Beautiful China”, taken the “Three-Pole Four-Strength” strategy as guidance, deepened reforms, focused on core businesses, and steadily maintained the basic foundation of operations. During the Reporting Period, the Company achieved an operating income of approximately RMB3.457 billion, and the total volume of hazardous waste collection and transportation increased slightly. Although we incurred periodic losses due to the market downturn, we achieved a net operating cash flow of RMB387 million through revenue expansion, cost reduction and optimized cash flow management, representing a year-on-year increase of 208.59%. This effectively improved the capital turnover and laid a solid foundation for transformation and development.

Over the past year, we focused on quality improvement, efficiency enhancement and transformation and upgrading, and made solid progress in various work through multi-faceted efforts. We comprehensively deepened refined management and tapped the potential of internal operations to achieve dual improvements in cost control and operational revenue generation. Technological innovation continued to empower development. We deepened industry-university-research cooperation and promoted the high-value transformation of recycled resource products. Talent development advanced steadily, and we improved the training system and optimized the talent structure to inject lasting motivation into development. Meanwhile, we laid out new businesses with light assets and steadily promoted the technological renovation and upgrading of existing businesses. Faced with the ongoing pressure on the industry, we will confront challenges with candor and resolve, take proactive actions, optimize the asset structure, accelerate capital recovery, build core competitiveness through technological innovation, and cultivate new performance growth points.

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 2025, which is subject to approval by the Shareholders of the Company at the forthcoming annual general meeting.

CHAIRMAN'S STATEMENT

OUTLOOK

2026, as the starting year of the "15th Five-Year Plan" and a critical year for the Company's transformation, we will work together to win the tough battle of transformation. We will focus on differentiated and high-end businesses, deepen reforms, strengthen technological innovation, explore high-quality M&A targets, promote refined management and talent development, comprehensively advance various work, make concerted efforts to win the two tough battles of "stable operation" and "rapid transformation", and steadily move forward towards becoming an excellent integrated environmental service provider and a participant in the resource recycling industry.

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

27 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, amidst an industry environment characterized by the reshaping of the competitive landscape and the restructuring of recycling product value, the Company adhered to its mission of “developing ecological civilization to build a better China”. Centered on the strategic deployment of the “Three Pillars and Four Strengths”, the Company deeply integrated reform with high-quality development, and achieved solid results in areas such as reform, innovation and management enhancement, thereby stabilizing its core business operations.

During the Reporting Period, the Company achieved operating revenue of approximately RMB3,457 million, which remained largely flat compared with last year, and the total volume of hazardous waste collected and transported increased slightly year-on-year. However, due to the persistent downturn in the market environment, revenue from harmless treatment business experienced a significant year-on-year decline. For collection and transportation prices, the average price for incinerable waste decreased by approximately 15% year-on-year; among landfill waste, the average price for flexible landfill waste and rigid landfill waste decreased by over 15% and 20% year-on-year, respectively; the average collection and transportation discount rate for recycling of metal-containing waste liquids increased by over 1%. As a result, the Company’s operating profit recorded a loss of RMB1,238 million, widening by approximately RMB397 million year-on-year. Total profit recorded a loss of RMB1,340 million, widening by approximately RMB460 million year-on-year. Despite significant short-term profitability pressure, through a dedicated accounts receivable program and the implementation of various measures to increase revenue and reduce expenditure, the Company achieved operating net cash flow of RMB387 million, a year-on-year increase of 208.59%, which effectively alleviated debt pressure and provided ample liquidity support for the Company’s transformation and upgrade.

In expanding its comprehensive environmental services and recycling businesses, the Company accelerated its development using an asset-light model. It established joint ventures with various enterprises to carry out multiple collaborations in areas such as auto parts dismantling, energy saving transformation, environmental consulting and green and intelligent logistics. These projects are being implemented steadily. Regarding the transformation and upgrading of its existing industrial hazardous waste business, the Company promoted process development and technical improvements, and independently tackled key projects such as “production of copper chloride dihydrate by acid evaporation method”, “industrialization of preparing monoammonium phosphate from waste phosphoric acid” and “industrialization research on preparing calcium fluoride from fluorine-containing waste liquid” and achieved certain progress. In addition, the Company vigorously promoted the high-value and diversified transformation of recycling products. High-end products such as nano-scale basic copper sulfate and copper hydroxide were fully brought into production, and firework-grade copper oxide achieved full production and sales, steadily enhancing the competitiveness of recycling products.

MANAGEMENT DISCUSSION AND ANALYSIS

In technological innovation, the Company was awarded one second prize for Scientific and Technological Progress in Guangdong Province during the year, and continued to develop 11 research and development platforms at provincial and ministerial level or above such as national postdoctoral research stations, provincial key laboratories and engineering technology research centers, thereby establishing a multi-level and multi-type scientific research platform system covering national, provincial, ministerial, municipal and departmental levels. It also added one provincial-level “Specialization and Innovation” SME, accumulating a total of 14 such enterprises across all levels. It also deepened industry-academia-research cooperation with renowned universities such as Tsinghua University, Central South University, Shenzhen University, and South China Normal University, providing robust support for technological innovation. Throughout the year, the Company secured 56 new patents, including 15 invention patents. In particular, it obtained three U.S. patents for “A Method for Preparing Electronic-Grade Copper Chloride Dihydrate”, “A Method for Recycling of Electroless Nickel Plating Waste Liquid” and “A Method for Treating Leachate from Hazardous Waste Landfills”.

In talent development, the Company comprehensively built a “1+1+2+N” talent cultivation system, precisely recruited key and urgently needed talents, promoted the deployment of core R&D personnel to the front line, and established a pool of high-potential talents. During the year, it completed five rounds of open competition for 37 mid-level management positions, appointed 18 new mid-level cadres, completed rotational exchanges for 15 management personnel, certified 617 individuals in vocational skill levels, and added 2 senior technicians, filling key talent gaps within the Company. It also conducted 19 specialized training sessions, including the “Jungle Arms Training Camp” and “Dongjiang Star Training Camp”, with over 1,300 participants, bringing the total training attendance for the year to more than 14,000 person-times, which established a tiered and categorized training matrix that enables precise capability development. The Company comprehensively deepened the implementation of measures in key areas such as talent cultivation, introduction, utilization, evaluation and motivation, providing talent support for its transformation and development.

In cost reduction and efficiency enhancement, the Company introduced a special “extreme cost reduction” action plan, implemented differentiated cost-reduction strategies tailored to each enterprise and deeply promoted empowerment through technological transformation. Through initiatives such as process optimization, auxiliary material substitution, waste-to-waste treatment, reducing secondary waste generation and optimizing centralized procurement strategies, the Company achieved cumulative cost reductions of over RMB70 million in 2025. In addition, based on market conditions, it implemented 23 “extreme rate efficiency improvement” projects across its subsidiaries and branches, including projects on recycling of waste packaging materials, structural adjustment of recycling products and utilization of steam resources, which generated efficiency gains of over RMB40 million for the year.

Although the market shows signs of a slow consolidation, there has been no significant improvement in the current hazardous waste disposal industry, and the Company’s operations continue to face pressure. Going forward, the Company will adopt various measures to address potential risks proactively, continuously optimize its asset structure, accelerate capital recovery, strive to enhance profitability, and build core competitiveness through technological transformation and innovation. While actively cultivating new businesses, it will persistently seek high-quality merger and acquisition targets to create new performance growth drivers through merger and acquisition. Building on its position as a leading enterprise in hazardous waste disposal, the Company aims to accelerate its transformation into an “outstanding comprehensive environmental service provider and a leading enterprise in resource recycling industry”.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total operating revenue

For the year ended 31 December 2025, the Group's total operating revenue decreased by 0.85% as compared to 2024 to approximately RMB3,457,030,491 (2024: approximately RMB3,486,660,703). The Company's total operating revenue remained largely stable. In particular, operating revenue from sale of recycled products increased by approximately 20.88% over the last year to approximately RMB1,572,911,549 (2024: approximately RMB1,301,252,838), operating revenue from industrial waste treatment and disposal decreased by approximately 21.52% over the last year to RMB734,086,096 (2024: approximately RMB935,401,534), and revenue of rare and precious metals recycling business decreased by approximately 16.33% as compared to the last year to RMB717,912,294 (2024: approximately RMB858,015,108).

Profit

For the year ended 31 December 2025, the Group's integrated gross profit margin was 0.92% (2024: 5.59%). The integrated gross profit margin decreased by approximately 4.67 percentage points as compared with last year.

For the year ended 31 December 2025, net profit attributable to equity holders of the parent was approximately RMB-1,231,537,772 (2024: approximately RMB-804,185,867), representing a decrease of 53.14% over last year. This was mainly because affected by the domestic macroeconomic situation, the competitive landscape of the hazardous waste industry did not show significant improvement, and the Company as a whole continued to face substantial operational pressure. The persistent decline of unit prices for harmless disposal services, and continuous growth in discount rates for collection and transportation of resource recycling services led to a year-on-year decrease in gross profit margin. In addition, in view of the industry's development environment and the Company's actual operating conditions, the Company recognized asset impairment losses and credit impairment losses on relevant assets during the Reporting Period, and also made provision for corresponding losses based on the litigation judgments. These factors collectively had a significant impact on the profit for the year.

Selling expenses

For the year ended 31 December 2025, the Group's selling expenses were approximately RMB103,686,304 (2024: approximately RMB86,936,913), accounting for 3.00% of the total operating revenue (2024: 2.49%). The increase in the Company's selling expenses during the Reporting Period was primarily due to the Company's implementation of remuneration system reform, which strengthened incentives for marketing and sales staff.

Administrative expenses

For the year ended 31 December 2025, the Group's administrative expenses were approximately RMB381,341,286 (2024: approximately RMB394,933,198), accounting for 11.03% of the total operating revenue (2024: 11.33%). The administrative expenses decreased due to effective control measures taken by the Company during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

For the year ended 31 December 2025, the Group's finance costs were approximately RMB180,781,414 (2024: approximately RMB185,776,247), accounting for 5.23% (2024: 5.33%) of the total operating revenue. The decrease in financial costs was primarily due to a decline in the overall financing costs of interest-bearing liabilities during the Reporting Period.

Income tax expense

For the year ended 31 December 2025, the Group's income tax expense were approximately RMB3,251,778 (2024: approximately RMB7,534,712). The decrease in income tax expense was mainly due to the decrease in total profit during the Reporting Period.

Financial position and liquidity

As of 31 December 2025, net current assets of the Group amounted to approximately RMB-1,157,940,870.90 (2024: approximately RMB-313,272,316), including cash and cash equivalents of approximately RMB1,099,872,837 in total (2024: approximately RMB1,016,307,175).

As of 31 December 2025, total liabilities of the Group amounted to approximately RMB7,085,646,097 (2024: approximately RMB7,127,589,599). The gearing ratio was 71.52% (2024: 63.20%). The current liabilities of the Group amounted to approximately RMB4,287,127,096 (2024: approximately RMB3,877,229,219). As of 31 December 2025, bank loans of the Group amounted to approximately RMB4,627,770,190 (2024: approximately RMB5,088,018,406).

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, associates and joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

GOODWILL IMPAIRMENT LOSS

In 2025, the Company recorded a goodwill impairment loss of approximately RMB305.552 million (the “**Impairment Loss**”). Goodwill shall be tested for impairment together with the relevant asset group or groups of asset groups. To determine the recoverable amount of the asset groups or groups of asset groups as at 31 December 2025 and to perform the impairment assessment, the Group’s management engaged an independent valuer, GuoZhongLian Asset Appraisal Land Real Estate Valuation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司) (the “**Valuer**”), to conduct a valuation of those asset groups.

The calculation method for the Impairment Loss is as follows:

Goodwill impairment amount = (Recoverable amount of the asset group containing goodwill on a full investment basis – Carrying amount of the asset group containing goodwill on a full investment basis) × (Originally recognised consolidated goodwill attributable to the parent ÷ Original goodwill on a full investment basis)

As of 31 December 2025, the results of the impairment test for each asset group are as follows:

| Asset group name | Carrying amount of asset group containing goodwill (RMB’0,000) | Recoverable amount on full investment basis (RMB’0,000) | Goodwill impairment provision attributable to the Group (RMB’0,000) |
|------------------------|--|---|---|
| Jiaxing Deda | 4,149.39 | 3,666.75 | 246.15 |
| Dongguan Hengjian | 6,894.06 | 4,869.09 | 1,682.45 |
| Xiamen Oasis | 57,926.41 | 47,659.60 | 6,160.09 |
| Wosen Environmental | 10,350.53 | 11,061.85 | – |
| Hengjian Tongda | 14,444.68 | 11,819.39 | 2,604.02 |
| Zhuhai Yongxingsheng | 25,153.85 | 22,442.16 | 2,169.36 |
| Huaxin Environmental | 21,027.28 | 11,465.89 | 7,690.04 |
| Jiangsu Dongjiang | 38,396.74 | 30,160.63 | 8,236.11 |
| Huateng Environment | 2,114.28 | 2,147.03 | – |
| Qingyuan Xinlv | 4,801.05 | 3,568.64 | 770.25 |
| Xiantao Lvyi | 6,817.79 | 6,500.15 | 310.33 |
| Dongheng Environmental | 17,731.66 | 17,036.55 | 686.40 |

Reasons for recognition of impairment loss

1. Clear indications of goodwill impairment during the Reporting Period

At the balance sheet date, the Company conducted a comprehensive assessment and analysis of each asset group containing goodwill and identified that certain asset groups exhibited circumstances indicating possible asset impairment as set out in Article 5 of Chapter 2 of Accounting Standard for Business Enterprises No. 8 – Impairment of Assets. Impairment indicators were present.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Impairment test performed on asset groups containing goodwill with impairment indications*

After identifying the above impairment indications, the Company organised the management of the asset group holders to forecast and analyse the future cash flows of the asset groups containing goodwill. Meanwhile, it engaged the Valuer to assess the recoverable amount of the asset groups containing goodwill based on the future cash flow forecasts provided by the management of the asset group holders.

3. *Confirmation of impairment results*

The Company recognised the impairment of each asset group containing goodwill based on the valuation results. The relevant impairment test process and results have been reviewed and confirmed by the auditor.

In summary, the recognition of goodwill impairment is based on clearly identified impairment indications and complies with the requirements of the Accounting Standard for Business Enterprises.

Valuation methods used

In accordance with Article 6 of Accounting Standard for Business Enterprises No. 8 – Impairment of Assets, the valuation methods adopted for this impairment test are the fair value less costs of disposal and the present value of expected future cash flows of the asset. The higher of the two results is selected as the recoverable amount. The primary basis for using such methods is Article 16 of the Asset Appraisal Expert Guideline No. 11 – Goodwill Impairment Test Valuation, which states that when calculating fair value less costs of disposal for goodwill impairment test purposes, the market approach, income approach or cost approach may be used to calculate the fair value of the asset group or group of asset groups containing goodwill.

The valuation methods ultimately adopted for each asset group containing goodwill are as follows:

| Asset group containing goodwill | Valuation method |
|---------------------------------|--------------------------------------|
| Qingyuan Xinlv | Present value of expected cash flows |
| Jiaying Deda | Present value of expected cash flows |
| Dongguan Hengjian | Present value of expected cash flows |
| Xiamen Oasis | Present value of expected cash flows |
| Wosen Environmental | Present value of expected cash flows |
| Hengjian Tongda | Present value of expected cash flows |
| Zhuhai Yongxingsheng | Present value of expected cash flows |
| Huaxin Environmental | Present value of expected cash flows |
| Jiangsu Dongjiang | Present value of expected cash flows |
| Huateng Environment | Present value of expected cash flows |
| Xiantao Lvyi | Fair value less costs of disposal |
| Dongheng Environmental | Fair value less costs of disposal |

The valuation methods adopted for 2025 are consistent with those used for 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Value of inputs/assumptions used in the valuation and their basis

1. Present value of expected cash flows

The hazardous waste treatment and disposal business is a subsector of the solid waste field within the environmental protection industry. China adopts an administrative licensing management model for this industry, meaning that entities engaged in the collection, storage and disposal of hazardous waste within China must obtain a hazardous waste operation permit. Following the revision of the Measures for the Authorised Management of Hazardous Waste Operations in 2016, the approval authority for hazardous waste operation permits was delegated from the State Council's environmental protection authority to local environmental protection authorities. Together with the release of the Soil Pollution Prevention and Control Action Plan by the State Council in 2016, the hazardous waste treatment and disposal industry experienced a round of significant development. A large amount of capital flowed into the industry, and due to delays caused by the pandemic, substantial capacity was built around 2022. At the same time, China began largescale approval of cement kiln coprocessing of hazardous waste in 2017, and gradually issued policies around 2020 to include cement kiln coprocessing as a mainstream hazardous waste disposal method, leading to a surge in hazardous waste harmless treatment (incineration) capacity. Affected by the rapid and substantial increase in capacity over a short period, as well as the slowdown in national industrial production growth in recent years, the hazardous waste industry has seen fierce competition, with industry profit margins continuously declining. According to information from the Ministry of Ecology and Environment, as of the end of 2023, the national centralised hazardous waste disposal capacity reached approximately 200 million tonnes per year, an increase of 50% compared to 2020.

Due to the implementation of environmental protection policies, many large wastegenerating enterprises, especially those in steel, petroleum and other industries that generate large quantities of hazardous waste, have adopted selftreatment or pointtopoint treatment. A large amount of incineration fly ash has been directly sent to municipal solid waste landfills. As a result, the volume of hazardous waste actually delivered to special hazardous waste enterprises for treatment is far smaller than the actual hazardous waste generated. According to relevant data, in recent years, there has been a significant gap between approved collection, utilisation, disposal and storage capacities and the actual amounts collected, utilised, disposed of and stored, meaning that a large portion of capacity has not been fully utilised.

In summary, due to the overall downturn in the industry, most of the Company's production bases are facing fierce competition from other enterprises. This has resulted in continuous declines in the unit prices for harmless treatment and continuously rising discount rates for collection and transportation of recycling business. Accordingly, the Company has downwardly adjusted the forecast revenue growth rate and recognised impairment provisions based on actual operating conditions.

Given that China is a major industrial manufacturing country and against the backdrop of the current national call to "implement a comprehensive conservation strategy and vigorously develop the circular economy", hazardous waste treatment and disposal as well as hazardous waste recycling are essential components of the environmental protection and industrial production backend. Therefore, in the long run, the industry will go through a process of gradual clearance of capacity and a return of profits to a reasonable range.

MANAGEMENT DISCUSSION AND ANALYSIS

The present value of expected future cash flows for the asset groups or groups of asset groups containing goodwill involves the following key parameters:

| Asset Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|----------------|-----------------|--|--|---|--|
| Qingyuan Xinlv | 5 years | Revenue growth rate: 35.55% to -1%; Profit margin: 0.17% to 0.63%; Pre-tax discount rate: 10.49% | Revenue growth rate: 0%; Profit margin: 0.63%; Pre-tax discount rate: 10.49% | Qingyuan Xinlv is primarily engaged in industrial waste recycling business. The revenue growth momentum has slowed due to intensified industry competition leading to rising waste collection discount rates and procurement costs, coupled with a larger business base. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |
| Jiaxing Deda | 5 years | Revenue growth rate: -0.09% to 1.52%; Profit margin: -2.57% to 1.34%; Pre-tax discount rate: 10% | Revenue growth rate: 0%; Profit margin: 1.34%; Pre-tax discount rate: 10% | Jiaxing Deda is primarily engaged in industrial waste recycling business. As market penetration increases, competition intensifies, and the business base continues to expand, revenue growth momentum naturally slows. In addition, the company faces multiple constraints, including limited regional market expansion, unstable supply of key raw materials, and high operating costs such as steam, putting pressure on overall operating growth. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Company Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|-------------------|-----------------|---|---|--|--|
| Dongguan Hengjian | 5 years | Revenue growth rate: 67.45% to 3.60%; Profit margin: -22.54% to -3.07%; Pre-tax discount rate: 10.49% | Revenue growth rate: 0%; Profit margin: -3.07%; Pre-tax discount rate: 10.49% | Dongguan Hengjian is primarily engaged in comprehensive resource utilisation of copper-containing waste liquids and physicochemical treatment. Its business has gradually entered a mature and stable stage. As market penetration increases, industry competition intensifies and the business base expands, revenue growth momentum naturally slows. Furthermore, in January 2025, the Guangdong Provincial Department of Ecology and Environment introduced a strict policy on the transfer of secondary hazardous waste, restricting the company's hazardous waste collection scope and reducing business volume. Rising raw material costs continue to squeeze profit margins, and the company has suspended production of certain low-margin products. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|--------------|-----------------|--|---|---|--|
| Xiamen Oasis | 5 years | Revenue growth rate: 16.72% to 4.64%; Profit margin: -2.57% to 4.40%; Pre-tax discount rate: 9.51% | Revenue growth rate: 0%; Profit margin: 4.40%; Pre-tax discount rate: 9.51% | Xiamen Oasis is primarily engaged in electronic waste dismantling business and industrial waste treatment and disposal services: (i) the electronic waste dismantling business has been affected by the adjustment of the national subsidy policy for waste electrical and electronic products treatment, where the fund subsidy has been replaced by a "reward-in-lieu-of-subsidy" mechanism, resulting in a reduction in subsidy scale; and (ii) for industrial waste treatment and disposal services, although the incineration business maintains a stable market position with steadily increasing disposal volumes and capacity utilisation rates, it has entered a mature operational phase, and as the market gradually saturates, growth rates have declined. The physicochemical and flexible landfill businesses, constrained by the relatively small market size in Fujian region and limited overall demand, have low capacity utilisation rates and contribute little to incremental business growth. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|-----------------|-----------------|--|-------------------------------------|--|---|
| Hengjian Tongda | 8 years | Revenue growth rate: 5.91% to -16.67%; Profit margin: 40.32% to 40.09%; Pre-tax discount rate: 8.06% | Not applicable | Hengjian Tongda is primarily engaged in wastewater treatment BOT concession project. Wastewater treatment revenue is recognised based on the agreed volume and unit price under the concession agreement in accordance with the existing terms during the forecast period, and revenue projections remain stable. The concession period expires in October 2033. | In this impairment test, the future cash flow forecast period was adjusted to reflect the shortened remaining operating period, resulting in a corresponding decrease in the present value of expected future cash flows. Consequently, the recoverable amount of the asset group containing goodwill fell below its carrying amount, and goodwill impairment was recognised accordingly. |

Note: As the core asset of Hengjian Tongda is BOT project concession right with a fixed and finite operating period and no basis for perpetual operation, the Company adopted the present value of expected future cash flows (over the remaining 8 years) to assess its recoverable amount, without setting a perpetual period or perpetual incremental cash flows.

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|----------------------|-----------------|--|--|---|--|
| Zhuhai Yongxingsheng | 5 years | Revenue growth rate: 23.67% to 2.44%; Profit margin: 1.97% to 4.39%; Pre-tax discount rate: 10.49% | Revenue growth rate: 0%; Profit margin: 4.39%; Pre-tax discount rate: 10.49% | Zhuhai Yongxingsheng is primarily engaged in industrial hazardous waste harmless treatment and recycling business. Although the company actively promotes business expansion and structural optimisation, achieving steady growth in business scale, the hazardous waste harmless treatment industry in Guangdong Province faces overcapacity, leading to increasingly fierce market competition and a continuous decline in hazardous waste treatment unit prices. At the same time, as the business scale expands and the base increases, revenue growth naturally slows. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Company Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|----------------------|-----------------|---|---|--|--|
| Huaxin Environmental | 5 years | Revenue growth rate: 10% to 2.54%; Profit margin: -7.14% to 2.14%; Pre-tax discount rate: 9.51% | Revenue growth rate: 0%; Profit margin: 2.14%; Pre-tax discount rate: 9.51% | Huaxin Environmental is primarily engaged in industrial hazardous waste disposal and medical waste disposal business. Due to periodic fluctuations in the economic conditions of certain industrial sectors within Zhejiang Province and industrial restructuring, the generation and disposal demand for regional industrial hazardous waste have slowed, resulting in slower revenue growth. The medical waste disposal business, although having rigid demand and stable disposal volumes, provides limited contribution to overall growth. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|-------------------|-----------------|--|--|---|--|
| Jiangsu Dongjiang | 5 years | Revenue growth rate: 58.05% to 7.03%; Profit margin: -12.44% to 15.14%; Pre-tax discount rate: 9.01% | Revenue growth rate: 0%; Profit margin: 15.14%; Pre-tax discount rate: 9.01% | Jiangsu Dongjiang is primarily engaged in hazardous waste harmless treatment business. Affected by overall overcapacity and market saturation in the hazardous waste harmless treatment industry, together with an expanding business base, the company's disposal volume and revenue growth rate have declined. The landfill business is constrained by national and local "near-zero landfill" policies, compressing the scope for incremental business expansion. Although the company's revenue from harmless treatment business remains at a certain scale, growth momentum has naturally slowed, and the revenue growth rate shows a declining trend. | After considering historical operating performance, judgment on future industry performance, and a prudent assessment of factors that may affect future profit forecasts in the coming period, management lowered the revenue growth rate for the forecast period. The recoverable amount of the asset group containing goodwill, derived using management's forecast data, is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|---------------------|-----------------|--|--|---|--|
| Wosen Environmental | 5 years | Revenue growth rate: 1.16% to 2.01%; Profit margin: 11.47% to 14.65%; Pre-tax discount rate: 9.88% | Revenue growth rate: 0%; Profit margin: 14.65%; Pre-tax discount rate: 9.88% | Wosen Environmental is primarily engaged in hazardous waste harmless treatment business. Its operating area is concentrated in Xinjiang, where market competition pressure is relatively low and regional business operations are relatively stable. A zero revenue growth rate is considered only for the perpetual period (not for the near-term forecast period), mainly because the company's core business is already in a mature development stage. Coupled with full industry competition, it is difficult to maintain long-term growth significantly above the economic growth rate. This assumption is consistent with the assessment at the time of acquisition and the impairment test assessments over the years. | Not applicable: As the goodwill of Wosen Environmental is relatively small in scale, and taking into account the regional competitive landscape of the industry and its own operational development trends, the impairment test for goodwill shows that the present value of the expected future cash flows from the asset group's existing business operations is higher than the carrying amount of the asset group containing goodwill. Therefore, no provision for goodwill impairment is required. |

MANAGEMENT DISCUSSION AND ANALYSIS

| Asset Group Name | Forecast period | Key parameters during forecast period | Key parameters during stable period | Reasons for reduction of revenue growth rate in forecast period | Reasons for recognition of impairment |
|---------------------|-----------------|---|---|---|--|
| Huateng Environment | 5 years | Revenue growth rate: 69.46% to 2%; Profit margin: 14.17% to 17.70%; Pre-tax discount rate: 13.82% | Revenue growth rate: 0%; Profit margin: 17.70%; Pre-tax discount rate: 13.82% | Huateng Environment is primarily engaged in information technology consulting business, which belongs to a different industry from the other asset groups in this impairment test. Changes in the overall operating environment of the hazardous waste disposal industry have a limited impact on its operating performance. A zero revenue growth rate is considered only for the perpetual period (not for the near-term forecast period), mainly because the company's core business is already in a mature development stage. Coupled with full industry competition, it is difficult to maintain long-term growth significantly above the economic growth rate. This assumption is consistent with the assessment at the time of acquisition and the impairment test assessments over the years. | Not applicable: As the goodwill arising from Huateng Environment is relatively small in amount, the impairment test shows that the present value of the expected future cash flows achievable from the asset group's existing business operations is higher than the carrying amount of the asset group containing goodwill. Therefore, no provision for goodwill impairment is required. |

Notes:

1. The forecast period growth rate is independently determined for each asset group based on its operating region, industry attributes, competitive landscape and business characteristics. Differences in factors such as the scale of goodwill, industry correlation and operational stability among the asset groups ultimately lead to different test conclusions, with some projects requiring impairment and others not. The future cash flow forecasts and valuation logic in the impairment test must be based on the actual business conditions of each asset group.
2. With the exception of Huateng Environment, the remaining asset groups are primarily engaged in hazardous waste disposal business, but the market environment and intensity of competition in the cities where they operate differ from those of Wosen Environmental, and the scale of goodwill also differs. Taking into account the regional competitive landscape of the industry and their own operational development trends, the goodwill impairment test shows that the present value of expected future cash flows from existing business operations of these asset groups is lower than the carrying amount of the asset groups containing goodwill. Therefore, a provision for goodwill impairment has been recognised.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's management determined the above key parameters based on the macroeconomic environment, industry development trends, business operational plans and historical operating performance.

The input values for each parameter are as follows:

- (i) Revenue growth rate during the forecast period: The significant change in the revenue growth rate parameter during the forecast period is primarily due to adjustments in the operational plans made by the management of the asset groups based on actual operating performance in 2025, combined with the impact of macroeconomic policy changes in the industries in which they operate.
- (ii) Revenue growth rate during the perpetual period: The revenue growth rate during the perpetual period for 2025 is zero in all cases, consistent with 2024 and unchanged.
- (iii) Discount rate: The changes in the discount rate are mainly attributable to changes in the risk-free rate of return (yield to maturity on ten-year and longer-term government bonds), market industry volatility (beta values of comparable listed companies), and the market risk premium compared to prior years.

2. Fair value less costs of disposal

| Name | Method for determining fair value and costs of disposal | Key parameters | Basis for determining key parameters | Reasons for recognition of impairment |
|------------------------|---|--|---|---|
| Xiantao Lyvi | Cost approach | Fair value and costs of disposal of assets | The fair value of assets is determined based on the market value of the assets as at the valuation date, and costs of disposal are determined by reference to the fee schedule for asset transaction services of the exchange | Xiantao Lyvi is primarily engaged in industrial waste recycling business. Affected by intense industry competition, its capacity utilisation rate is low, and part of its buildings, plants and machinery equipment are idle, resulting in a decline in asset profitability and fair value. The fair value less costs of disposal of the asset group containing goodwill is lower than its carrying amount, resulting in goodwill impairment. |
| Dongheng Environmental | Cost approach | Fair value and costs of disposal of assets | The fair value of assets is determined based on the market value of the assets as at the valuation date, and costs of disposal are determined by reference to the fee schedule for asset transaction services of the exchange | The core assets of Dongheng Environmental are investment properties. Affected by the industry downturn, rental levels and occupancy rates have decreased, and the remaining useful life of the assets has shortened. The fair value less costs of disposal of the asset group containing goodwill is lower than its carrying amount, resulting in goodwill impairment. |

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's assessment of the fairness and reasonableness of goodwill impairment

Based on factors such as historical operating data, industry development trends and business operational plans, the Company has assessed the reasonableness of the significant assumptions and valuation methods used in determining the recoverable amounts of the asset groups, including the forecast period and key parameters. Following this assessment, as at 31 December 2025, the Company has fully considered the risks of goodwill impairment, and the goodwill value as at 31 December 2025 is fairly and reasonably reflected.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingencies

1. Litigation

On 27 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 (the "**Concession Contract**") with the Company 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 implementation of Concession Contract, 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. The Company received the Administrative Judgment ((2024) Xiang 05 Xing Chu No. 125) from the Shaoyang Intermediate People's Court. The main contents of the first-instance judgment are as follows: (1) The defendant, Shaoyang Municipal People's Government, is ordered to make a compensation decision to the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., within 60 days from the effective date of this judgment; (2) The other claims of the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., are dismissed.

The Company, aggrieved by the first-instance judgment, filed an appeal with the Hunan Provincial Higher People's Court. On 26 February 2026, the Company received the Administrative Judgment ((2025) Xiang Xing Zhong No. 1088) from the Hunan Provincial Higher People's Court. The second-instance judgment is as follows: the appeal is dismissed, and the original judgment is upheld. As of the date of this report, the final compensation amount has not yet been determined.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Change in environmental policies

Due to the method of collection and treatment of industrial waste adopted by the Group, 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 contingencies for the year ended 31 December 2025.

Capital commitment

As at 31 December 2025, the capital expenditure commitment of the Group was as follows:

| Items | 2025 RMB | 2024 RMB |
|---|-----------------------|----------------|
| Capital expenditures contracted for but not recognized in the financial statement in respect of external investment | | |
| – External investment commitments | 40,976,136.84 | 23,406,302.44 |
| – Significant outsourcing contracts | 63,457,973.59 | 71,830,125.95 |
| – Commitments to purchase and build long-term assets | 16,172,858.76 | 23,002,506.21 |
| Total | 120,606,969.19 | 118,238,934.60 |

FUTURE PROSPECTS OF THE COMPANY

2026 marks the inaugural year of the “15th Five-Year Plan” period and represents a critical year for Dongjiang Environmental’s transformation and development. All staff of the Company will unite with one heart and strive diligently to win the crucial battles for transformative breakthrough. In operations, we will strengthen strategic leadership, accurately grasp national, regional and industry policy directions and market development trends, adjust our focus, and concentrate on differentiated, high-end and high-value businesses. In management, we will deepen reforms and tackle key challenges, adhere to a problem-oriented and grassroots-oriented approach, and formulate and implement operational strategies with precision and detail. In business development, we will build an industrial ecosystem, accelerate the cultivation and conversion efficiency of new businesses, and strive for breakthroughs in transitioning towards a full-chain industrial ecosystem. Meanwhile, we will coordinate efforts in deepening reforms, technological innovation, lean management and talent development, and advance on all fronts to win the two major battles of “stabilizing operations” and “accelerating transformation”.

MANAGEMENT DISCUSSION AND ANALYSIS

First, we will initiate development momentum through reforms. We will adhere to a market and customer-centric approach, improve the market-oriented operational mechanism, and rigidly implement adjustments for the bottom performers and the exit of those who are incompetent. We will optimize resource allocation by focusing on core sectors such as in-depth recycling and green and low-carbon development, and resolutely shut down, merge or transfer persistently loss-making and non-strategic businesses. We will precisely meet the environmental supervision needs of retired new energy equipment, leverage digital means to explore market potential, strengthen cash flow control, and effectively enhance operational quality and efficiency.

Second, we will build competitive advantages through technological innovation. We will increase R&D investment with focus on tackling key technologies for the high-end utilization and recycling of hazardous waste. We will explore applications such as intelligent identification, robotic operations and intelligent process optimization to drive digital, intelligent and smart transformation and upgrade. We will also form innovation consortia with research institutions to accelerate the transformation of achievements and cultivate new quality productive forces, making technological innovation the core engine driving the Company's breakthrough development.

Third, we will deeply explore merger and acquisition targets to facilitate transformation. We will treat strategic merger and acquisition as a key lever for transformation and upgrading, center on the core business of "recycling", focus on technology-driven, regional market, and industrial chain complementing targets, and take proactive action. For high-quality projects, we will make scientific decisions and move forward quickly, acquire core technologies and market access channels through merger and acquisition to achieve a strategic leap in capabilities and scale.

Fourth, we will consolidate the foundation for survival through lean management and control. We will firmly establish the mindset of "living through tight times", comprehensively review the entire processes of production, procurement, energy consumption and operational maintenance, and strengthen cost control and lean management. We will optimize human resource allocation, enhance personnel efficiency, and reduce resource waste. We will also strictly adhere to the bottom lines of safety, environmental protection and compliant operations to ensure that risks are controllable, and build a solid foundation for the Company's stable operation.

Fifth, we will pool our strengths for critical battles by empowering the Company with talent. We will adhere to a combination of internal selection and external talent acquisition, breaking away from the rigid mindset of seniority-based promotion. We will improve performance-based incentive mechanisms to fully stimulate the team's entrepreneurial vitality. We will also conduct targeted professional training to cultivate versatile talent teams that understand technology, excel in management and dare to take responsibility, thereby providing strong talent support for the Company's transformation and development.

MANAGEMENT DISCUSSION AND ANALYSIS

POSSIBLE RISKS AND COUNTERMEASURES

1. Risk related to intense 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 over the years, 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 metal products such as crude lead, 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 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 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. He also currently serves as a standing director of the China Circular Economy Association (and concurrently director of its Committee for Resource Utilization and Disposal of Hazardous Waste), a standing director of the China Association of Environmental Protection Industry, and the vice president of the Guangdong Enterprise Federation and Guangdong Entrepreneur Association.

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. He also currently serves as vice chairman of the Green Smart Mining Branch of China Safety Industry Association, vice president of the Hazardous Waste Specialized Committee of China Renewable Resources Recycling Association, and vice president of Guangdong Nonferrous Metals Society.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Zhu Lintao (朱林濤) (“Mr. Zhu”), aged 50, is a member of the Communist Party of China, holds a master’s degree. He served as the financial manager, assistant to the general manager and deputy general manager of Yunnan Dongjiang Environmental Protection Technology Co., Ltd.* (雲南東江環保技術有限公司), the deputy general manager of Kunshan Qiandeng Three Wastes Purification Co., Ltd.* (昆山市千燈三廢淨化有限公司), the deputy general manager (in charge of work), secretary of the party branch and general manager of Jiaxing Deda Resources Recycling Co., Ltd.* (嘉興德達資源循環利用有限公司), the deputy general manager of the East China Business Department of the Company, and secretary of the party branch and the general manager of Karamay Watson Environmental Protection Technology Co., Ltd.* (克拉瑪依沃森環保科技有限公司). Mr. Zhu was appointed as an executive director of the Company on 25 June 2025 and as employee director of the Company on 2 February 2026. He also serves as deputy secretary of the Party Committee, chairman of the labor union of the Company, and director of Shaoguan Sustainable Resources, a subsidiary of the Company.

NON-EXECUTIVE DIRECTOR

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, as well as executive director of Shanghai Baosteel Magnetic Industry Co., Ltd.* (上海寶鋼磁業有限公司) and chairman of Shanghai Baofa Environmental Co., Ltd.* (上海寶發環科技技術有限公司). Mr. Liu was appointed as a non-executive director of the Company on 21 February 2024.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kwok Tung Louis, aged 58, holds a bachelor's degree in economics from Macquarie University in Australia and is a Fellow Certified Practising Accountant of CPA Australia and a Fellow Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He previously served as a senior manager at Deloitte Touche Tohmatsu, vice president and chief financial officer of Meadville Holdings Limited* (美維控股有限公司), as well as an independent non-executive director of Winto Group (Holdings) Limited (惠陶集團(控股)有限公司) (Stock Code: 8238), Zhong Ao Home Group Limited (中奧到家集團有限公司) (Stock Code: 1538), Worldgate Global Logistics Ltd. (盛良物流有限公司) (Stock Code: 8292), China Shuifa Singyes New Materials Holdings Limited (中國水發興業新材料控股有限公司) (formerly known as China Singyes New Materials Holdings Limited (中國興業新材料控股有限公司)) (Stock Code: 8073), HSC Resources Group Limited (鴻盛昌資源集團有限公司) (formerly known as Windmill Group Limited (海鑫集團有限公司)) (Stock Code: 1850), Titan Invo Technology Limited (泰坦智華科技有限公司, formerly known as TUS International Limited) (Stock Code: 872), CGN Mining Company Limited (中廣核礦業有限公司) (Stock Code: 1164) and Zheng Wei Group Holdings Limited (正味集團控股有限公司) (Stock Code: 2147) respectively, the shares of all of which are listed on the Main Board or GEM of the Stock Exchange. He is currently the vice president and chief financial officer of Lung Ming Group, and an independent non-executive director of ZONQING Environmental Limited (中慶環境股份有限公司) (formerly known as ZONBONG LANDSCAPE Environmental Limited (中邦園林環境股份有限公司)) (Stock Code: 1855), Fusen Pharmaceutical Company Limited (福森藥業有限公司) (Stock Code: 1652) and Redsun Properties Group Limited (弘陽地產集團有限公司) (Stock Code: 1996) respectively, the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. Lee Kwok Tung Louis was appointed as an independent non-executive director of the Company on 25 June 2025.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Jinhui (李金惠), aged 61, 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. He previously served 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). 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 and an independent director of 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.

Ms. Xiang Ling (向凌) (“Ms. Xiang”), aged 44, holds a doctorate degree in law from Sun Yat-sen University. Ms. Xiang previously served 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) (a company with its shares formerly listed on the Main Board of the Stock Exchange and was subsequently privatised voluntarily and delisted in August 2025). She 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 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.

Save as disclosed in this annual report, each of the directors 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.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

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.

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 (宋佔林), 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責任公司) 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. He also served as a member of the party committee of the Company and chairman of Xiongfeng Environment.

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.* (深圳市華藤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.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Lin (周林), aged 41, is a member of the Communist Party of China, holds a Doctor of Science degree and is a Senior Engineer. He previously served as General Manager of Yancheng Coastal Solid Waste Disposal Co., Ltd.* (鹽城市沿海固體廢料處置有限公司), and Deputy General Manager, Secretary of the Party Branch and General Manager of Jiangxi Dongjiang Environmental Technology Co., Ltd.* (江西東江環保技術有限公司). He has been recognized as an expert in solid waste environmental management by the Department of Ecology and Environment of Jiangxi Province, an expert in the construction of a “Zero-Waste City”, and a leading talent (technical category) in the training program for leading academic and technical personnel of major disciplines under the “Ganpo Talents Support Program” of Jiangxi Province. Mr. Zhou Lin joined the Group in 2016 and was appointed Vice President of the Company on 25 April 2025, and also serves as a member of the party committee of the Company.

Mr. Song Wenbo (宋文博), aged 45, a member of the Communist Party of China, holds a bachelor’s degree and is a Political Work Engineer. He previously served as director of the Party-Mass Work Department (Human Resources Department) of Wuhan Iron and Steel Group Metal Resources Co., Ltd.* (武漢鋼鐵集團金屬資源有限責任公司), secretary of the general party branch and deputy director of the powder metallurgy branch of Wuhan Iron and Steel Group Metal Resources Co., Ltd.* (武漢鋼鐵集團金屬資源有限責任公司), secretary of the general party branch and deputy manager of the powder metallurgy magnetic materials branch of Baowu Environmental Technology Wuhan Metal Resources Co., Ltd.* (寶武環科武漢金屬資源有限責任公司), project director of the R&D Center, Assistant to the general manager and project director of the R&D Center of Baowu Environmental Technology Wuhan Metal Resources Co., Ltd.* (寶武環科武漢金屬資源有限責任公司), and deputy general manager of Baowu Environmental Technology Wuhan Metal Resources Co., Ltd.* (寶武環科武漢金屬資源有限責任公司), concurrently serving as director of Wuhan Wuxin New Building Materials Co., Ltd.* (武漢武新新型建材股份有限公司), Director of Hubei Egang Jiahua New Building Materials Co., Ltd.* (湖北鄂鋼嘉華新型建材有限責任公司). and director of Wuhan High Magnetic Danske Technology Co., Ltd.* (武漢市高磁丹斯克科技有限公司). Mr. Song Wenbo joined the Group in 2025 and was appointed vice president of the Company on 23 May 2025, and also serves as a member of the Party Committee of the Company.

Mr. Qiao Yiwei (喬伊威), aged 37, 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. He is currently serves as the Board secretary of the Company, and served as a director of Huizhou Dongjiang Veolia Environmental Services Co., Ltd.* (惠州東江威立雅環境服務有限公司), Guangdong Anjiatai Environmental Technology Co., Ltd.* (廣東安佳泰環保科技有限公司) and 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 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 93 to 94 of this annual report.

PROFIT DISTRIBUTION POLICY

In accordance with the Articles and compliant with profit distribution policies, the Company shall distribute no less than 20% of its annual distributable profits in cash each year when cash dividend distribution conditions are satisfied. In addition, the aggregate cash dividends distributed by the Company over any three consecutive years shall account for no less than 30% of the total distributable profits generated throughout the corresponding three-year period.

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.

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.

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 2025 (2024: nil).

DIRECTORS' REPORT

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2025, a discussion on the Group's future prospects are provided in "Management Discussion and Analysis" on pages 10 to 11 of this annual report, an analysis of the Group's performance during the Reporting Period using key performance indicators are provided in "Five Year Financial Summary" on page 300 of this annual report.

EVENTS DURING THE REPORTING PERIOD

Issuance of the first tranche of medium-term notes in 2025

On 27 March 2025, the Company successfully issued the first tranche of the medium-term notes of 2025 with an issue size of RMB400 million and an interest rate of 2.66% per annum.

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

Performance of guarantee obligations – Tangshan Wandesi

The Company has provided a joint liability guarantee with a maximum debt amount of RMB160 million in favour of Tangshan Wandesi, a controlled subsidiary of the Company, for a loan facility of RMB200 million granted by HSBC Bank (China) Co., Ltd. Tangshan Branch* (滙豐銀行(中國)有限公司唐山分行, "HSBC").

Tangshan Wandesi has been facing liquidity difficulties in working capital for production and operations. The Company 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 announcement of the Company dated 28 March 2025.

DIRECTORS' REPORT

Amendment of Articles

On 5 December 2025, at the second extraordinary general meeting in 2025, the first A Shares class meeting in 2025 and the first H shares class meeting of 2025 of the Company, the resolutions on the amendments to the Articles were considered and approved. The amendments to the Articles were mainly to abolish the supervisors and the supervisory committee, to clarify that the Audit and Risk Management Committee established under the Board will fully assume the duties previously held by the supervisory committee as stipulated under the “New Company Law”, and to amend or remove certain provisions (including the relevant provisions in relation to class meetings) that are no longer applicable due to the invalidation of external regulatory rules.

For details, please refer to the Company’s announcement and circular both dated 17 November 2025, and poll results announcement dated 5 December 2025.

Litigation

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, Gui Jianping* (桂建平) and Zhou Yue* (周玥) as defendants (collectively, the “**Defendants**”), involving an aggregate amount of approximately RMB96.32 million. In September 2025, the Company received the judgment of the first instance, ordering the Defendants to jointly and severally compensate the plaintiff, Jiangxi Environmental Protection, in the amount of approximately RMB94.66 million. In December 2025, the Company received the judgment of the second instance, which upheld the original judgment. As at the date of this report, the Company has complied with the second instance judgement.

For details, please refer to the announcements of the Company dated 20 August 2024, 1 September 2025, 30 December 2025 and 16 January 2026.

DIRECTORS' REPORT

Change in Use of Proceeds

The Company has revised the intended use of certain proceeds from the non-public issuance of A shares, with details set forth below:

- (1) In light of the actual progress of the project, the Company has completed the closure of the expansion project of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荊州市江陵縣). Except for approximately RMB10.00 million reserved specifically for the settlement of outstanding survey and design fees and quality retention funds in respect of the project, the remaining unused net proceeds from the fund raising of RMB83.99 million will be used to replenish general working capital.
- (2) To meet the Company's operational and development needs, the Company has terminated the 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) and the smart digitalization development project. The unused net proceeds from the fund raising in respect of the above two projects, amounting to RMB264.25 million and RMB159.70 million respectively, will be used to replenish general working capital.

The aforementioned change in use of proceeds were approved at the first extraordinary general meeting of the Company in 2026 held on 12 January 2026.

For details, please refer to the Company's announcement dated 22 December 2025, circular dated 12 January 2026 and poll results announcement dated 30 January 2026.

Please also refer to the section headed "Connected Transactions" and "Continuing Connected Transactions" in this annual report for connected transactions during the year ended 31 December 2025.

SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2025

Connected Transaction – Capital Injection into Embodiment Intelligence

On 3 February 2026, the Company and Guangdong Embodiment Intelligence Technology Co., Ltd.* (廣東省具身智能科技有限公司, "**Embodied Intelligence**") entered into a capital increase agreement (the "**Capital Increase Agreement**"), pursuant to which the Company agreed to inject RMB8.00 million in cash as capital contribution to Embodied Intelligence. Upon completion of the capital increase, the Company held approximately 2.67% of the equity interest in Embodied Intelligence.

Embodied Intelligence is a subsidiary of Guangdong Rising Holdings Group, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transaction under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 22 December 2025, 16 January 2026 and 3 February 2026.

DIRECTORS' REPORT

Continuing Connected Transaction – Service Framework Agreement

On 27 March 2026, the Company and Guangdong Rising Holdings Group have entered into the service framework agreement (the “**Service Framework Agreement**”), pursuant to which the Company and its subsidiaries shall provide industrial waste treatment, transportation and technical consultancy services to Guangdong Rising Holdings Group and its subsidiaries for a term from the date of the Service Framework Agreement (i.e. 27 March 2026) to 31 December 2026. The annual cap for the transactions contemplated under the Service Framework Agreement for the year ending 31 December 2026 is RMB10 million. As Guangdong Rising Holdings Group is a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Service Framework Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 27 March 2026.

Continuing Connected Transaction – Products Sales Framework Agreement

On 27 March 2026, the Company and Guangdong Rising Holdings Group have entered into the products sales framework agreement (the “**Products Sales Framework Agreement**”), pursuant to which the Company and its subsidiaries shall sell recycled products to Guangdong Rising Holdings Group and its subsidiaries for a term from the date of the Products Sales Framework Agreement (i.e. 27 March 2026) to 31 December 2026. The annual cap for the transactions contemplated under the Product Sales Framework Agreement for the year ending 31 December 2026 is RMB40 million. As Guangdong Rising Holdings Group is a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Products Sales Framework Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 27 March 2026.

Continuing Connected Transaction – Raw Materials Procurement Framework Agreement

On 27 March 2026, the Company and Guangdong Rising Holdings Group have entered into the raw materials procurement framework agreement (the “**Raw Materials Procurement Framework Agreement**”), pursuant to which the Company and its subsidiaries shall purchase raw materials from Guangdong Rising Holdings Group and its subsidiaries for a term from the date of the Raw Materials Procurement Framework Agreement (i.e. 27 March 2026) to 31 December 2026. The annual cap for the transactions contemplated under the Raw Materials Procurement Framework Agreement for the year ending 31 December 2026 is RMB100 million. As Guangdong Rising Holdings Group is a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Raw Materials Procurement Framework Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 27 March 2026.



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 2025, the net proceeds were used as follows:

| Proposed use of proceeds | Allocation of the net proceeds (RMB' million) | Net proceeds unutilised as at 1 January 2025 (RMB' million) | Net proceeds utilised during the twelve months ended 31 December 2025 (RMB' million) | Net proceeds | | Expected timeline |
|---|---|---|--|---|---|---------------------|
| | | | | Net proceeds utilised up to 31 December 2025 (RMB' million) | Net proceeds unutilised as at 31 December 2025 (RMB' million) | |
| 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 | 271.51 | 7.26 | 145.75 | 264.25 | Terminated (Note 2) |
| 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 | 93.99 | 0.00 | 71.01 | 93.99 | Completed (Note 3) |
| Smart digitalization development project | 184.31 | 160.26 | 1.47 | 25.52 | 158.79 | Terminated (Note 2) |
| Modification and upgrade of hazardous waste treatment project | 95.00 | 64.88 | 2.42 | 32.54 | 62.46 | By December 2028 |
| Replenishment of general working capital | 340.00 | 0.00 | 0.00 | 340.00 | 0.00 | - |
| Total | 1,194.31 | 590.64 | 11.15 | 614.82 | 579.49 | |

DIRECTORS' REPORT

Notes:

1. 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. 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.
2. To meet the Company's operational and development needs, the Company has terminated the 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) and the smart digitalization development project. The unutilised net proceeds from the fund raising in respect of the above two projects will be used to replenish general working capital. The aforesaid matter was approved at the first extraordinary general meeting of the Company in 2026 held on 12 January 2026.
3. In light of the actual progress of the project, the Company has completed the closure of the expansion project of the sewage treatment facilities (phase 2) located in Jiangling County, Jingzhou, Hubei Province* (湖北省荊州市江陵縣). Except for approximately RMB10.00 million reserved specifically for the settlement of outstanding survey and design fees and quality retention funds in respect of the project, the remaining unutilised net proceeds from the fund raising of the project will be used to replenish general working capital. The aforesaid matter was approved at the first extraordinary general meeting of the Company in 2026 held on 12 January 2026.

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

The Company has adopted the Model Code as the code of conduct of securities transactions by the Directors of the Company. Having made specific enquiries with all Directors 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 CG Code throughout the Reporting Period.

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 300 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. (14) to the financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the Reporting Period, details of which 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 101 to 102 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 RMB –773,120,766. 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 20.10% of the total sales for the year and sales to the largest customer included therein amounted to approximately 8.36%. Purchases from the Group's five largest suppliers accounted for approximately 15.13% of the total purchases for the year and purchase from the Group's largest supplier accounted for approximately 4.20% for the Reporting Period.

None of the Directors 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

The Directors for the year 2025 and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. WANG Bi'an (*Chairman*)

Mr. LI Xiangli (*Chief executive officer*)

Mr. Zhu Lintao (*appointed as an executive director on 25 June 2025, appointed as an employee director on 2 February 2026*)

Mr. YU Fan (*resigned on 25 April 2025*)

NON-EXECUTIVE DIRECTORS

Mr. WANG Shi (*resigned on 10 March 2026*)

Mr. LIU Xiaoxuan

Mr. JIA Guorong (*resigned on 20 April 2026*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Kwok Tung Louis (*appointed on 25 June 2025*)

Mr. SIU Chi Hung (*resigned on 25 June 2025*)

Mr. LI Jinhui

Ms. XIANG Ling

DIRECTORS' REPORT

SUPERVISORS

Following the approval at the second extraordinary general meeting of 2025 held on 5 December 2025, the Company abolished the supervisory committee and supervisors.

The supervisors of the Company during the period from 1 January 2025 to 5 December 2025 were as follows:

Mr. Peng Zhuozhuo
Ms. Chen Peihuan (*resigned on 25 June 2025*)
Mr. Ma Xujian (*appointed on 25 June 2025*)
Mr. Liu Bin

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' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 32 to 37 of this annual report.

Update on Directors Biographical Details

Mr. Li Jinhui ceased to serve 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) with effect from 20 June 2025.

Ms. Xiang Ling ceased to serve 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) (a company with its shares formerly listed on the Main Board of the Stock Exchange and was subsequently privatised voluntarily and delisted in August 2025) with effect from 31 December 2025.

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.

DIRECTORS' REPORT

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' SERVICE CONTRACTS

Each of the Directors 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 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 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 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.

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 2025, the number of full-time employees stood at 3,893 (2024: 3,984) with a total staff cost of approximately RMB620,628,000 (2024: approximately RMB607,865,000). 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:

DIRECTORS' REPORT

REMUNERATION POLICY OF EXECUTIVE DIRECTORS

Pursuant to the "Management Measures for Remuneration of the Chairman and Senior Management Personnel" and other relevant provisions, the Company pays basic annual salary to the Chairman and senior management, as well as performance annual salary, tenure incentives and other payments based on appraisal results. The Chairman's annual comprehensive appraisal score comprises two parts, namely the Party building appraisal score and the business performance appraisal score, with weightings of 30% and 70% respectively. The comprehensive appraisal result serves as the result of the tenure-based and contractual appraisal for the Chairman individually, and is used to determine the remuneration of the Chairman and senior management. An appraisal system is adopted that integrates annual appraisal and tenure appraisal, unifies outcome-based appraisal and process evaluation, and links appraisal results to remuneration.

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. 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.

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

DIRECTORS' REPORT

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Non-executive Directors of the Company (excluding independent non-executive Directors) will not receive any Directors' fee in their capacity as Non-executive Directors. As to independent non-executive Directors, their Directors' fee 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' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, none of the Directors and chief executive of the Company had any interest or short position 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 to the Listing Rules.

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

As at 31 December 2025, so far as the Directors and chief executive are aware, save as disclosed above, the persons or corporations (not being a Director or 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:

DIRECTORS' REPORT

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 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 Soho High Hope Group Co., Ltd.* (江蘇蘇豪匯鴻集團股份有限公司) ("Soho High Hope") | 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 Soho Sci-tech Innovation Investment Co., Ltd.* (江蘇蘇豪科創投資有限公司) | 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 2025.
2. Rising Investment Development 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 Soho Sci-tech Innovation Investment Co., Ltd (formerly known as Jiangsu High Hope Venture Capital Co., Ltd.) is a wholly-owned subsidiary of Soho High Hope. Therefore, Soho High Hope was deemed to be interested in the 25,995,038 A Shares and 18,204,800 H Shares held by Jiangsu Soho Sci-tech Innovation Investment Co., Ltd under Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, the Directors of the Company are not aware of any other person (other than the Directors 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 and chief executive officer of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2025, none of the Directors 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).

CONTINUING CONNECTED TRANSACTIONS

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

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. On 24 December 2024, the Company entered into a financial services agreement (the “**New Financial Services Agreement**”) with Guangdong Rising Finance, pursuant to which Guangdong Rising Finance will provide financial services to the Group for a term of three years from the effective date of the New Financial Services Agreement upon its approval by independent Shareholders. The New Financial Services Agreement and the transactions contemplated thereunder were approved by the Shareholders at the first extraordinary general meeting of the Company held on 23 April 2025. Upon the taking effect of the New Financial Services Agreement, the 2022 Financial Services Agreement has automatically ceased to be effective. Under the 2022 Financial Services Agreement and the New 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 Holdings 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 2022 Financial Services Agreement and New 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 and New Financial Services Agreement, the maximum daily deposit amount of the Deposit Services for the period from 1 January 2025 to 31 December 2025 is RMB550,000,000. From 1 January 2025 to 31 December 2025, the actual maximum daily deposit amount under the Deposit Services was approximately RMB340,055,400.

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 announcements dated 12 October 2022 and 23 April 2025.

DIRECTORS' REPORT

Facility Agreement

On 28 May 2024, Wosen Environmental, a wholly-owned subsidiary of the Company, entered into a facility agreement (the "**Facility Agreement**") with Guangdong 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 Guangdong 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 Guangdong Rising Finance under the Credit Facility Agreement for the period from 1 January 2025 to 31 December 2025 is RMB30,000,000. As of 31 December 2025, the actual maximum amount of the credit facility under the Facility Agreement is approximately RMB17,255,000.

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

Zinc Oxide Minerals Sales Agreement

On 17 November 2025, Shaoguan Sustainable Resources, a subsidiary of the Company, and Dabaoshan Minerals entered into Zinc Oxide Minerals Sales Agreement, pursuant to which Dabaoshan Minerals has agreed to sell and Shaoguan Sustainable Resources has agreed to purchase zinc oxide minerals for a term from 17 November 2025 to 31 December 2025.

Dabaoshan Minerals 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 Zinc Oxide Minerals Sales 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 Zinc Oxide Minerals Sales Agreement for the year ending 31 December 2025 is RMB7.17 million, and the actual transaction amount for the year ending 31 December 2025 is approximately RMB6.21 million (inclusive of tax).

For details, please refer to the Company's announcement dated 17 November 2025.

Tailings Sales Agreement

On 22 December 2025, Shaoguan Sustainable Resources, a subsidiary of the Company, and Dabaoshan Minerals entered into Tailings Sales Agreement, pursuant to which Dabaoshan Minerals has agreed to sell and Shaoguan Sustainable Resources has agreed to purchase tailings for a term from 22 December 2025 to 31 May 2026.

Dabaoshan Minerals 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 Tailings Sales 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 Tailings Sales Agreement for the year ending 31 December 2025 is RMB1.4895 million, and no actual transactions were conducted under such agreement during the year ended 31 December 2025.

For details, please refer to the Company's announcement dated 22 December 2025.

The above-mentioned continuing connected transactions were reviewed by the independent non-executive Directors. The independent non-executive Directors 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 2025. 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.

DIRECTORS' REPORT

Subsequent Continuing Connected Transaction – Products Sales Framework Agreement

On 27 March 2026, the Company and Guangdong Rising Holdings Group have entered into the Products Sales Framework Agreement, pursuant to which the Company and its subsidiaries shall sell recycled products to Guangdong Rising Holdings Group and its subsidiaries for a term from the date of the Products Sales Framework Agreement (i.e. 27 March 2026) to 31 December 2026.

The annual cap for the transactions contemplated under the Product Sales Framework Agreement for the year ending 31 December 2026 is RMB40 million. The annual cap was determined with reference to, amongst others, (i) the estimated prices of recycled products; (ii) the estimation of demand for the Products (with copper recycling products as key products); and (iii) a 10% buffer. The estimated unit price of copper recycling products is determined based on the spot metal price of smm1# electrolytic copper published on the website of Shanghai Metal Market and the copper content ratio of the products, with adjustments made based on prevailing market conditions with reference to recent transaction records and market information collected by the Group. The annual production capacity of Guangdong Rising Holdings Group and its subsidiaries for smelted lead-zinc and cathode copper products (in relation to which copper recycling products are core intermediate materials in the pyrometallurgical process) exceeds the Group's production capacity for copper recycling products by far. Based on the projected supply capacity of the Company and its subsidiaries as well as the demand of Guangdong Rising Holdings Group and its subsidiaries for recycled products of the Group, the estimated amount of relevant products is 1,250 tons.

Pursuant to the sale and purchase framework agreement (the "**2024 Sale and Purchase Framework Agreement**") entered into between the Company (as seller) and Shandong Zhongjin Lingnan Copper Co., Ltd.* (山東中金嶺南銅業有限責任公司) (as purchaser, a subsidiary of Guangdong Rising Holdings Group) in relation to the sale of copper recycling products by the Group. At the time, the estimated transaction amount was RMB60 million. For production technological reasons, the production and sale of copper recycling products under the 2024 Sale and Purchase Framework Agreement did not materialise. The Group has been in the process of improving its production technologies, and is expected to have sufficient resources, capacity and capabilities to proceed with the copper recycling business in 2026.

As Guangdong Rising Holdings Group is a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Products Sales Framework Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 27 March 2026.

Subsequent Continuing Connected Transaction – Raw Materials Procurement Framework Agreement

On 27 March 2026, the Company and Guangdong Rising Holdings Group have entered into the Raw Materials Procurement Framework Agreement, pursuant to which the Company and its subsidiaries shall purchase raw materials from Guangdong Rising Holdings Group and its subsidiaries for a term from the date of the Raw Materials Procurement Framework Agreement (i.e. 27 March 2026) to 31 December 2026.

The annual cap for the transactions contemplated under the Raw Materials Procurement Framework Agreement for the year ending 31 December 2026 is RMB100 million. The annual cap was determined with reference to, amongst others, (i) the estimated unit prices of raw materials and commodities; (ii) the estimation of demand for raw materials and commodities; and (iii) a 5% buffer. The estimated unit prices of raw materials and commodities are based on the prevailing market unit price of raw materials and commodities determined with reference to market information collected by the Group and bidding prices of the supplier. The Company has taken into account the estimated raw material cost acceptable to the Group with reference to the profit margin enjoyed by the Group for sale of end products made with the raw materials and commodities. The indicative projection of demand of the Group for raw materials and commodities of Guangdong Rising Holdings Group and its subsidiaries is 2.0 million tons for tailings and 30,000 tons for zinc oxide minerals.

The historical demand of the Group for raw materials and commodities of Guangdong Rising Holdings Group and its subsidiaries under (i) the tailings sales agreement entered into on 22 December 2025 was approximately 50,000 tons of tailings (from 22 December 2025 to the date of this report); and (ii) the zinc oxide minerals sales agreement entered into on 17 November 2025 was approximately 5,200 tons of zinc oxide minerals (from 17 November 2025 to 31 December 2025). Based on the public information of the industry and data from leading non-ferrous metal enterprises for the year 2025, the average price of standard sulphur concentrate (converted to 35% sulphur content standard) in 2025 surged by more than 30% year on year, and the average price of sulphur (product of tailings) for 2025 posted a year-on-year growth of over 100%. According to the information on Shanghai Metals Market, the quoted price of zinc oxide fluctuated within the range of RMB21,000 to RMB24,000 in 2025, remaining at a relatively high level. Based on the above, the Company considers that tailings recycling business represents great potential for growth and hence is committed to step up its effort in expanding the scale of such business.

Based on the initial trial run conducted in 2025 and up to the date of this report, the average gross profit margin of the Group's tailings recycling business (i.e. processing of zinc oxide minerals and tailings) was noticeably higher than the overall gross profit margin of the other recycling businesses of the Group. Based on the initial trial run, the Company observed that such products are in strong demand in the local market, with prospective demand exceeding the projected supply capacity of the Company.

As Guangdong Rising Holdings Group is a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the Raw Materials Procurement Framework Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 27 March 2026.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

There are no other connected transactions that require disclosure under Chapter 14A of the Listing Rules during the Reporting Period 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 in this report constituted non-exempt connected transactions or non-exempt continuing connected transactions under Chapter 14A of the Listing Rules which was subject to annual review requirement.

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, the public float of the Company's listed H Shares on the Stock Exchange represented not less than 5% of the total issued shares of the relevant class of H Shares (excluding treasury shares) 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 31 of this annual report.

DIRECTORS' REPORT

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group and employees: employees are the foundation of the Company's development. The Company advocates nurturing talents through work and strengthens learning through practice. It is committed to developing employees' professional capabilities and overall qualities, and advocates placing the right people in the right positions. Through self-motivation, on-the-job training, management training and skills training, employees continuously explore and grow in practice to become experts in various fields.

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.

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", 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 the strategic orientation of growing into an outstanding integrated environmental service provider and a leading enterprise in the resource recycling industry, 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 2025 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.

DIRECTORS' 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 2025, 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.

AUDITORS

Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) and Mazars CPA Limited retired from their positions as the Company's auditors upon the expiry of their terms of office at the conclusion of the 2022 Annual General Meeting of the Company. At the Second Extraordinary General Meeting of 2023 held by the Company on 17 August 2023, WUYIGE Certified Public Accountants LLP was appointed as the sole auditor of the Company responsible for auditing the Company's consolidated financial statements in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China, and shall also perform other duties required under the Listing Rules for domestic and overseas auditors. Since then, the Company has not changed its auditor in the past three years.

DIRECTORS' REPORT

EXTERNAL DONATION

As a state-controlled listed enterprise under the jurisdiction of Guangdong Province, the Company firmly implements the requirements of the "High-Quality Development Project for 100 Counties, 1,000 Towns and 10,000 Villages" and actively integrates into the development of the Guangdong-Hong Kong-Macao Greater Bay Area. During the Reporting Period, the Company invested approximately RMB400,000 together with human and material resources, and donated to village-enterprise joint development funds for the village committee of Tielong Town in Wengyuan County, Wengyuan Middle School (New Campus) in Wengyuan County, as well as for Longyan in Fujian and Fengcheng in Jiangxi, which were used for the construction of new school campuses and assistance in rural revitalization. Meanwhile, the Company has deepened consumption support through targeted procurement of specialty agricultural products from Hengbei Town and local lychees in Guangdong, earnestly fulfilling the responsibilities of a state-owned enterprise with concrete actions.

CORPORATE GOVERNANCE

In 2025, 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 2026, 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) providing strategic guidance and supervising the implementation of plans; 2) regulating governance and optimizing the institutional system; 3) empowering performance of duties and enhancing decision-making capabilities; 4) strengthening supervision and driving quality improvement and efficiency enhancement; and 5) delivering value and deepening market communication.

ON BEHALF OF THE BOARD

Dongjiang Environmental Company Limited

Wang Bi'an

Chairman

Shenzhen, Guangdong Province, the PRC

27 March 2026

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.

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) Strategic orientation: Being an outstanding integrated environmental service provider and a leading enterprise in the resource recycling industry.

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.

CORPORATE GOVERNANCE REPORT

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.

During the Reporting Period, 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 2025 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 |
|--|---------------------------------------|---------------------|------------------|
| EXECUTIVE DIRECTORS | | | |
| Mr. Wang Bi'an | Chairman, Executive Director | 21 February 2024 | 9 October 2027 |
| Mr. Li Xiangli | Executive Director | 21 February 2024 | 9 October 2027 |
| Mr. Zhu Lintao (Note 1) | Executive Director, Employee Director | 25 June 2025 | 9 October 2027 |
| Mr. Yu Fan (Note 2) | Executive Director | 21 February 2024 | 25 April 2025 |
| NON-EXECUTIVE DIRECTORS | | | |
| Mr. Wang Shi (Note 3) | Non-executive Director | 10 October 2024 | 10 March 2026 |
| Mr. Liu Xiaoxuan | Non-executive Director | 21 February 2024 | 9 October 2027 |
| Mr. Jia Guorong (Note 5) | Non-executive Director | 10 October 2024 | 20 April 2026 |
| INDEPENDENT NON-EXECUTIVE DIRECTORS | | | |
| Mr. Lee Kwok Tung Louis (Note 1) | Independent Non-executive Director | 25 June 2025 | 9 October 2027 |
| Mr. Li Jinhui | Independent Non-executive Director | 22 December 2020 | 21 December 2026 |
| Mr. Siu Chi Hung (Note 4) | Independent Non-executive Director | 22 December 2020 | 25 June 2025 |
| Ms. Xiang Ling | Independent Non-executive Director | 10 October 2024 | 9 October 2027 |

Notes:

1. On 25 June 2025, Mr. Zhu Lintao was appointed as an executive Director and Mr. Lee Kwok Tung Louis was appointed as an independent non-executive Director. Mr. Zhu Lintao and Mr. Lee Kwok Tung Louis have each obtained a legal advice as referred to Rule 3.09D of the Listing Rules on 18 June 2025 and 20 June 2025 respectively, and each of them has confirmed that they understand their duties as a Director. On 2 February 2026, Mr. Zhu Lintao was appointed as an employee Director.
2. On 25 April 2025, Mr. Yu Fan resigned as executive Director.
3. On 10 March 2026, Mr. Wang Shi resigned as non-executive Director.
4. On 25 June 2025, Mr. Siu Chi Hung resigned as independent executive Director.
5. On 20 April 2026, Mr. Jia Guorong resigned as non-executive Director.

CORPORATE GOVERNANCE REPORT

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 32 to 37 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.

The Board held 8 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 |
|--|--------------------------------------|
| Executive Directors | |
| Mr. Wang Bi'an (<i>Chairman</i>) | 8/8 |
| Mr. Li Xiangli (<i>Chief executive officer</i>) | 8/8 |
| Mr. Zhu Lintao (<i>appointed on 25 June 2025</i>) | 5/5 |
| Mr. Yu Fan (<i>resigned on 25 April 2025</i>) | 1/1 |
| Non-executive Directors | |
| Mr. Wang Shi (<i>resigned on 10 March 2026</i>) | 8/8 |
| Mr. Liu Xiaoxuan | 8/8 |
| Mr. Jia Guorong (<i>resigned on 20 April 2026</i>) | 8/8 |
| Independent Non-executive Directors | |
| Mr. Lee Kwok Tung Louis (<i>appointed on 25 June 2025</i>) | 5/5 |
| Mr. Li Jinhui | 8/8 |
| Mr. Siu Chi Hung (<i>resigned on 25 June 2025</i>) | 3/3 |
| Ms. Xiang Ling | 8/8 |

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 served as the Chairman of the Board and Mr. Li Xiangli served as the chief executive officer of the Company during the Reporting Period. 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 63 of this report. As at 31 December 2025, none of the independent non-executive Directors has been serving for more than nine years.

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 during the Reporting Period.
- (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.

CORPORATE GOVERNANCE REPORT

- (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.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company attaches great importance to the continuous professional development of Directors. It regularly arranges training and seminars, and provides reading materials relating to the Company's business and the roles and responsibilities of Directors, as well as updated information on applicable laws, corporate governance and regulations relevant to the Group. Directors are expected to actively participate in professional development training to update their knowledge of corporate governance, laws and regulations, regulatory requirements and the Company's business, continuously enhance their professional competence, and ensure they have sufficient ability to discharge their duties.

CORPORATE GOVERNANCE REPORT

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 |
|--|--|---|
| Executive Directors | | |
| Mr. Wang Bi'an (<i>Chairman</i>) | ✓ | ✓ |
| Mr. Li Xiangli (<i>Chief executive officer</i>) | ✓ | ✓ |
| Mr. Zhu Lintao (<i>appointed on 25 June 2025</i>) | ✓ | ✓ |
| Mr. Yu Fan (<i>resigned on 25 April 2025</i>) | ✓ | ✓ |
| Non-executive Directors | | |
| Mr. Wang Shi (<i>resigned on 10 March 2026</i>) | ✓ | ✓ |
| Mr. Liu Xiaoxuan | ✓ | ✓ |
| Mr. Jia Guorong (<i>resigned on 20 April 2026</i>) | ✓ | ✓ |
| Independent Non-executive Directors | | |
| Mr. Lee Kwok Tung Louis (<i>appointed on 25 June 2025</i>) | ✓ | ✓ |
| Mr. Li Jinhui | ✓ | ✓ |
| Mr. Siu Chi Hung (<i>resigned on 25 June 2025</i>) | ✓ | ✓ |
| Ms. Xiang Ling | ✓ | ✓ |

CORPORATE GOVERNANCE REPORT

NOMINATION, ELECTION AND RE-ELECTION OF DIRECTORS

Non-employee Directors shall be nominated by the Board or by Shareholders holding over 1% (including 1%) of the Company's shares, and shall be elected or replaced by the general meeting of Shareholders. Employee Director shall be democratically elected by the employee representatives' meetings, employees' meetings or through other forms of democratic election. 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.

When electing directors at a general meeting, the voting for each director candidate shall be conducted separately. Where two or more directors are to be elected at a general meeting, cumulative voting shall be adopted.

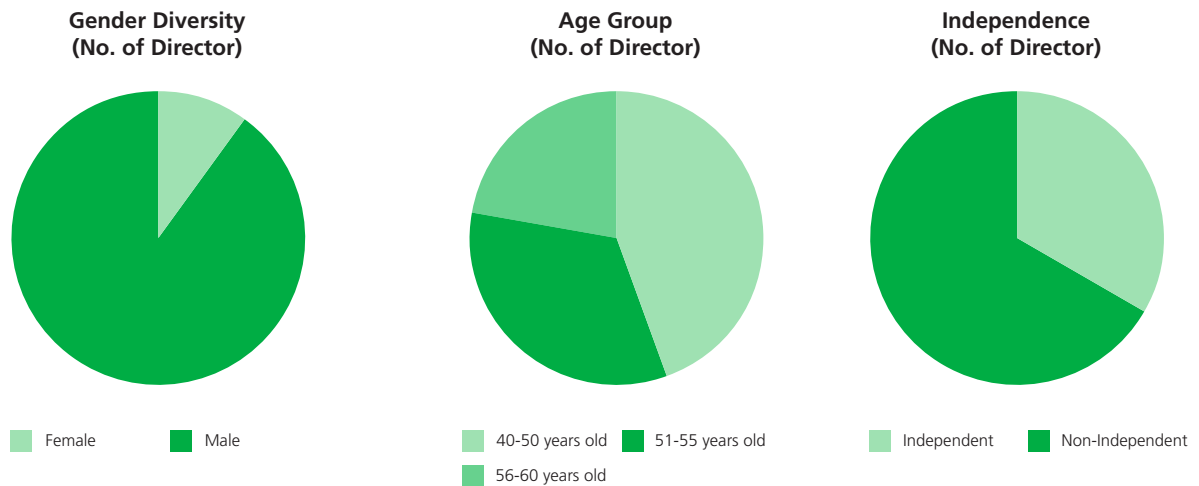
According to the Articles, the terms of office of the Directors (including Non-executive Directors) shall be three years and the Directors shall be eligible for re-election upon expiry of the said term.

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 2025, and will review the implementation and effectiveness of the Board diversity policy annually.

During the Reporting Period, the Board comprised nine Directors, independent non-executive Directors account for one-third of the Board, possessing years of industry, auditing, and legal professional experience. In addition, the Board has a broad age profile during the Reporting Period, with Directors aged between 44 and 61 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.

The Company adopts a merit-based approach for all employee recruitment, promotion and career development arrangements. Assessments are conducted based on individual capabilities, professional qualifications and operational needs. Due consideration is given to workforce diversity in candidate selection, covering gender, age, cultural background, educational qualifications, professional experience and technical skills. The Company also continuously prioritises the cultivation of female talents. It promotes gender diversity in the recruitment of staff at all levels, including senior management personnel, and provides enhanced career advancement opportunities for female employees.

CORPORATE GOVERNANCE REPORT

As at 31 December 2025, the number of female employees of the Group accounted for 23.94% 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 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.

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 |
|--|---|
| Executive Directors | |
| Mr. Wang Bi'an (<i>Chairman</i>) | 3/3 |
| Mr. Li Xiangli (<i>Chief executive officer</i>) | 2/3 |
| Mr. Zhu Lintao (<i>appointed on 25 June 2025</i>) | 0/1 |
| Mr. Yu Fan (<i>resigned on 25 April 2025</i>) | 1/1 |
| Non-executive Directors | |
| Mr. Wang Shi (<i>resigned on 10 March 2026</i>) | 2/3 |
| Mr. Liu Xiaoxuan | 2/3 |
| Mr. Jia Guorong (<i>resigned on 20 April 2026</i>) | 3/3 |
| Independent Non-executive Directors | |
| Mr. Lee Kwok Tung Louis (<i>appointed on 25 June 2025</i>) | 1/1 |
| Mr. Li Jinhui | 3/3 |
| Mr. Siu Chi Hung (<i>resigned on 25 June 2025</i>) | 2/2 |
| Ms. Xiang Ling | 3/3 |

Notes:

- Code C.1.5 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 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. Lee Kwok Tung Louis, Mr. Li Jinhui and Mr. Xiang Ling. Mr. Lee Kwok Tung Louis 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 2025 and the financial statements and quarterly reports of the Company for the three months ended 31 March 2025 and the nine months ended 30 September 2025, 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, other proposals and 2025 ESG report) 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 (including environmental, social and governance risks) and internal control system;
- g. To review the financial information of the Company and report to the Board any significant opinions in respect of such financial reporting; and
- h. Other matters delegated by the Board.

CORPORATE GOVERNANCE REPORT

The Audit and Risk Management Committee held 6 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>) (<i>resigned on 25 June 2025</i>) | 3/3 |
| Mr. Lee Kwok Tung Louis (<i>Chairman</i>) (<i>appointed on 25 June 2025</i>) | 3/3 |
| Mr. Li Jinhui | 6/6 |
| Mr. Wang Shi (<i>resigned on 10 March 2026</i>) | 6/6 |

REMUNERATION AND APPRAISAL COMMITTEE

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. Zhu Lintao and Mr. Lee Kwok Tung Louis. 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 Director's fee, but will receive remuneration as the senior management of the Company. The Non-executive Directors of the Company also do not receive any Director's fee.

CORPORATE GOVERNANCE REPORT

The Remuneration and Appraisal Committee held 2 meetings 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. Xiang Ling (<i>Chairman</i>) | 2/2 |
| Mr. Yu Fan (<i>resigned on 25 April 2025</i>) | 0/0 |
| Mr. Siu Chi Hung (<i>resigned on 25 June 2025</i>) | 0/0 |
| Mr. Lee Kwok Tung Louis (<i>appointed on 25 June 2025</i>) | 2/2 |
| Mr. Zhu Lintao (<i>appointed on 25 June 2025</i>) | 2/2 |

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 Ms. Xiang Ling, 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 pages 69 to 70 of this annual report.

CORPORATE GOVERNANCE REPORT

The Nomination Committee held 2 meetings during the Reporting Period to nominate candidates for the eighth session of the Board of Directors of the Company, review the qualification of the vice president, 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>) | 2/2 |
| Mr. Wang Bi'an | 2/2 |
| Mr. Siu Chi Hung (<i>resigned on 25 June 2025</i>) | 2/2 |
| Ms. Xiang Ling (<i>appointed on 25 June 2025</i>) | 0/0 |

STRATEGIC DEVELOPMENT COMMITTEE

Strategic Development Committee was established on 9 November 2010 with written terms of reference detailing the duties of the Strategic Development Committee. During the Reporting Period, the Strategic Development Committee comprises Mr. Wang Bi'an, an executive Director, Mr. Wang Shi, a non-executive Director, and Mr. Li Jinhui, an independent non-executive Director. Mr. Wang Bi'an was appointed as the chairman of the Strategy and Development Committee. As Mr. Wang Shi, a non-executive Director, resigned from his positions as a Director and all relevant roles in the Board committees with effect from 10 March 2026, the number of members of the Strategy and Development Committee of the Company fell below the required minimum of three (3) as at the date of this Report. The Company will appoint a member of the Strategy and Development Committee as soon as practicable.

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 2025, 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.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Wu Qi has received not less than 15 hours of relevant professional training during the financial year ended 31 December 2025.

CONSTITUTIONAL DOCUMENTS

On 5 December 2025, Shareholders approved amendments to the Articles of Association of the Company at the general meeting and class meetings of the Company. The principal amendments to the Articles were to abolish the supervisors and the supervisory committee, to clarify that the Audit and Risk Management Committee established under the Board shall fully assume the duties previously held by the supervisory committee as stipulated under the Company Law of the People's Republic of China (Revised in 2023), which came into effect on 1 July 2024. Revisions or deletions were also made to certain provisions that had ceased to apply due to the lapse of relevant external regulatory rules, including provisions relating to class meetings. For further details, please refer to the Company's announcement and circular dated 17 November 2025, and the announcement of voting results dated 5 December 2025. The latest version of the Company's Articles is also available for inspection on the Company's website and the website of the Hong Kong Stock Exchange.

Save as disclosed above, there were no other material changes to the Company's Articles of Association 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 one percent (1%) 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 one percent (1%) 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.

CORPORATE GOVERNANCE REPORT

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".

INVESTOR RELATIONS

To promote effective communication with Shareholders and potential investors, the Company has established the Investor Relations Management Policy and implemented proactive policy for investor relations to ensure timely dissemination of the Group's information to shareholders and potential investors. According to relevant policies, the Company shall 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.



CORPORATE GOVERNANCE REPORT

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 2025 by band is set out below:

| Remuneration by band | Number of senior management |
|------------------------------|-----------------------------|
| Nil to HKD1,000,000 | 2 |
| HKD1,000,001 to HKD1,500,000 | 3 |

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. During the Reporting Period, the remuneration of certain Directors and senior management was higher than that in 2024, mainly due to: (i) certain Directors and senior management were appointed during 2024, resulting in less than 12 months of actual remuneration entitlement in 2024; (ii) portions of variable remuneration were deferred for payment in 2025.

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 80 to 86.

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.

CORPORATE GOVERNANCE REPORT

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.

The Company has formulated and implemented the Administrative Rules for Information Disclosure, which clarifies the information disclosure responsibilities of internal departments and personnel of the Company, and ensures 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 kept abreast of the latest requirements under the Listing Rules and timely revised thirteen (13) policies in relation to corporate governance, including the Rules of Procedure for Shareholders' Meetings and the Rules of Procedure for the Board of Directors and etc. In addition, four (4) new policies were formulated, including the Comprehensive Risk Management Rules and the Working Rules for the Secretary of the Board of Directors, providing important institutional support for strengthening the Company's compliance governance and risk management and control.

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 internal audit department regularly reports its work and recommendations to the executive directors and the Audit and Risk Management Committee. The Board takes ultimate responsibility for the risk management and internal control systems and is required to review the effectiveness of such systems at least annually. Documents including the 2025 Annual Audit Report, the 2025 Annual Internal Audit Work Report and 2026 Work Plan, and the 2025 Annual Internal Control Self-Assessment Report were submitted to the Audit and Risk Management Committee and the Board for consideration, and no material issues were identified. The Board considers that the Company's risk management and internal control systems for the year 2025 were effective and appropriate.

To further enhance the Company's compliance management and internal control, the Company will conduct a series of targeted compliance improvement initiatives in 2026 focusing on accounting, internal control governance and risk prevention and control. The Company will engage professional institutions to provide specialised training for the Board, management and relevant departments to strengthen compliance awareness and professional competence. It will comprehensively review and improve the accounting system, revise core accounting standards and operating manuals, and establish a supervision mechanism for system implementation. Meanwhile, the Company will deepen the integration of business and finance, streamline cross-departmental workflows and provide targeted financial compliance training to standardise business operations and accounting. It will establish a regular financial auditing mechanism to strengthen supervision, guidance and document review over subsidiaries. It will also enhance internal audit oversight, conduct a thorough review of accounting and internal control risks and urge rectification. The Company will continue to monitor regulatory policies both in PRC and overseas, strictly comply with all regulatory requirements, comprehensively improve the quality of information disclosure, and effectively prevent financial and compliance risks.

CORPORATE GOVERNANCE REPORT

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".

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 their awareness of integrity compliance.

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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網址 Internet: www.daxincpa.com.cn

DAXINSHENZI [2026] NO. 22-00012

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 2025, 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 2025, 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 2025, the consolidated and the parent company’s results of operations and cash flows for 2025.

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 the Independence Standards for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the code. We have complied with the independence requirements applicable to audits of financial statements of public interest entities.

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 2025 amounted to RMB3,457,030,490.70, of which, total revenue from industrial waste recycling and utilization, industrial waste treatment and disposal and rare and precious metals recovery and utilization amounted to RMB3,024,909,937.64. 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. 3 Accounts Receivable" to the Financial Statements, as at 31 December 2025, the book balance of the Company's accounts receivable amounted to RMB925,431,521.87, and provision for bad debts thereon amounted to RMB179,543,631.57. 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. 18 Goodwill" to the Financial Statements, as at 31 December 2025, the carrying amount of the Company's goodwill amounted to RMB377,999,953.79, of which the original carrying amount was RMB1,366,339,576.58 and the provision for impairment of goodwill was RMB988,339,622.79. 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 2025, 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

27 March 2026

CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2025 Unit: RMB

| Item | Notes | Closing balance | Opening balance |
|--|-------|-------------------------|-------------------|
| Current assets: | | | |
| Monetary fund | V.1 | 1,206,668,947.31 | 1,181,916,381.07 |
| Held-for-trading financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | V.2 | 64,160,247.07 | 36,904,227.19 |
| Accounts receivable | V.3 | 745,887,890.30 | 1,023,597,630.91 |
| Receivables financing | V.4 | 18,059,053.26 | 18,055,682.89 |
| Prepayments | V.5 | 121,744,957.40 | 140,488,382.04 |
| Other accounts receivable | V.6 | 222,980,539.93 | 224,655,623.64 |
| Including: Interest receivable | | | |
| Dividend receivable | | | |
| Inventories | V.7 | 639,318,024.03 | 775,090,222.33 |
| Contract assets | V.8 | | 30,454,218.54 |
| Assets held-for-sale | | | |
| Non-current asset due within one year | V.9 | 9,161,805.65 | 26,597,785.36 |
| Other current assets | V.10 | 101,204,760.12 | 106,196,749.53 |
| Total current assets | | 3,129,186,225.07 | 3,563,956,903.50 |
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term accounts receivable | | | |
| Long-term equity investment | V.11 | 285,914,866.92 | 277,317,053.69 |
| Investment in other equity instruments | V.12 | 4,242,896.51 | 4,242,896.51 |
| Other non-current financial assets | | | |
| Investment properties | V.13 | 420,310,035.00 | 549,762,643.00 |
| Fixed assets | V.14 | 4,282,996,525.15 | 4,733,178,211.48 |
| Construction in progress | V.15 | 15,313,954.59 | 30,397,193.91 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | V.16 | 1,907,107.05 | 6,493,282.24 |
| Intangible assets | V.17 | 1,237,068,471.77 | 1,275,422,633.19 |
| Development expenditure | VI.2 | | 1,459,987.54 |
| Goodwill | V.18 | 377,999,953.79 | 683,551,906.41 |
| Long-term unamortized expenses | V.19 | 55,013,649.16 | 60,592,737.09 |
| Deferred income tax assets | V.20 | 60,694,626.34 | 59,806,797.21 |
| Other non-current assets | V.21 | 36,979,589.67 | 32,297,169.69 |
| Total non-current assets | | 6,778,441,675.95 | 7,714,522,511.96 |
| Total assets | | 9,907,627,901.02 | 11,278,479,415.46 |

CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2025 Unit: RMB

| Item | Notes | Closing balance | Opening balance |
|---|-------|-------------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | V.23 | 1,648,729,219.93 | 1,197,012,027.16 |
| Held-for-trading financial liabilities | | | |
| Derivative financial liabilities | V.24 | 3,768,510.75 | 5,673,136.62 |
| Notes payable | | | |
| Accounts payable | V.25 | 521,018,268.23 | 614,736,880.96 |
| Receipts in advance | V.26 | 834,893.77 | 963,309.66 |
| Contract liabilities | V.27 | 157,321,459.13 | 146,816,859.04 |
| Employee benefits payables | V.28 | 40,998,488.01 | 36,056,274.52 |
| Tax payable | V.29 | 30,315,687.50 | 26,120,111.24 |
| Other accounts payable | V.30 | 304,137,151.63 | 223,215,429.02 |
| Including: Interest payable | | | |
| Dividend payable | V.30 | | 1,000,000.00 |
| Liabilities held-for-sale | | | |
| Non-current liabilities due within one year | V.31 | 1,548,512,093.05 | 1,599,167,098.28 |
| Other current liabilities | V.32 | 31,491,323.97 | 27,468,092.54 |
| Total current liabilities | | 4,287,127,095.97 | 3,877,229,219.04 |
| Non-current liabilities: | | | |
| Long-term borrowings | V.33 | 1,298,437,307.66 | 2,300,913,235.94 |
| Bonds payable | V.34 | 909,146,754.65 | 499,386,007.41 |
| Including: Preferred shares | | | |
| Perpetual bond | | | |
| Lease liabilities | V.35 | 930,876.38 | 864,178.91 |
| Long-term accounts payables | V.36 | 136,234,058.23 | |
| Long-term employee benefits payables | | | |
| Provisions | V.37 | 248,439,115.35 | 235,064,838.12 |
| Deferred income | V.38 | 141,548,067.28 | 150,819,681.26 |
| Deferred income tax liabilities | V.20 | 55,539,606.28 | 58,457,515.50 |
| Other non-current liabilities | V.39 | 8,243,215.40 | 4,854,922.62 |
| Total non-current liabilities | | 2,798,519,001.23 | 3,250,360,379.76 |
| Total liabilities | | 7,085,646,097.20 | 7,127,589,598.80 |

CONSOLIDATED BALANCE SHEET

Prepared by: Dongjiang Environmental Company Limited

31 December 2025 Unit: RMB

| Item | Notes | Closing balance | Opening balance |
|--|-------|-------------------------|-------------------|
| Shareholders' equity: | | | |
| Share capital | V.40 | 1,105,255,802.40 | 1,105,255,802.40 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bond | | | |
| Capital reserve | V.41 | 1,314,741,156.60 | 1,311,186,481.60 |
| Less: Treasury stock | | | |
| Other comprehensive income | V.42 | 27,221,023.83 | 27,174,888.46 |
| Special reserves | V.43 | 5,878,887.05 | 1,685,773.25 |
| Surplus reserves | V.44 | 269,816,271.96 | 269,816,271.96 |
| Undistributed profits | V.45 | -346,806,761.69 | 884,731,010.75 |
| Total equity attributable to shareholders of the parent company | | 2,376,106,380.15 | 3,599,850,228.42 |
| Minority interests | | 445,875,423.67 | 551,039,588.24 |
| Total shareholders' equity | | 2,821,981,803.82 | 4,150,889,816.66 |
| Total liabilities and shareholders' equity | | 9,907,627,901.02 | 11,278,479,415.46 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2025 Unit: RMB

| Item | Note | Closing balance | Opening balance |
|--|-------|-------------------------|------------------|
| Current assets: | | | |
| Monetary fund | | 928,732,292.22 | 898,861,956.44 |
| Held-for-trading financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | | 41,740,483.25 | 14,118,484.74 |
| Accounts receivable | XVI.1 | 180,397,074.75 | 214,447,092.74 |
| Receivables financing | | 3,010,775.66 | 1,135,580.53 |
| Prepayments | | 32,114,248.49 | 1,828,464.30 |
| Other accounts receivable | XVI.2 | 2,285,026,737.11 | 2,404,524,386.07 |
| Including: Interest receivable | | | |
| Dividend receivable | XVI.2 | 33,000,000.00 | 152,000,000.00 |
| Inventories | | | 2,419,941.45 |
| Contract assets | | | 30,454,218.54 |
| Assets held-for-sale | | | |
| Non-current asset due within one year | | 9,161,805.65 | 26,597,785.36 |
| Other current assets | | 1,858,805.48 | 4,894,993.86 |
| Total current assets | | 3,482,042,222.61 | 3,599,282,904.03 |
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term accounts receivable | | | |
| Long-term equity investment | XVI.3 | 3,396,639,621.32 | 3,914,945,866.00 |
| Investment in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment properties | | 132,876,435.00 | 135,150,283.00 |
| Fixed assets | | 55,680,779.93 | 60,838,992.41 |
| Construction in progress | | 4,899,981.60 | 4,974,087.79 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | | |
| Intangible assets | | 27,015,980.75 | 30,290,012.59 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term unamortized expenses | | 6,193,541.50 | 2,738,839.29 |
| Deferred income tax assets | | 9,586,649.23 | 9,595,084.97 |
| Other non-current assets | | 546,000.00 | 546,000.00 |
| Total non-current assets | | 3,633,438,989.33 | 4,159,079,166.05 |
| Total assets | | 7,115,481,211.94 | 7,758,362,070.08 |

BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2025 Unit: RMB

| Item | Note | Closing balance | Opening balance |
|---|------|-------------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | | 1,241,002,269.34 | 745,366,293.49 |
| Held-for-trading financial liabilities | | | |
| Derivative financial liabilities | | 3,768,510.75 | 5,673,136.62 |
| Notes payable | | 33,000,000.00 | 84,652,905.76 |
| Accounts payable | | 194,589,943.78 | 70,988,915.01 |
| Receipts in advance | | | |
| Contract liabilities | | 11,147,070.65 | 2,063,390.40 |
| Employee benefits payables | | 3,879,455.67 | 4,434,245.28 |
| Tax payable | | 1,272,060.93 | 321,201.17 |
| Other accounts payable | | 979,375,466.02 | 746,983,498.90 |
| Including: Interest payable | | | |
| Dividend payable | | | |
| Liabilities held-for-sale | | | |
| Non-current liabilities due within one year | | 1,223,646,564.25 | 1,269,043,698.82 |
| Other current liabilities | | 5,283,972.93 | 360,526.84 |
| Total current liabilities | | 3,696,965,314.32 | 2,929,887,812.29 |
| Non-current liabilities: | | | |
| Long-term borrowings | | 362,500,000.00 | 1,214,800,000.00 |
| Bonds payable | | 909,146,754.65 | 499,386,007.41 |
| Including: Preferred shares | | | |
| Perpetual bond | | | |
| Lease liabilities | | | |
| Long-term accounts payables | | | |
| Long-term employee benefits payables | | | |
| Provisions | | 48,851,554.99 | 2,109,847.18 |
| Deferred income | | 4,603,687.01 | 4,659,925.29 |
| Deferred income tax liabilities | | 3,024,757.68 | 3,365,834.88 |
| Other non-current liabilities | | 16,554.62 | |
| Total non-current liabilities | | 1,328,143,308.95 | 1,724,321,614.76 |
| Total liabilities | | 5,025,108,623.27 | 4,654,209,427.05 |

BALANCE SHEET OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

31 December 2025

Unit: RMB

| Item | Note | Closing balance | Opening balance |
|---|------|-------------------------|------------------|
| Shareholders' equity: | | | |
| Share capital | | 1,105,255,802.40 | 1,105,255,802.40 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bond | | | |
| Capital reserve | | 1,501,422,854.57 | 1,501,422,854.57 |
| Less: Treasury stock | | | |
| Other comprehensive income | | 3,509,701.20 | 3,509,701.20 |
| Special reserves | | | |
| Surplus reserves | | 253,304,996.86 | 253,304,996.86 |
| Undistributed profits | | -773,120,766.36 | 240,659,288.00 |
| Total shareholders' equity | | 2,090,372,588.67 | 3,104,152,643.03 |
| Total liabilities and shareholders' equity | | 7,115,481,211.94 | 7,758,362,070.08 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

CONSOLIDATED INCOME STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|--|------|------------------------------|-------------------------------|
| I. Operating revenue | V.46 | 3,457,030,490.70 | 3,486,660,703.09 |
| Less: Cost of operation | V.46 | 3,425,389,660.57 | 3,291,640,521.96 |
| Tax and levies | V.47 | 47,275,173.02 | 52,198,980.23 |
| Selling expenses | V.48 | 103,686,303.99 | 86,936,912.87 |
| Administrative expenses | V.49 | 381,341,285.63 | 394,933,198.31 |
| Research and development expenses | V.50 | 121,769,324.70 | 115,021,444.21 |
| Finance costs | V.51 | 180,781,413.81 | 185,776,247.03 |
| Including: Interest expense | V.51 | 190,697,804.90 | 198,850,961.59 |
| Interest income | V.51 | 6,453,898.15 | 5,384,340.29 |
| Add: Other gains | V.52 | 36,003,725.68 | 50,642,982.48 |
| Investment income | | | |
| (Loss represented by "-" signs) | V.53 | -8,939,611.28 | 3,616,386.32 |
| Including: Investment income from associates and joint ventures | V.53 | 968,827.88 | -3,196,885.90 |
| Gains on derecognition of financial assets at amortized cost | V.53 | -1,804,601.78 | -735,331.36 |
| Gain from net exposure hedging (Loss represented by "-" signs) | | | |
| Gains from changes in fair value (Loss represented by "-" signs) | V.54 | -8,675,369.18 | -7,868,249.23 |
| Credit impairment losses (Loss represented by "-" signs) | V.55 | -35,440,313.04 | -58,652,956.50 |
| Asset impairment losses (Loss represented by "-" signs) | V.56 | -418,624,042.74 | -193,338,615.71 |
| Gains on disposal of assets (Loss represented by "-" signs) | V.57 | 879,521.15 | 4,394,509.60 |
| II. Operating profit (Loss represented by "-" signs) | | -1,238,008,760.43 | -841,052,544.56 |
| Add: Non-operating income | V.58 | 9,232,679.94 | 6,624,799.11 |
| Less: Non-operating expenses | V.59 | 111,548,999.39 | 45,592,909.60 |
| III. Total profit (Total loss represented by "-" signs) | | -1,340,325,079.88 | -880,020,655.05 |
| Less: Income tax expenses | V.60 | 3,251,777.84 | 7,534,712.15 |
| IV. Net profit (Net loss represented by "-" signs) | | -1,343,576,857.72 | -887,555,367.20 |
| (1) Breakdown by continuity of operation: | | | |
| 1. Net profits from continuing operations (Net loss represented by "-" signs) | | -1,343,576,857.72 | -887,555,367.20 |
| 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)" | | -1,231,537,772.44 | -804,185,867.23 |
| 2. Profit and loss attributable to minority interests (Net loss represented by "-" signs) | | -112,039,085.28 | -83,369,499.97 |

CONSOLIDATED INCOME STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|---|--------|------------------------------|-------------------------------|
| V. Other comprehensive income, net of tax | | 46,135.37 | 7,940,632.57 |
| (1) Other comprehensive income attributable to shareholders of the parent company, net of tax | V.42 | 46,135.37 | 7,940,632.57 |
| 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 | | 46,135.37 | 7,940,632.57 |
| (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 | 46,135.37 | -40,517.63 |
| (7) Others | V.42 | | 7,981,150.20 |
| (2) Other comprehensive income attributable to minority interests, net of tax | | | |
| VI. Total comprehensive income | | -1,343,530,722.35 | -879,614,734.63 |
| (1) Total comprehensive income attributable to shareholders of the parent company | | -1,231,491,637.07 | -796,245,234.66 |
| (2) Total comprehensive income attributable to minority interest | | -112,039,085.28 | -83,369,499.97 |
| VII. Earnings per share | | | |
| (1) Basic earnings per share | XVII.2 | -1.11 | -0.73 |
| (2) Diluted earnings per share | XVII.2 | -1.11 | -0.73 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|--|-------|------------------------------|-------------------------------|
| I. Operating revenue | XVI.4 | 1,030,199,586.69 | 253,269,421.14 |
| Less: Cost of operation | XVI.4 | 995,271,371.45 | 258,412,228.38 |
| Tax and levies | | 2,679,957.69 | 2,034,630.28 |
| Selling expenses | | 1,164,442.73 | 1,014,415.38 |
| Administrative expenses | | 63,666,448.96 | 53,910,027.36 |
| Research and development expenses | | 19,802,043.85 | 25,607,696.17 |
| Finance costs | | 61,925,048.80 | 44,028,155.49 |
| Including: Interest expense | | 68,456,620.19 | 54,909,004.09 |
| Interest income | | 2,738,314.81 | 3,740,878.47 |
| Add: Other gains | | 3,651,389.95 | 1,580,348.06 |
| Investment income (Loss represented by "-" signs) | XVI.5 | 21,251,662.06 | 195,458,935.94 |
| Including: Investment income from associates and joint ventures | XVI.5 | 1,924,426.44 | -3,196,885.90 |
| Gains on derecognition of financial assets at amortized cost | | -1,675,848.97 | |
| Gain from net exposure hedging (Loss represented by "-" signs) | | | |
| Gains from changes in fair value (Loss represented by "-" signs) | | -1,244,009.18 | 1,252,615.99 |
| Credit impairment losses (Loss represented by "-" signs) | | -291,998,493.71 | -389,200,045.58 |
| Asset impairment losses (Loss represented by "-" signs) | | -532,240,702.23 | -165,372,212.36 |
| Gains on disposal of assets (Loss represented by "-" signs) | | 254,619.95 | 71,030.75 |
| II. Operating profit (Loss represented by "-" signs) | | -914,635,259.95 | -487,947,059.12 |
| Add: Non-operating income | | 557,694.28 | 2,771,957.10 |
| Less: Non-operating expenses | | 99,996,370.51 | 2,872,749.96 |
| III. Total profit (Total loss represented by "-" signs) | | -1,014,073,936.18 | -488,047,851.98 |
| Less: Income tax expenses | | -293,881.82 | 429,243.12 |
| IV. Net profit (Net loss represented by "-" signs) | | -1,013,780,054.36 | -488,477,095.10 |
| (1) Net profits from continuing operations (Net loss represented by "-" signs) | | -1,013,780,054.36 | -488,477,095.10 |
| (2) Net profits from discontinued operations (Net loss represented by "-" signs) | | | |

INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|--|------|------------------------------|-------------------------------|
| V. Other comprehensive income, net of tax | | | |
| (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 | | | |
| VI. Total comprehensive income | | -1,013,780,054.36 | -488,477,095.10 |
| VII. Earnings per share | | | |
| (1) Basic earnings per share | | | |
| (2) Diluted earnings per share | | | |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|---|------|------------------------------|-------------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and rendering of services | | 3,986,341,568.07 | 3,593,154,729.00 |
| Refund of taxes and levies | | 12,569,222.19 | 15,572,184.71 |
| Other cash receipts relating to operating activities | V.61 | 112,445,352.01 | 1,797,663,671.56 |
| Sub-total of cash inflows from operating activities | | 4,111,356,142.27 | 5,406,390,585.27 |
| Cash paid for goods and services | | 2,737,035,148.27 | 2,552,772,424.86 |
| Cash paid to and on behalf of employees | | 617,368,568.27 | 607,231,747.09 |
| Payments of taxes and levies | | 99,607,562.71 | 126,273,810.07 |
| Other cash payments relating to operating activities | V.61 | 270,313,624.14 | 1,994,693,359.70 |
| Sub-total of cash outflows from operating activities | | 3,724,324,903.39 | 5,280,971,341.72 |
| Net cash flows from operating activities | | 387,031,238.88 | 125,419,243.55 |
| II. Cash flows from investing activities: | | | |
| Cash received from investments | V.61 | 2,035,150,000.00 | 2,180,800,000.00 |
| Cash received from investment income | | 7,684,642.49 | 12,546,878.46 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,705,095.85 | 17,403,936.96 |
| Net cash received from disposal of subsidiaries and other operating units | | | 1,390,443.15 |
| Other cash receipts relating to investing activities | | | |
| Sub-total of cash inflows from investing activities | | 2,045,539,738.34 | 2,212,141,258.57 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 163,802,402.47 | 206,652,468.68 |
| Cash paid on investments | V.61 | 2,046,350,000.00 | 2,129,860,000.00 |
| Net cash paid on acquisition of subsidiaries and other operating units | | | |
| Other cash payments relating to investing activities | | | |
| Sub-total of cash outflows from investing activities | | 2,210,152,402.47 | 2,336,512,468.68 |
| Net cash flows from investing activities | | -164,612,664.13 | -124,371,210.11 |

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|--|------|------------------------------|-------------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from investment | | 13,230,000.00 | |
| Including: Cash received by subsidiaries from investment from minority shareholders | | 13,230,000.00 | |
| Cash received from borrowings | | 3,138,856,764.68 | 3,098,807,075.56 |
| Other cash receipt relating with financing activities | V.61 | 40,000,000.00 | |
| Sub-total of cash inflows from financing activities | | 3,192,086,764.68 | 3,098,807,075.56 |
| Cash payments for settlement of borrowings | | 3,152,488,817.62 | 3,082,460,939.49 |
| Cash payments for distribution of dividend, profit or settlement of interests expenses | | 170,381,550.92 | 191,015,312.90 |
| Including: Cash payments for distribution of dividends and profit by subsidiaries to minority shareholders | | 8,950,000.00 | 7,198,116.96 |
| Other cash payments relating to financing activities | V.61 | 8,083,417.52 | 48,897,414.87 |
| Sub-total of cash outflows from financing activities | | 3,330,953,786.06 | 3,322,373,667.26 |
| Net cash flows from financing activities | | -138,867,021.38 | -223,566,591.70 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 14,108.71 | 1,014,946.76 |
| V. Net increase in cash and cash equivalents | V.62 | 83,565,662.08 | -221,503,611.50 |
| Add: Balances of cash and cash equivalents at the beginning of the period | V.62 | 1,016,307,175.22 | 1,237,810,786.72 |
| VI. Balances of cash and cash equivalents at the end of the period | V.62 | 1,099,872,837.30 | 1,016,307,175.22 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|---|------|------------------------------|-------------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and rendering of services | | 1,204,657,588.76 | 318,615,447.24 |
| Refund of taxes and levies | | 1,048,858.27 | 12,293.58 |
| Other cash receipts relating to operating activities | | 4,050,891,011.52 | 2,192,816,555.17 |
| Sub-total of cash inflows from operating activities | | 5,256,597,458.55 | 2,511,444,295.99 |
| Cash paid for goods and services | | 1,216,818,387.25 | 523,394,573.85 |
| Cash paid to and on behalf of employees | | 55,225,529.00 | 56,486,882.06 |
| Payments of taxes and levies | | 5,287,690.60 | 2,664,949.41 |
| Other cash payments relating to operating activities | | 3,744,647,786.32 | 2,150,085,601.28 |
| Sub-total of cash outflows from operating activities | | 5,021,979,393.17 | 2,732,632,006.60 |
| Net cash flows from operating activities | | 234,618,065.38 | -221,187,710.61 |
| II. Cash flows from investing activities: | | | |
| Cash received from investments | | 2,035,000,000.00 | 2,150,000,000.00 |
| Cash received from investment income | | 148,694,642.49 | 46,493,903.47 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 656,100.00 | 372,408.39 |
| Net cash received from disposal of subsidiaries and other operating units | | | 1,486,900.00 |
| Other cash receipts relating to investing activities | | 222,229,622.85 | 42,573,718.33 |
| Sub-total of cash inflows from investing activities | | 2,406,580,365.34 | 2,240,926,930.19 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 7,629,739.68 | 10,914,871.77 |
| Cash paid on investments | | 2,048,400,000.00 | 2,098,006,000.00 |
| Net cash paid on acquisition of subsidiaries and other operating units | | | |
| Other cash payments relating to investing activities | | 342,527,668.43 | 187,094,162.25 |
| Sub-total of cash outflows from investing activities | | 2,398,557,408.11 | 2,296,015,034.02 |
| Net cash flows from investing activities | | 8,022,957.23 | -55,088,103.83 |

CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | Note | Amount of the current period | Amount of the previous period |
|--|------|------------------------------|-------------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from investment | | | |
| Cash received from borrowings | | 1,987,990,363.45 | 2,284,425,931.82 |
| Other cash receipt relating with financing activities | | 40,000,000.00 | |
| Sub-total of cash inflows from financing activities | | 2,027,990,363.45 | 2,284,425,931.82 |
| Cash payments for settlement of borrowings | | 2,095,958,525.13 | 2,143,000,000.00 |
| Cash payments for distribution of dividend, profit or settlement of interests expenses | | 104,009,909.23 | 113,271,627.43 |
| Other cash payments relating to financing activities | | | 40,000,000.00 |
| Sub-total of cash outflows from financing activities | | 2,199,968,434.36 | 2,296,271,627.43 |
| Net cash flows from financing activities | | -171,978,070.91 | -11,845,695.61 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | | |
| V. Net increase in cash and cash equivalents | | 70,662,951.70 | -288,121,510.05 |
| Add: Balances of cash and cash equivalents at the beginning of the period | | 760,261,184.33 | 1,048,382,694.38 |
| VI. Balances of cash and cash equivalents at the end of the period | | 830,924,136.03 | 760,261,184.33 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Dongjiang Environmental Company Limited

Year 2025

Unit: RMB

| Item | For the current period | | | | | | | | | | Total shareholders' equity | | |
|---|------------------------|------------------|----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------|----------------------------|-----------------|--------------------|
| | Share capital | Preferred shares | Perpetual bond | Others | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | | Sub-total | Minority interests |
| I. Balance at the end of last year | 1,105,255,802.40 | | | | 1,311,186,481.60 | | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | 884,731,010.75 | 3,599,850,228.42 | 551,035,588.24 | 4,150,889,816.66 |
| Add: Changes in accounting policy | | | | | | | | | | | | | |
| Correction of prior errors | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| II. Balance at the beginning of the current year | 1,105,255,802.40 | | | | 1,311,186,481.60 | | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | 884,731,010.75 | 3,599,850,228.42 | 551,035,588.24 | 4,150,889,816.66 |
| III. Movement in the current period (Decrease represented by "-") | | | | | | | | | | | | | |
| (1) Total comprehensive income | | | | | 3,554,675.00 | 46,135.37 | 46,135.37 | 4,193,113.80 | | -12,231,537,772.44 | -1,223,743,848.27 | -105,164,164.57 | -1,238,908,072.84 |
| (2) Owners' contribution to and reduction of capital | | | | | 3,554,675.00 | | 46,135.37 | | | -12,231,537,772.44 | -1,223,743,848.27 | -105,164,164.57 | -1,238,908,072.84 |
| 1. Owners' contribution to ordinary shares | | | | | 3,554,675.00 | | 46,135.37 | | | -12,231,537,772.44 | -1,223,743,848.27 | -105,164,164.57 | -1,238,908,072.84 |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | | |
| 3. Amount of share-based payment charged to owners' equity | | | | | 3,554,675.00 | | 46,135.37 | | | | | | |
| 4. Others | | | | | | | | | | | | | |
| (3) Profit distribution | | | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | | | | | | | | | | | | | |
| 2. Distribution to shareholders | | | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | | | |
| (4) Internal transfer of shareholders' equity | | | | | | | | | | | | | |
| 1. Transfer of capital reserve to state capital | | | | | | | | | | | | | |
| 2. Transfer of surplus reserve to state 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 | | | | 1,314,741,156.60 | | 27,221,023.83 | 5,878,887.05 | 269,816,271.96 | -346,206,761.69 | 2,376,106,380.15 | 445,875,423.67 | 2,821,981,803.82 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Dongjiang Environmental Company Limited

Year 2025

Unit: RMB

| Item | For the previous period | | | | | | | | | | Total shareholders' equity | | |
|---|---|------------------|----------------|--------|------------------|--------------------------|----------------------------|-----------------|-----------------|-----------------------|----------------------------|--------------------|------------------|
| | Equity attributable to shareholders of the parent company | | | | | Other equity instruments | | | | | | | |
| | Share capital | Preferred shares | Perpetual bond | Others | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Sub-total | Minority interests | |
| I. Balance at the end of last year | 1,105,355,802.40 | | | | 1,411,090,961.30 | | 19,294,255.89 | 2,109,140.84 | 269,816,271.96 | 1,688,916,877.98 | 4,496,423,310.37 | 545,473,083.98 | 5,041,896,393.95 |
| Add: Changes in accounting policy | | | | | | | | | | | | | |
| Correction of prior errors | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | |
| II. Balance at the beginning of the current year | 1,105,355,802.40 | | | | 1,411,090,961.30 | | 19,294,255.89 | 2,109,140.84 | 269,816,271.96 | 1,688,916,877.98 | 4,496,423,310.37 | 545,473,083.98 | 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 | -806,573,081.95 | 5,566,504.66 | -891,006,577.29 |
| (2) Owners' contribution to ordinary shares | | | | | | | 7,940,632.57 | | | -804,185,867.23 | -796,245,234.66 | -83,369,499.97 | -879,614,734.63 |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | | |
| 3. Amount of share-based payment charged to owners' equity | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | |
| (3) Profit 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 | | | | | | | | -423,367.59 | | | -423,367.59 | | -423,367.59 |
| 1. Appropriation during the period | | | | | | | | 17,166,929.05 | | | 17,166,929.05 | | 17,166,929.05 |
| 2. Utilization during the period | | | | | | | | 17,590,296.64 | | | 17,590,296.64 | | 17,590,296.64 |
| (6) Others | | | | | | | | | | | | | |
| IV. Balance at the end of the current period | 1,105,355,802.40 | | | | 1,311,186,481.60 | | 27,174,888.46 | 1,685,773.25 | 269,816,271.96 | 884,731,010.75 | 3,599,850,228.42 | 551,039,588.24 | 4,150,889,816.66 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | For the current period | | | | | | | | | | |
|--|------------------------|--------------------------|--|--|------------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------|----------------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Total shareholders' equity |
| 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 | 240,659,288.00 | 3,104,152,643.03 |
| 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 | 240,659,288.00 | 3,104,152,643.03 |
| III. Movement in the current period (Decrease represented by "-" signs) | | | | | | | | | | | |
| (1) Total comprehensive income | | | | | | | | | | -1,013,780,054.36 | -1,013,780,054.36 |
| (2) Owners' contribution to and reduction of capital | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (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 | -773,120,766.36 | 2,090,372,588.67 |

Legal representative: Wang Bi'an

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

Prepared by: Dongjiang Environmental Company Limited

Year 2025 Unit: RMB

| Item | For the previous period | | | | | | | | | | |
|--|-------------------------|--------------------------|--|--|------------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------|----------------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Total shareholders' equity |
| 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 | | | | | | | | | | | |
| 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

Financial Officer: Deng Guosong

Head of Financial Section: Li Xinpeng

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 27 March 2026.

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 2025 to 31 December 2025

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

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

(2) Going concern

As of 31 December 2025, the Group's current liabilities exceeded its current assets by RMB1,157,940,870.90. In view of the net current liabilities position, the Directors of the Company have taken into account the Group's available sources of funding for the next twelve months, including but not limited to the unutilized banking facilities of RMB4,013 million obtained by the Group as at 31 December 2025, as well as the expected net cash inflows from operating activities for the next twelve months. This forecast has considered the relevant measures taken by the Group to improve profitability and cash flow, including strict control over costs and expenses, enhanced tracking and risk management of accounts receivable collection, and improved efficiency in use of funds. The Board of the Company believes that the Group has sufficient working capital to continue as a going concern for the next twelve months. Accordingly, the Board of the Company continues to prepare the Group's financial statements as at 31 December 2025 on a going concern basis.

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 2025, and the results of operation and the cash flows for 2025 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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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.

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1 January 2025 to 31 December 2025

(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.

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1 January 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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

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(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 2025 to 31 December 2025

(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

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(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

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(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 2025 to 31 December 2025

(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

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(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.

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(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.

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1 January 2025 to 31 December 2025

(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.

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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.

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1 January 2025 to 31 December 2025

(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.

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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.



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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.

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1 January 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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 2025 to 31 December 2025

(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*

During the year, there were no changes in significant accounting policies.

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 2025 to 31 December 2025

(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 2025 |
|--|--------------------------------|--------------------------|
| Nanping Oasis Environmental Technology Co., Ltd. | Nanping Oasis | Tax exemption |
| Jingzhou Dongjiang Environmental Technology Co., Ltd. | Jingzhou Dongjiang | Half of 25% |
| Wandesi (Tangshan Caofeidian) Environmental Technology Co., Ltd. | Tangshan Wandesi | Half of 25% |
| Fujian Oasis Solid Waste Treatment Co., Ltd. | Fujian Oasis | Half of 25% |
| Jiangsu Dongjiang Environmental Services Co., Ltd. | Jiangsu Dongjiang | Half of 25% |
| Shaoxing Huaxin Environmental Technology Co., Ltd. | Huaxin Environmental | Half of 25% |
| Huizhou Dongjiang Environment Technology Co., Ltd. | Huizhou Dongjiang | 15% |
| Kunshan Qiangdeng Three Wastes Treatment Co., Ltd. | Kunshan Purification | 25% |
| Jiangmen Dongjiang Environmental Technology Ltd. | Jiangmen Dongjiang | 15% |
| Qingyuan Xinlv Environmental Technology Ltd. | Qingyuan Xinlv | 25% |
| Jiaxing Deda Resource Recycling Ltd. | Jiaxing Deda | 15% |
| Xiamen Oasis Environmental Industrial Co., Ltd. | Xiamen Oasis | 25% |
| Jiangxi Dongjiang Environmental Technology Co., Ltd. | Jiangxi Dongjiang | 15% |
| Shenzhen Baoan Dongjiang Environmental Technology Co., Ltd. | Baoan Dongjiang | 15% |
| Chenzhou Xiongfeng Environment Technology Company Limited | Xiongfeng Environment | 15% |
| Dongguan Humen Water Co., Ltd. | Humen Green | 15% |
| Xiantao Dongjiang Environmental Technology Co., Ltd. | Xiantao Dongjiang | 15% |
| Foshan Fulong Environmental Protection Technology Co., Ltd. | Foshan Fulong | 15% |
| Dongjiang Environmental Company Limited | Dongjiang Environmental | 15% |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 2025 |
|--|--------------------------------|--------------------------|
| Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. | Longgang Dongjiang | 15% |
| Shenzhen Huabao Technology Ltd. | Huabao Technology | 15% |
| Shenzhen Huateng Environment Information Technology Co., Ltd. | Huateng Environment | 15% |
| Shaoguan Dongjiang Environmental Technology Co., Ltd. | Shaoguan Dongjiang | 15% |
| Dongguan Hengjian Environment Technology Co., Ltd. | Dongguan Hengjian | 15% |
| Karamay Wosen Environmental Technology Co., Ltd. | Wosen Environmental | 15% |
| Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd. | Zhuhai Yongxingsheng | 15% |
| Shenzhen Dongjiang Feeds Additives Co., Ltd. | Dongjiang Feeds | 20% |
| Yunnan Dongjiang Environmental Technologies Co., Ltd. | Yunnan Dongjiang | 20% |
| Kunshan Port and Shipping Logistics Co., Ltd. | Port and Shipping Logistics | 20% |
| Qingdao Dongjiang Environmental Recycled Power Ltd. | Qingdao Dongjiang | 20% |
| Nanchang Xinguan Energy Development Co., Ltd. | Nanchang Energy | 20% |
| Hefei Xinguan Energy Development Co., Ltd. | Hefei Energy | 20% |
| Shenzhen Baoan Dongjiang Environmental Renewable Energy Ltd. | Baoan Energy | 20% |
| Huizhou Dongjiang Logistic Ltd. | Dongjiang Transport | 20% |
| Longyan Oasis Environmental Technology Co., Ltd. | Longyan Oasis | 20% |
| Sanming Oasis Environmental Technology Co., Ltd. | Sanming Oasis | 20% |
| Shenzhen Dongjiang Kaida Transport Co., Ltd. | Dongjiang Kaida | 20% |
| Zhuhai Dongjiang Kaian Transportation Co., Ltd. | Kaian Transportation | 20% |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 2025 |
|---|--------------------------------|--------------------------|
| Guangdong Dongjiang Energy Saving Equipment Services Co., Ltd. | Dongjiang Energy Saving | 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% |
| Dongjiang Environmental (HK) Ltd. | Dongjiang HK | 16.50% |
| Nantong Dongjiang Environmental Technology Co., Ltd | Nantong Dongjiang | 25% |
| Yancheng Coastal Solid Waste Disposal Co., Ltd. | Coastal Solid Waste | 25% |
| Xiamen Dongjiang Environmental Technology Co., Ltd. | Xiamen Dongjiang | 25% |
| Xinjiang Dongjiang Resource Recycling Ltd. | Xinjiang Resource | 25% |
| Shenzhen Hengjian Tongda Investment Management Co., Ltd. | Hengjian Tongda | 25% |
| Hubei Tianyin Circulation Economic Development Co., Ltd. | Hubei Tianyin | 25% |
| Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd. | Tianyin Hazardous Waste | 25% |
| Dongjiang Vehicle Resources Recycling (Hubei) Co., Ltd. | Dongjiang Vehicle | 25% |
| Xiantao Lvyi Environmental Technology Co., Ltd. | Xiantao Lvyi | 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% |
| Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd. | Weifang Dongjiang | 25% |
| Mianyang Dongjiang Environmental Technology Co., Ltd. | Mianyang Dongjiang | 25% |
| Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd. | Jieyang Dongjiang | 25% |
| Zhuhai Dongjiang Environment Technology Co., Ltd. | Zhuhai Dongjiang | 25% |
| Guangdong Elephant Logistics Technology Co., Ltd. | Elephant Logistics | 25% |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 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 which meet certain requirements enjoy 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 Nanping Oasis High-Temperature Steaming Project enjoyed full EIT exemption from 2024 to 2026 and 50% EIT reduction from 2027 to 2029;
 - 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 Rotary Kiln Incineration Project enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025. Materialization project and landfill project enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026;
 - ④ Jiangsu Dongjiang Rigid landfill enjoyed full EIT exemption from 2021 to 2023 and 50% EIT reduction from 2024 to 2026.
 - ⑤ Huaxin Environmental enjoyed full EIT exemption from 2020 to 2022 and 50% EIT reduction from 2023 to 2025 (70t incineration project).
- (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 Catalogue for Resource Comprehensive Utilization is included in the total revenue. Huizhou Dongjiang, Kunshan Purification, Jiangmen Dongjiang, Qingyuan Xinlv, Jiaying Deda, Xiamen Oasis, Jiangxi Dongjiang, Baoan Dongjiang and Xiongfeng Environment are entitled to the incentive.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 Ministry of Finance, State Administration of Taxation, Ministry of Ecology and Environment and National Development and Reform Commission in relation to the Corporate Income Tax Issues on Third-Party Enterprises Engaging in Pollution Prevention and Control》(Caishui [2023] No. 38 of Ministry of Finance, State Administration of Taxation, Ministry of Ecology and Environment and National Development and Reform Commissioning), third-party enterprises engaging in pollution prevention and control which meet the conditions are entitled to 15% EIT tax rate for a term from 1 January 2024 to 31 December 2027. Humen Lvyuan, Xiantao Dongjiang, Jingzhou Dongjiang and Foshan Fulong are qualified as enterprises engaged in pollution prevention and control, and enjoy this incentive in 2025.
- (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, Jiaxing Deda, Jiangmen Dongjiang, Fujian Oasis, Wosen Environmental, Jiangxi Dongjiang, Zhuhai Yongxingsheng, Jiangsu Dongjiang, Baoan Dongjiang, Tangshan Wandesi, Foshan Fulong and Xiongfeng Environment are entitled to tax incentive as new and high technology enterprises, and enjoy 15% EIT tax rate.
- (5) According to Article 3 of the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Small and Micro – sized Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023 by the Ministry of Finance and the State Taxation Administration) (《財政部稅務總局關於進一步支援小微企業和個體工商戶發展有關稅費政策的公告》(財政部稅務總局公告2023年第12號)), only 25% of the taxable income of small and micro – profitable enterprises is included in the taxable income and they enjoy a 20% corporate income tax rate, which shall be extended until 31 December 2027.

Dongjiang Feeds, Yunnan Dongjiang, Port and Shipping Logistics, Qingdao Dongjiang, Huateng Environment, Nanchang Energy, Hefei Energy, Baoan Energy, Dongjiang Logistics, Longyan Oasis, Nanping Oasis, Sanming Oasis, Dongjiang Kaida, Kaian Transportation and Dongjiang Energy Saving all being subsidiaries of the Company, qualified as small and micro-profit enterprises, and are entitled to the incentive in 2025.

NOTES TO THE FINANCIAL STATEMENTS

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(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 Labor Services Involving Comprehensive Utilization of Sources” (2022 Revision) in the Announcement on Improving the VAT Policies for the Resource Comprehensive Utilizations (2021 Announcement 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, and Renewable Energy, Nanchang Energy, Hefei Energy and Baoan Energy are entitled to the incentive;
 - ② Revenue from garbage treatment, sludge treatment and disposal services qualifies for tax incentive of refund of 70% VAT upon collection, and Dongjiang Environmental, Nantong Dongjiang, Jiaxing Deda, Wosen Environmental, Jiangxi Dongjiang, Jiangsu Dongjiang, Hengshui Ruitao, Baoan Dongjiang and Huaxin Environmental are entitled to the incentive;
 - ③ Revenue from wastewater treatment services qualifies for tax incentive of refund of 70% VAT upon collection, and Huizhou Dongjiang, Qianhai Dongjiang and Xiantao Dongjiang are entitled to the incentive;
 - ④ Wastewater treatment services qualify for VAT exemption under tax incentive policies, and Humen Lvyuan and Jingzhou Dongjiang are entitled to the incentive;
 - ⑤ Revenue from production and sales of resource comprehensive utilization products qualifies for tax incentive of refund of 30% VAT upon collection, and Huizhou Dongjiang, Qingyuan Xinlv, Jiaxing Deda, Xiamen Oasis, Jiangxi Dongjiang, Baoan Dongjiang and Xiongfeng Environment are entitled to the incentive.

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(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 *(Continued)*

- (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-producing enterprise, and enjoys this incentive.

- (3) According to the Announcement on the Policy of Granting Additional Deduction On Input Tax of VAT For Advanced Manufacturing Enterprises (2023 Announcement 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 deduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027. Huizhou Dongjiang, Dongguan Hengjian and Xiongfeng Environment enjoy the above-mentioned incentive of additional deduction on input tax of VAT.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 25,000.00 | 90.86 |
| Bank deposits | 767,612,170.71 | 766,665,080.98 |
| Deposit placed with financial company | 340,055,400.27 | 304,651,414.32 |
| Other monetary fund | 98,976,376.33 | 110,599,794.91 |
| Total | 1,206,668,947.31 | 1,181,916,381.07 |
| Including: Total amount of other deposits overseas | 908,478.43 | 10,279,959.44 |

Note: At the end of the year, other monetary funds are mainly guarantee deposits. Please refer to Note V. (22) Assets with restricted ownership or use rights for restricted cash and cash equivalents.

(2) 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 | 63,730,725.29 | 36,804,227.19 |
| Commercial acceptance notes | 451,022.00 | 100,000.00 |
| Sub-total | 64,181,747.29 | 36,904,227.19 |
| Less: Provision for bad debts | 21,500.22 | |
| Total | 64,160,247.07 | 36,904,227.19 |

2. There was no notes receivable subject to pledge at the end of the year.

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 | | 56,929,005.11 |
| Commercial acceptance notes | | 451,022.00 |
| Total | | 57,380,027.11 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(2) Notes receivable (Continued)

4. Disclosure by bad debt provision method

| Category | Balance at the end of the year | | | | |
|---|--------------------------------|----------------|-------------------------|----------------|----------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Notes receivable for which bad debt provisions are made on individual basis | | | | | |
| Notes receivable for which bad debt provisions are made on group basis | 64,181,747.29 | 100.00 | 21,500.22 | 0.03 | 64,160,247.07 |
| Including: | | | | | |
| Bank acceptance notes | 63,730,725.29 | 99.30 | | | 63,730,725.29 |
| Commercial acceptance notes | 451,022.00 | 0.70 | 21,500.22 | 4.77 | 429,521.78 |
| Total | 64,181,747.29 | 100.00 | 21,500.22 | 0.03 | 64,160,247.07 |

| Category | Balance at the beginning of the year | | | | |
|---|--------------------------------------|----------------|-------------------------|----------------|----------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Notes receivable for which bad debt provisions are made on individual basis | | | | | |
| Notes receivable for which bad debt provisions are made on group basis | 36,904,227.19 | 100.00 | | | 36,904,227.19 |
| Including: | | | | | |
| Bank acceptance notes | 36,804,227.19 | 99.73 | | | 36,804,227.19 |
| Commercial acceptance notes | 100,000.00 | 0.27 | | | 100,000.00 |
| Total | 36,904,227.19 | 100.00 | | | 36,904,227.19 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(2) Notes receivable (Continued)

4. Disclosure by bad debt provision method (Continued)

(1) There were no notes receivable for which bad debt provisions are made on individual basis during the year.

(2) Notes receivable for which bad debt provisions are made on group basis

| Item | Balance at the end of the year | | |
|-----------------------------|--------------------------------|--------------------|----------------|
| | Notes receivable | Bad debt provision | Percentage (%) |
| Bank acceptance notes | 63,730,725.29 | | |
| Commercial acceptance notes | 451,022.00 | 21,500.22 | 4.77 |
| Total | 64,181,747.29 | 21,500.22 | 0.03 |

5. Bad debt provisions made, recovered or reversed during the year

| 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 | |
| Bad debt provision for notes receivable | | 21,500.22 | | | 21,500.22 |
| Total | | 21,500.22 | | | 21,500.22 |

6. There were no notes receivable written off during the year.

(3) 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) | 389,446,499.13 | 540,139,017.80 |
| 1 to 2 years (inclusive) | 109,186,096.94 | 188,934,086.00 |
| 2 to 3 years (inclusive) | 103,441,058.73 | 192,854,302.94 |
| Over 3 years | 323,357,867.07 | 235,942,934.55 |
| Sub-total | 925,431,521.87 | 1,157,870,341.29 |
| Less: Provision for bad debts | 179,543,631.57 | 134,272,710.38 |
| Total | 745,887,890.30 | 1,023,597,630.91 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(3) Accounts receivable (Continued)

2. Disclosure by bad debt provision method

| Category | Balance at the end of the year | | | | |
|--|--------------------------------|----------------|-------------------------|----------------|-----------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Provision for bad debt on individual basis | 162,947,784.75 | 17.61 | 93,719,437.45 | 57.52 | 69,228,347.30 |
| Provision for bad debt on group basis | 762,483,737.12 | 82.39 | 85,824,194.12 | 11.26 | 676,659,543.00 |
| Including: | | | | | |
| Accounts receivable from government | 363,568,603.04 | 39.29 | | | 363,568,603.04 |
| Accounts receivable from related companies | 42,592,250.92 | 4.60 | | | 42,592,250.92 |
| Accounts receivable from general customers or others | 356,322,883.16 | 38.50 | 85,824,194.12 | 24.09 | 270,498,689.04 |
| Total | 925,431,521.87 | 100.00 | 179,543,631.57 | 19.40 | 745,887,890.30 |

| Category | Balance at the beginning of the year | | | | |
|--|--------------------------------------|----------------|-------------------------|----------------|-------------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Provision for bad debt on individual basis | 62,419,076.59 | 5.39 | 53,828,468.01 | 86.24 | 8,590,608.58 |
| Provision for bad debt on group basis | 1,095,451,264.70 | 94.61 | 80,444,242.37 | 7.34 | 1,015,007,022.33 |
| Including: | | | | | |
| 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 |
| Total | 1,157,870,341.29 | 100.00 | 134,272,710.38 | 11.60 | 1,023,597,630.91 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(3) Accounts receivable (Continued)

2. Disclosure by bad debt provision method (Continued)

(1) Provision for bad debt on individual basis

| Name of the entity | Balance at the end of the year | | | Balance at the beginning of the year | | |
|--------------------|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|---------------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Basis of provision |
| Customer 1 | 40,831,390.72 | 11,885,249.64 | 29.11 | | | Not expected to recover in full |
| Customer 2 | 28,114,282.99 | 8,183,538.84 | 29.11 | | | Not expected to recover in full |
| Customer 3 | 19,171,559.09 | 7,229,193.81 | 37.71 | | | Not expected to recover in full |
| Customer 4 | 15,305,024.00 | 15,305,024.00 | 100.00 | 18,017,324.00 | 9,426,715.42 | Not expected to recover |
| Customer 5 | 14,865,164.60 | 14,865,164.60 | 100.00 | 14,865,164.60 | 14,865,164.60 | Not expected to recover |
| Customer 6 | 9,799,451.51 | 8,054,325.18 | 82.19 | 5,525,585.52 | 5,525,585.52 | Not expected to recover in full |
| Customer 7 | 7,122,750.21 | 3,378,438.88 | 47.43 | | | Not expected to recover in full |
| Customer 8 | 4,590,666.90 | 4,590,666.90 | 100.00 | 4,590,666.90 | 4,590,666.90 | Not expected to recover |
| Customer 9 | 4,290,306.85 | 4,290,306.85 | 100.00 | 4,290,306.85 | 4,290,306.85 | Not expected to recover |
| Customer 10 | 3,772,805.00 | 1,193,319.63 | 31.63 | | | Not expected to recover in full |
| Others | 15,084,382.88 | 14,744,209.12 | 97.74 | 15,130,028.72 | 15,130,028.72 | Not expected to recover in full |
| Total | 162,947,784.75 | 93,719,437.45 | 57.52 | 62,419,076.59 | 53,828,468.01 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(3) Accounts receivable (Continued)

2. Disclosure by bad debt provision method (Continued)

(2) Accounts receivable in respect of which provision for bad debts was made on group basis based on credit risks characteristics

① Group 1: Accounts receivable from government

| Aged | Balance at the end of the year | | | Balance at the beginning of the year | | |
|---------------|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 129,879,259.89 | | | 171,157,299.49 | | |
| 1 to 2 years | 49,452,063.09 | | | 116,970,996.27 | | |
| 2 to 3 years | 66,216,669.85 | | | 121,870,331.60 | | |
| Over 3 years | 118,020,610.21 | | | 150,803,840.41 | | |
| Total | 363,568,603.04 | | | 560,802,467.77 | | |

② Group 2: Accounts receivable from related companies

| Aged | Balance at the end of the year | | | Balance at the beginning of the year | | |
|---------------|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 6,404,999.09 | | | 7,370,180.78 | | |
| 1 to 2 years | 1,170,718.46 | | | 12,663,857.25 | | |
| 2 to 3 years | 5,210,671.69 | | | 28,110,210.53 | | |
| Over 3 years | 29,805,861.68 | | | 3,096,702.82 | | |
| Total | 42,592,250.92 | | | 51,240,951.38 | | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(3) Accounts receivable (Continued)

2. Disclosure by bad debt provision method (Continued)

(2) Accounts receivable in respect of which provision for bad debts was made on group basis based on credit risks characteristics (Continued)

③ Group 3: Accounts receivable from general customers or others

| Aged | Balance at the end of the year | | | Balance at the beginning of the year | | |
|---------------|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 246,704,594.14 | 11,760,408.39 | 4.77 | 361,352,452.03 | 12,934,605.38 | 3.58 |
| 1 to 2 years | 47,387,092.80 | 16,076,308.30 | 33.93 | 56,116,144.55 | 14,926,894.50 | 26.60 |
| 2 to 3 years | 10,392,992.96 | 6,149,274.17 | 59.17 | 27,336,280.24 | 13,979,773.76 | 51.14 |
| Over 3 years | 51,838,203.26 | 51,838,203.26 | 100.00 | 38,602,968.73 | 38,602,968.73 | 100.00 |
| Total | 356,322,883.16 | 85,824,194.12 | 24.09 | 483,407,845.55 | 80,444,242.37 | 16.64 |

3. 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 | 134,272,710.38 | 36,561,689.38 | 459,309.72 | 290,529.01 | 9,459,070.54 | 179,543,631.57 |
| Total | 134,272,710.38 | 36,561,689.38 | 459,309.72 | 290,529.01 | 9,459,070.54 | 179,543,631.57 |

There was no significant reversal or recovery of bad debt provision for accounts receivable during the year.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(3) Accounts receivable (Continued)

4. Accounts receivable written off during the year

Accounts receivable written off amounted to RMB290,529.01 during the year.

5. 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 | 210,482,107.95 | | 210,482,107.95 | 22.74 | |
| No. 2 | 6,157,892.98 | 34,902,702.02 | 41,060,595.00 | 4.28 | 34,902,702.02 |
| No. 3 | 40,831,390.72 | | 40,831,390.72 | 4.41 | 11,885,249.64 |
| No. 4 | 30,658,955.67 | | 30,658,955.67 | 3.31 | |
| No. 5 | 28,668,908.22 | | 28,668,908.22 | 3.10 | |
| Total | 316,799,255.54 | 34,902,702.02 | 351,701,957.56 | 37.84 | 46,787,951.66 |

(4) Receivable financing

1. Receivable financing by categories

| Item | Balance at the end of the year | Balance at the beginning of the year |
|------------------|--------------------------------|--------------------------------------|
| Notes receivable | 18,059,053.26 | 18,055,682.89 |
| Total | 18,059,053.26 | 18,055,682.89 |

2. There was no receivable financing subject to pledge as at 31 December 2025.

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 | 243,945,241.03 | |
| Total | 243,945,241.03 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(5) 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 | 110,493,623.96 | 90.76 | 134,895,374.76 | 96.02 |
| 1 to 2 years | 9,766,207.01 | 8.02 | 4,138,990.89 | 2.94 |
| 2 to 3 years | 629,107.80 | 0.52 | 434,616.07 | 0.31 |
| Over 3 years | 856,018.63 | 0.70 | 1,019,400.32 | 0.73 |
| Total | 121,744,957.40 | 100.00 | 140,488,382.04 | 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 | 14,576,324.62 | Within one year | 11.97 |
| No. 2 | 9,209,579.63 | Within one year | 7.56 |
| No. 3 | 5,494,920.35 | Within one year | 4.51 |
| No. 4 | 5,300,000.00 | Within one year | 4.35 |
| No. 5 | 4,118,883.22 | Within one year | 3.38 |
| Total | 38,699,707.82 | – | 31.77 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) 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 | 222,980,539.93 | 224,655,623.64 |
| Total | 222,980,539.93 | 224,655,623.64 |

1. Other accounts receivable

| Item | Balance at the end of the year | Balance at the beginning of the year |
|-------------------------------|--------------------------------|--------------------------------------|
| Other accounts receivable | 310,560,488.34 | 317,697,476.03 |
| Less: Provision for bad debts | 87,579,948.41 | 93,041,852.39 |
| Total | 222,980,539.93 | 224,655,623.64 |

(1) Disclosure by ageing

| Aged | Book balance at the end of the period | Book balance at the beginning of the period |
|-------------------------------|---------------------------------------|---|
| Within 1 year (inclusive) | 43,067,576.48 | 198,032,829.12 |
| 1 to 2 years | 177,788,985.29 | 41,623,321.96 |
| 2 to 3 years | 12,420,984.73 | 6,628,035.32 |
| Over 3 years | 77,282,941.84 | 71,413,289.63 |
| Sub-total | 310,560,488.34 | 317,697,476.03 |
| Less: Provision for bad debts | 87,579,948.41 | 93,041,852.39 |
| Total | 222,980,539.93 | 224,655,623.64 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(2) 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 | 141,036,558.15 | 139,881,873.19 |
| Guarantee deposits, provisions and others | 80,363,625.93 | 73,967,889.26 |
| Land prepayment | 34,467,360.00 | 34,467,360.00 |
| Government grants | 1,399,628.15 | 431,282.75 |
| Other current account | 53,293,316.11 | 68,949,070.83 |
| Sub-total | 310,560,488.34 | 317,697,476.03 |
| Less: Provision for bad debts | 87,579,948.41 | 93,041,852.39 |
| Total | 222,980,539.93 | 224,655,623.64 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(3) Disclosure by bad debt provision method

| Category | Balance at the end of the year | | | | |
|---|--------------------------------|----------------|----------------------|-------------------------|-----------------------|
| | Amount | Book balance | | Provision for bad debts | |
| | | Percentage (%) | Amount | Percentage (%) | Carrying amount |
| Other accounts receivable for which bad debt provisions are made on an individual basis | 84,079,514.51 | 27.07 | 84,079,514.51 | 100.00 | |
| Other accounts receivable for which bad debt provisions are made on a group basis | 226,480,973.83 | 72.93 | 3,500,433.90 | 1.55 | 222,980,539.93 |
| Including: | | | | | |
| Accounts receivable from government | 136,063,851.31 | 43.81 | | | 136,063,851.31 |
| Accounts receivable from related companies | 300,903.72 | 0.10 | | | 300,903.72 |
| Guarantee deposits receivable, provisions and others | 82,022,297.94 | 26.41 | | | 82,022,297.94 |
| Accounts receivable from general customers or others | 8,093,920.86 | 2.61 | 3,500,433.90 | 43.25 | 4,593,486.96 |
| Total | 310,560,488.34 | 100.00 | 87,579,948.41 | 28.20 | 222,980,539.93 |

| Category | Balance at the beginning of the year | | | | |
|---|--------------------------------------|----------------|----------------------|-------------------------|-----------------------|
| | Amount | Book balance | | Provision for bad debts | |
| | | Percentage (%) | Amount | Percentage (%) | Carrying amount |
| Other accounts receivable for which bad debt provisions are made on an individual basis | 88,853,670.02 | 27.97 | 88,853,670.02 | 100.00 | |
| Other accounts receivable for which bad debt provisions are made on a group basis | 228,843,806.01 | 72.03 | 4,188,182.37 | 1.83 | 224,655,623.64 |
| Including: | | | | | |
| 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 |
| Total | 317,697,476.03 | 100.00 | 93,041,852.39 | 29.29 | 224,655,623.64 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(3) Disclosure by bad debt provision method (Continued)

① Provision for bad debt on individual basis

| Name of the entity | Balance at the end of the year | | | Balance at the beginning of the year | | |
|--|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|-------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Basis of provision |
| 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 | 34,467,360.00 | 34,467,360.00 | Not expected to recover |
| Jitianshi Energy Technology (Shanghai) Co., Ltd.* (吉天師能源科技(上海)有限公司) | 21,281,881.34 | 21,281,881.34 | 100.00 | 21,218,300.80 | 21,218,300.80 | Not expected to recover |
| Zhongshan Dibaolong Water Treatment Facilities Co., Ltd. | 8,810,256.00 | 8,810,256.00 | 100.00 | 8,810,256.00 | 8,810,256.00 | Not expected to recover |
| Zhejiang Xindonghai Pharmaceutical Co., Ltd. | 3,551,948.00 | 3,551,948.00 | 100.00 | 3,379,408.00 | 3,379,408.00 | 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 | 2,311,960.63 | 2,311,960.63 | Not expected to recover |
| Chen Ye (陳燁) | 2,000,000.00 | 2,000,000.00 | 100.00 | 2,000,000.00 | 2,000,000.00 | Not expected to recover |
| Yitek YNS Trade (Shanghai) Co., Ltd.* (壹特克壹恩希貿易(上海)有限公司) | 1,700,000.00 | 1,700,000.00 | 100.00 | 1,700,000.00 | 1,700,000.00 | Not expected to recover |
| Dongjiang Renewable Resources LTD | 1,354,829.99 | 1,354,829.99 | 100.00 | 1,389,000.00 | 1,389,000.00 | Not expected to recover |
| Jiangsu Dongheng Dadi Engineering Technology Co., Ltd. | 1,256,000.00 | 1,256,000.00 | 100.00 | 1,606,000.00 | 1,606,000.00 | Not expected to recover |
| Nanjing Taitai Environmental Engineering Co., Ltd.* (南京泰特環保工程有限公司) | 822,117.02 | 822,117.02 | 100.00 | 822,117.02 | 822,117.02 | Not expected to recover |
| Others | 6,523,161.53 | 6,523,161.53 | 100.00 | 11,149,267.57 | 11,149,267.57 | Not expected to recover |
| Total | 84,079,514.51 | 84,079,514.51 | 100.00 | 88,853,670.02 | 88,853,670.02 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(3) Disclosure by bad debt provision method (Continued)

- ② Other accounts receivable in respect of which provision for bad debts was made on group basis

| Category | Balance at the end of the period | | | Balance at the beginning of the period | | |
|--|----------------------------------|-------------------------|----------------|--|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Accounts receivable from government | 136,063,851.31 | | | 137,364,085.94 | | |
| Accounts receivable from related companies | 300,903.72 | | | 272,788.62 | | |
| Guarantee deposits receivable, provisions and others | 82,022,297.94 | | | 83,047,233.70 | | |
| Accounts receivable from general customers or others | 8,093,920.86 | 3,500,433.90 | 43.25 | 8,159,697.75 | 4,188,182.37 | 51.33 |
| Total | 226,480,973.83 | 3,500,433.90 | 1.55 | 228,843,806.01 | 4,188,182.37 | 1.83 |

- (4) Other accounts receivable for which provision for bad debts was made using the general model for expected credit losses

| Provision for bad debts | Stage I | Stage II | Stage III | Total |
|------------------------------------|--|---|---|---------------|
| | Expected credit loss over the next 12 months | Lifetime expected credit loss (not credit-impaired) | Lifetime expected credit loss (credit-impaired) | |
| Balance on 1 January 2025 | 4,188,182.37 | | 88,853,670.02 | 93,041,852.39 |
| Provision during the year | -559,104.13 | | 225,537.29 | -333,566.84 |
| Reversal during the year | | | 350,000.00 | 350,000.00 |
| Transfer during the year | | | | |
| Amount written-off during the year | 131,764.34 | | 4,596,589.78 | 4,728,354.12 |
| Other movements | 3,120.00 | | -53,103.02 | -49,983.02 |
| Balance on 31 December 2025 | 3,500,433.90 | | 84,079,514.51 | 87,579,948.41 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(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 | 93,041,852.39 | -333,566.84 | 350,000.00 | 4,728,354.12 | -49,983.02 | 87,579,948.41 |
| Total | 93,041,852.39 | -333,566.84 | 350,000.00 | 4,728,354.12 | -49,983.02 | 87,579,948.41 |

(6) Other accounts receivable written off during the year

Other accounts receivable written off amounted to RMB4,728,354.12 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 |
|--|--|---|-------------------------------|---|--|
| Shaoyang Urban Management Bureau | Amount to be recovered on termination of BOT project | 134,939,775.24 | 1 to 2 years, 2 to 3 years | 43.45 | |
| Zhaoqing Asia Metal Resources Recycling Co., Ltd.* (肇慶市亞洲金屬資源再生有限公司) | Land prepayment | 34,467,360.00 | Over 3 years | 11.10 | 34,467,360.00 |
| Jitianshi Energy Technology (Shanghai) Co., Ltd.* (吉天師能源科技(上海)有限公司) | Other current account | 21,281,881.34 | 1 to 2 years | 6.85 | 21,281,881.34 |
| Zhongshan Dibaolong Water Treatment Facilities Co., Ltd. | Other current account | 8,810,256.00 | Over 3 years | 2.84 | 8,810,256.00 |
| Jiangxi Environmental Protection Co., Ltd.* (江西環保股份有限公司) | Guaranteed deposits | 5,000,000.00 | Over 3 years | 1.61 | |
| Total | - | 204,499,272.58 | - | 65.85 | 64,559,497.34 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(6) Other accounts receivable (Continued)

1. Other accounts receivable (Continued)

(8) Account receivables related to government grants

| Name of the entity | Name of government grant items | Balance at the end of the year | Age at the end of the year | Timing and amount expected to receive, and the basis | | |
|---|---|--------------------------------|--------------------------------|--|--------------|---------------------------|
| | | | | Time | Amount | Basis |
| State Taxation Administration, Qingyuan Qingxin District Taxation Bureau | Refund of value-added tax upon collection | 896,627.91 | Within 1 year | 2026 | 896,627.91 | Cai Shui [2021] No. 40 |
| State Taxation Administration, Huizhou Zhongkai High-tech Industry Development Zone Taxation Bureau | Refund of value-added tax upon collection | 435,574.04 | Within 1 year, 1 to 2 years | 2026 | 435,574.04 | Cai Shui [2015] No. 78 |
| State Taxation Administration, Shenzhen Luohu District Taxation Bureau | Refund of value-added tax upon collection | 67,426.20 | Within 1 year | 2026 | 67,426.20 | Cai Shui [2015] No. 78 |
| Total | - | 1,399,628.15 | - | - | 1,399,628.15 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(7) 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 | 376,145,813.46 | 11,073,914.88 | 365,071,898.58 | 395,980,180.72 | 2,418,920.69 | 393,561,260.03 |
| Work-in progress | 144,838,065.96 | 110,113.67 | 144,727,952.29 | 190,706,446.07 | | 190,706,446.07 |
| Goods in stock | 107,439,362.33 | 4,152,422.98 | 103,286,939.35 | 142,986,260.78 | 2,478,099.42 | 140,508,161.36 |
| Goods in transit | 21,561,560.50 | 396.00 | 21,561,164.50 | 46,727,060.10 | 6,519,484.39 | 40,207,575.71 |
| Low-valued consumables | 7,990,443.93 | 4,689,114.18 | 3,301,329.75 | 8,777,491.09 | | 8,777,491.09 |
| Contract performance cost | 1,368,739.56 | | 1,368,739.56 | 1,638,125.23 | 308,837.16 | 1,329,288.07 |
| Total | 659,343,985.74 | 20,025,961.71 | 639,318,024.03 | 786,815,563.99 | 11,725,341.66 | 775,090,222.33 |

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 | 2,418,920.69 | 10,349,951.75 | | 1,694,957.56 | | 11,073,914.88 |
| Low-valued consumables | | 4,689,114.18 | | | | 4,689,114.18 |
| Goods in stock | 2,478,099.42 | 3,519,450.84 | | 1,845,127.28 | | 4,152,422.98 |
| Work-in progress | | 110,113.67 | | | | 110,113.67 |
| Goods in transit | 6,519,484.39 | | | 6,519,088.39 | | 396.00 |
| Contract performance cost | 308,837.16 | | | 308,837.16 | | |
| Total | 11,725,341.66 | 18,668,630.44 | | 10,368,010.39 | | 20,025,961.71 |

3. The year-end balance of inventory excludes the capitalised amount of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(8) 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 |
| Power generation subsidy project | 34,902,702.02 | 34,902,702.02 | | 34,902,702.02 | 34,902,702.02 | |
| Government public utility construction projects | | | | 39,913,289.08 | 9,459,070.54 | 30,454,218.54 |
| Total | 34,902,702.02 | 34,902,702.02 | | 74,815,991.10 | 44,361,772.56 | 30,454,218.54 |

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 | Reason |
|---|--------------------------------------|-----------------------------|-----------------------|--------------------|-----------------------|--------------------------------|--------|
| | | Provided | Recovered or reversed | Transfer/write-off | Other movement (Note) | | |
| Power generation subsidy project | 34,902,702.02 | | | | | 34,902,702.02 | - |
| Government public utility construction projects | 9,459,070.54 | | | | 9,459,070.54 | | - |
| Total | 44,361,772.56 | | | | 9,459,070.54 | 34,902,702.02 | - |

Note: Contract assets have been reclassified to accounts receivable, and the corresponding provision for impairment has been transferred to the provision for bad debts on accounts receivable.

(9) 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 | 9,161,805.65 | 26,597,785.36 |
| Total | 9,161,805.65 | 26,597,785.36 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(10) Other current assets

| Item | Balance at the end of the year | Balance at the beginning of the year |
|--------------------------|--------------------------------|--------------------------------------|
| Input tax to be deducted | 90,596,108.89 | 105,531,359.48 |
| Fixed deposits | 9,671,494.96 | |
| Prepaid income tax | 902,269.90 | 645,919.48 |
| Others | 34,886.37 | 19,470.57 |
| Total | 101,204,760.12 | 106,196,749.53 |

(11) Long-term equity investments

1. Details of long-term equity investments

| Investee | Balance (carrying amount) at the beginning of the year | | Change during the year | | | | | | Balance (carrying amount) at the end of the year | |
|--|--|-------------------------|--|---|----------------------------------|--|----------------------|--------|--|---------------------|
| | Increase in investments | Decrease in investments | 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 | Others | Impairment provision at the end of the year | |
| I. Joint venture | | | | | | | | | | |
| Huizhou Dongjiang Veolia Environmental services Limited | 89,582,055.29 | | -709,127.72 | | | | | | 88,872,927.57 | |
| Dongjiang Chongmingniao Digital Technology (Guangdong) Co., Ltd. | 2,250,000.00 | | -139.70 | | | | | | 2,249,860.30 | |
| Dongjiang Baiji (Xiamen) Technology Co., Ltd. | 5,100,000.00 | | 277,558.45 | | | | | | 5,377,558.45 | |
| Sub-total | 89,582,055.29 | 7,350,000.00 | -431,708.97 | | | | | | 96,500,346.32 | |
| II. Associates | | | | | | | | | | |
| Fujian Xingye Dongjiang Environmental Technology Co., Ltd. | 75,220,137.41 | | 1,329,075.34 | | | | | | 76,549,212.75 | |
| ALBA Rising Green Fuel (Jieyang) Ltd. | 62,580,319.19 | | 1,138,857.91 | | | | | | 63,719,177.10 | |
| Jieyang Guangye Environmental Protection Energy Co., Ltd. | 26,482,750.42 | 3,400,000.00 | 2,582,178.48 | | | | | | 32,464,928.90 | |
| Dongguan Fengye Solid Waste Treatment Co., Ltd. | 12,499,666.12 | | -2,590,175.43 | | | | 3,321,014.65 | | 6,588,476.04 | 3,321,014.65 |
| Jieyang Guangye Environmental Technology Co., Ltd. | 3,442,426.00 | | 54,216.90 | | | | | | 3,496,642.90 | |
| Guangdong Zihuan Investment Group Co., Ltd. | 3,250,000.00 | | -1,233,017.31 | | | | | | 2,016,982.69 | |
| Jieyang Guangye New Energy Environmental Protection Co., Ltd. | 2,859,588.86 | | 119,400.96 | | | | | | 2,978,989.82 | |
| Jieyang Guangye Biotechnology Co., Ltd. | 1,400,110.40 | | | | | | | | 1,400,110.40 | |
| Shenzhen Resource Environmental Technology Company Limited | | | | | | | | | | 190,212.79 |
| Zhenjiang Yongfurun Technology Co., Ltd. | | 200,000.00 | | | | | | | 200,000.00 | |
| Sub-total | 187,734,998.40 | 3,600,000.00 | 1,400,536.85 | | | | 3,321,014.65 | | 189,414,520.60 | 3,511,227.44 |
| Total | 277,317,053.69 | 10,950,000.00 | 968,827.88 | | | | 3,321,014.65 | | 285,914,866.92 | 3,511,227.44 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(12) 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 |
|-------|--|---|--|---|
| | | | | |
| Total | 40,000.00 | 2,242,896.51 | | - |

(13) Investment properties

1. Investment properties measured at fair value

| Item | Buildings and structures | Total |
|---|--------------------------|-----------------|
| I. Balance at the beginning of the year | 549,762,643.00 | 549,762,643.00 |
| II. Movement in the current year | -129,452,608.00 | -129,452,608.00 |
| Add: Purchase | | |
| Transfer from fixed assets | | |
| Less: Change to owner-occupied property | -119,747,400.00 | -119,747,400.00 |
| Changes in fair value | -9,705,208.00 | -9,705,208.00 |
| III. Balance at the end of the year | 420,310,035.00 | 420,310,035.00 |

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 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(14) Fixed assets

| Category | Balance at the end of the year | Balance at the beginning of the year |
|--------------------------|--------------------------------|--------------------------------------|
| Fixed assets | 4,282,996,525.15 | 4,733,178,211.48 |
| Disposal of fixed assets | | |
| Total | 4,282,996,525.15 | 4,733,178,211.48 |

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 | 3,878,702,900.55 | 2,941,121,363.73 | 124,515,334.14 | 134,723,825.55 | 1,062,443,021.28 | 8,141,506,445.25 |
| 2. Increase in the year | 137,392,775.72 | 30,237,677.81 | 7,832,214.65 | 2,810,710.93 | 35,206,749.17 | 213,480,128.28 |
| (1) Purchase | 10,895,496.65 | 13,458,191.26 | 7,131,359.95 | 2,315,474.06 | 14,263,839.78 | 48,064,361.70 |
| (2) Transfer from construction in progress | 4,328,674.61 | 14,172,603.25 | | 380,714.80 | 16,546,858.64 | 35,428,851.30 |
| (3) Exchange rate changes | | | | -7,037.56 | -246.07 | -7,283.63 |
| (4) Others (Note 1) | 122,168,604.46 | 2,606,883.30 | 700,854.70 | 121,559.63 | 4,396,296.82 | 129,994,198.91 |
| 3. Decrease in the year | 20,969,765.86 | 40,675,940.59 | 15,708,387.18 | 5,933,821.92 | 9,818,199.71 | 93,106,115.26 |
| (1) Disposal or retirement | 16,323,685.93 | 38,359,025.46 | 15,088,887.18 | 2,891,915.69 | 7,147,997.61 | 79,811,511.87 |
| (2) Transfer to construction in progress | | 569,491.89 | | | | 569,491.89 |
| (3) Others | 4,646,079.93 | 1,747,423.24 | 619,500.00 | 3,041,906.23 | 2,670,202.10 | 12,725,111.50 |
| 4. Balance at the end of the year | 3,995,125,910.41 | 2,930,683,100.95 | 116,639,161.61 | 131,600,714.56 | 1,087,831,570.74 | 8,261,880,458.27 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(14) 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 | 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 |
| 2. Increase in the year | 195,805,771.02 | 255,595,043.38 | 11,240,624.70 | 9,107,132.94 | 93,978,777.97 | 565,727,350.01 |
| (1) Provision | 195,745,122.73 | 254,843,405.48 | 11,240,624.70 | 8,996,063.78 | 89,851,780.61 | 560,676,997.30 |
| (2) Exchange rate changes | | | | -6,843.68 | -221.45 | -7,065.13 |
| (3) Others | 60,648.29 | 751,637.90 | | 117,912.84 | 4,127,218.81 | 5,057,417.84 |
| 3. Decrease in the year | 12,985,747.57 | 37,020,528.43 | 13,825,667.54 | 4,938,655.62 | 7,818,527.53 | 76,589,126.69 |
| (1) Disposal or retirement | 9,236,847.23 | 36,603,879.05 | 13,234,212.54 | 3,422,452.48 | 6,803,220.38 | 69,300,611.68 |
| (2) Others | 3,748,900.34 | 416,649.38 | 591,455.00 | 1,516,203.14 | 1,015,307.15 | 7,288,515.01 |
| 4. Balance at the end of the year | 1,178,447,640.71 | 1,839,496,027.80 | 79,450,804.02 | 110,849,663.10 | 664,989,104.08 | 3,873,233,239.71 |
| III. Impairment provision | | | | | | |
| 1. Balance at the beginning of the year | 18,597,165.88 | 5,224,840.89 | 273,302.18 | 1,884.49 | 136,023.94 | 24,233,217.38 |
| 2. Increase in the year | 77,350,486.23 | 10,126,252.09 | 16,563.89 | 580,623.80 | 90,213.12 | 88,164,139.13 |
| (1) Provision | 77,350,486.23 | 10,126,252.09 | 16,563.89 | 580,623.80 | 90,213.12 | 88,164,139.13 |
| 3. Decrease in the year | 6,330,495.07 | 369,274.59 | 27,518.88 | 1,402.84 | 17,971.72 | 6,746,663.10 |
| (1) Disposal or retirement | 6,330,495.07 | 369,274.59 | 27,518.88 | 1,402.84 | 17,971.72 | 6,746,663.10 |
| 4. Balance at the end of the year | 89,617,157.04 | 14,981,818.39 | 262,347.19 | 581,105.45 | 208,265.34 | 105,650,693.41 |
| IV. Carrying amount | | | | | | |
| 1. Carrying amount at the end of the year | 2,727,061,112.66 | 1,076,205,254.76 | 36,926,010.40 | 20,169,946.01 | 422,634,201.32 | 4,282,996,525.15 |
| 2. Carrying amount at the beginning 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 |

Note 1: "Others" was increased under the original carrying amount, primarily due to the transfer of investment properties to fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(14) Fixed assets (Continued)

1. Fixed assets (Continued)

(2) Details of temporarily idle fixed assets as at 31 December 2025

| Category | Original carrying amount | Accumulated depreciation | Impairment provision | Carrying amount | Remarks |
|--------------------------|--------------------------|--------------------------|----------------------|-----------------|---------|
| Buildings and structures | 213,218,427.60 | 63,198,623.81 | 6,419,434.24 | 143,600,369.55 | |
| Plant and machinery | 342,412,909.08 | 272,030,914.18 | 2,399,406.31 | 67,982,588.59 | |
| Transportation equipment | 3,178,049.63 | 1,645,043.79 | | 1,533,005.84 | |
| Office equipment | 3,883,316.21 | 2,424,927.66 | 20,568.87 | 1,437,819.68 | |
| Others | 20,068,737.71 | 14,077,446.20 | 84,112.73 | 5,907,178.78 | |
| Total | 582,761,440.23 | 353,376,955.64 | 8,923,522.15 | 220,460,962.44 | |

(3) As at 31 December 2025, none of the fixed assets of the Company were leased under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(14) Fixed assets (Continued)

1. Fixed assets (Continued)

(4) Details of properties without title certificates as at 31 December 2025

| Item | Carrying amount | Reasons for incomplete title certificate |
|--|-----------------------|--|
| Building and other structures of the comprehensive office of subsidiary Jieyang Dongjiang | 232,598,163.06 | In progress |
| Factory buildings, warehouses, etc. of subsidiary Xiongfeng Environment | 32,885,970.60 | In progress |
| Office buildings and provisional valuation of expansion projects to transfer to fixed assets of subsidiary Hengshui Ruitao | 19,451,325.61 | In progress |
| 2# dormitory building and factory building of subsidiary Baoan Dongjiang | 13,292,131.11 | Process not completed due to incomplete drawings and documentation |
| Office buildings and warehouse of subsidiary Weifang Dongjiang | 12,539,224.96 | Process not completed due to incomplete drawings and documentation |
| Office buildings of subsidiary Xiamen Dongjiang | 10,549,262.48 | Process not completed due to incomplete drawings and documentation |
| Office buildings and factories of subsidiary Huizhou Dongjiang | 8,158,955.54 | In progress |
| Warehouse of subsidiary Jiangmen Dongjiang | 2,020,097.40 | Process not completed due to incomplete drawings and documentation |
| Office buildings and factories of subsidiary Qingyuan Xinlv | 1,904,813.52 | In progress |
| Buildings and structures of subsidiary Foshan Fulong | 1,285,161.67 | Process not completed due to incomplete drawings and documentation |
| Warehouse of subsidiary Jiangsu Dongjiang | 922,779.86 | Process not completed due to incomplete drawings and documentation |
| Buildings and structures of subsidiary Chengdu Hazardous Waste | 120,473.49 | Process not completed due to incomplete drawings and documentation |
| 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 | 335,729,932.86 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(14) Fixed assets (Continued)

1. Fixed assets (Continued)

(5) Test for impairment provision of fixed assets

| Item | Carrying amount | Recoverable amount | Impairment amount | Determination approach of fair value and costs of disposal | Key parameters | Determination basis of key parameters |
|---|-----------------|--------------------|-------------------|--|---|--|
| Dormitory building of Xiamen Oasis | 46,255,058.52 | | 46,255,058.52 | Not applicable | Not applicable | No recoverable amount |
| Buildings and structures, plant and machinery | 505,851,289.97 | 463,942,209.36 | 41,909,080.61 | Market approach | 1. Fair value: 1.1 Replacement cost, 1.2 Percentage of newness, 1.3 Second-hand equipment market price. 2. Disposal costs | 1. The replacement cost is determined by taking the sum of all necessary costs to develop or construct a similar asset at the valuation date, adding interest on capital employed and a reasonable profit; 2. The market value is estimated by comparing with similar comparable transactions in the market around the valuation date, and adjusting the transaction prices of such comparable cases for differences; 3. The percentage of newness is determined comprehensively based on the actual condition of the asset, taking into account the age factor, economic obsolescence factor, and usage condition adjustments, combined with the remaining useful life and site inspection. |
| Total | 552,106,348.49 | 463,942,209.36 | 88,164,139.13 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(15) Construction in progress

| Category | Balance at the end of the year | Balance at the beginning of the year |
|--------------------------|--------------------------------|--------------------------------------|
| Construction in progress | 15,313,954.59 | 30,397,193.91 |
| Engineering material | | |
| Total | 15,313,954.59 | 30,397,193.91 |

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 | 5,391,630.86 | | 5,391,630.86 | 10,207,899.94 | | 10,207,899.94 |
| 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 | |
| Shaoguan Hazardous Waste Treatment and Disposal Center Project | | | | 10,246,923.02 | | 10,246,923.02 |
| Total of other ad hoc projects | 10,015,323.73 | 93,000.00 | 9,922,323.73 | 9,942,370.95 | | 9,942,370.95 |
| Total | 25,332,955.60 | 10,019,001.01 | 15,313,954.59 | 40,323,194.92 | 9,926,001.01 | 30,397,193.91 |

Note: The main construction of the Zhuhai Green Industry Service Center Project has been completed and put into operation, and the balance shown in the table represents ad hoc projects associated with such project.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(15) Construction in progress (Continued)

1. Construction in progress (Continued)

(2) 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 |
|---|--------------------------------------|----------------------|----------------------|--------------------------------|--------------------------------------|
| Yancheng solid waste disposal and hazardous waste incineration construction project | 9,926,001.01 | | | 9,926,001.01 | Unable to generate economic benefits |
| Centrifuge equipment | | 93,000.00 | | 93,000.00 | Unable to generate economic benefits |
| Total | 9,926,001.01 | 93,000.00 | | 10,019,001.01 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(16) Right-of-use assets

| Item | Buildings and structures | Total |
|---|--------------------------|---------------|
| I. Original carrying amount | | |
| 1. Balance at the beginning of the year | 18,836,836.25 | 18,836,836.25 |
| 2. Increase in the year | 916,257.23 | 916,257.23 |
| (1) New leases | 916,257.23 | 916,257.23 |
| 3. Decrease in the year | 11,489,938.61 | 11,489,938.61 |
| (1) Disposal | 11,489,938.61 | 11,489,938.61 |
| 4. Balance at the end of the year | 8,263,154.87 | 8,263,154.87 |
| II. Accumulated depreciation | | |
| 1. Balance at the beginning of the year | 12,343,554.01 | 12,343,554.01 |
| 2. Increase in the year | 5,502,432.42 | 5,502,432.42 |
| (1) Provision | 5,502,432.42 | 5,502,432.42 |
| 3. Decrease in the year | 11,489,938.61 | 11,489,938.61 |
| (1) Disposal | 11,489,938.61 | 11,489,938.61 |
| 4. Balance at the end of the year | 6,356,047.82 | 6,356,047.82 |
| III. Impairment provision | | |
| IV. Carrying amount | | |
| 1. Carrying amount at the end of the year | 1,907,107.05 | 1,907,107.05 |
| 2. Carrying amount at the beginning of the year | 6,493,282.24 | 6,493,282.24 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(17) 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 | 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 |
| 2. Increase in the year | 8,159,315.87 | | 4,612,469.04 | 24,222,135.22 | | 36,993,920.13 |
| (1) Purchase | 8,159,315.87 | | 3,152,481.50 | 24,222,135.22 | | 35,533,932.59 |
| (2) Internal research and development | | | 1,459,987.54 | | | 1,459,987.54 |
| 3. Decrease in the year | 1,462,553.28 | | | 11,014,582.02 | | 12,477,135.30 |
| (1) Disposal | 511,863.22 | | | 10,898,641.87 | | 11,410,505.09 |
| (2) Others | 950,690.06 | | | 115,940.15 | | 1,066,630.21 |
| 4. Balance at the end of the year | 889,160,116.86 | 21,579,015.71 | 75,930,593.45 | 1,156,633,629.19 | 10,849,900.20 | 2,154,153,255.41 |
| II. Accumulated amortization | | | | | | |
| 1. Balance at the beginning 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 |
| 2. Increase in the year | 19,384,758.23 | 2,049,982.96 | 5,049,236.96 | 43,550,922.06 | 2,352,142.75 | 72,387,042.96 |
| (1) Provision | 19,384,758.23 | 2,049,982.96 | 5,049,236.96 | 43,550,922.06 | 2,352,142.75 | 72,387,042.96 |
| 3. Decrease in the year | 1,462,553.28 | | | 10,878,849.33 | | 12,341,402.61 |
| (1) Disposal | 511,863.22 | | | 10,878,849.33 | | 11,390,712.55 |
| (2) Others | 950,690.06 | | | | | 950,690.06 |
| 4. Balance at the end of the year | 162,265,414.94 | 8,511,020.84 | 55,570,450.99 | 624,340,893.30 | 7,637,165.44 | 858,324,945.51 |
| III. Impairment provision | | | | | | |
| 1. Balance at the beginning of the year | | | | 55,934,532.23 | | 55,934,532.23 |
| 2. Increase in the year | 2,825,305.90 | | | | | 2,825,305.90 |
| (1) Provision | 2,825,305.90 | | | | | 2,825,305.90 |
| 3. Decrease in the year | | | | | | |
| (1) Disposal | | | | | | |
| 4. Balance at the end of the year | 2,825,305.90 | | | 55,934,532.23 | | 58,759,838.13 |
| IV. Carrying amount | | | | | | |
| 1. Carrying amount at the end of the year | 724,069,396.02 | 13,067,994.87 | 20,360,142.46 | 476,358,203.66 | 3,212,734.76 | 1,237,068,471.77 |
| 2. Carrying amount at the beginning 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. The Company has no intangible assets without title certificates as at 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 |
| 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 Energy | 20,271,219.13 | | | | | 20,271,219.13 |
| Hefei Energy | 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 Lvyi | 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 | 1,366,339,576.58 | | | | | 1,366,339,576.58 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 |
| Xiamen Oasis | 87,431,370.47 | 61,600,875.03 | | | | 149,032,245.50 |
| Hubei Tianyin | 54,255,302.08 | | | | | 54,255,302.08 |
| Xiantao Lvyi | 7,696,700.00 | 3,103,300.00 | | | | 10,800,000.00 |
| Weifang Dongjiang | 52,000,000.00 | | | | | 52,000,000.00 |
| Hengshui Ruitao | 44,065,339.97 | | | | | 44,065,339.97 |
| Dongheng Environmental | 5,368,275.95 | 6,863,965.77 | | | | 12,232,241.72 |
| Hefei Energy | 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 Energy | 20,271,219.13 | | | | | 20,271,219.13 |
| Foshan Fulong | 89,831,126.19 | | | | | 89,831,126.19 |
| Port and Shipping Logistics | 1,459,028.80 | | | | | 1,459,028.80 |
| Dongguan Hengjian | 42,972,149.82 | 16,824,461.29 | | | | 59,796,611.11 |
| Hengjian Tongda | 37,111,728.37 | 26,040,241.80 | | | | 63,151,970.17 |
| Xiongfeng Environment | 7,211,804.79 | | | | | 7,211,804.79 |
| Jiangsu Dongjiang | 46,317,980.24 | 82,361,138.32 | | | | 128,679,118.56 |
| Zuhai Yongxingsheng | 20,926,598.94 | 21,693,551.96 | | | | 42,620,150.90 |
| Huaxin Environmental | | 76,900,421.15 | | | | 76,900,421.15 |
| Qingyuan Xinlv | | 7,702,507.93 | | | | 7,702,507.93 |
| Jiaxing Deda | | 2,461,489.37 | | | | 2,461,489.37 |
| Total | 682,787,670.17 | 305,551,952.62 | | | | 988,339,622.79 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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? |
|------------------------|--|---|---|
| Xiantao Lyji | | Industrial waste recycling, industrial waste recycling and disposal, classified according to the Company's internal organizational structure, management requirements and internal reporting system | Yes |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 Lvyi | 68,177,900.00 | 65,001,532.45 | 3,103,300.00 | 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 | 177,316,619.73 | 170,365,522.33 | 6,863,965.77 | 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 | 245,494,519.73 | 235,367,054.78 | 9,967,265.77 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 | 48,010,453.54 | 35,686,440.86 | 7,702,507.93 | 5 years | Revenue growth rate is 35.55%-1%, profit margin is 0.17%-0.63%, pre-tax discount rate is 10.49% | 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 0.63%, pre-tax discount rate is 10.49% | Key parameters are determined according to the macroeconomic situation, industry development trend, enterprise business planning and historical annual operation |
| Jiaxing Deda | 41,493,912.01 | 36,667,462.27 | 2,461,489.37 | 5 years | Revenue growth rate is -0.09%-1.52%, profit margin is -2.57%-1.34%, pre-tax discount rate is 10% | | Revenue growth rate is 0%, profit margin is 1.34%, pre-tax discount rate is 10% | |
| Dongguan Hengjian | 68,940,569.23 | 48,690,942.78 | 16,824,461.29 | 5 years | Revenue growth rate is 67.45%-3.60%, profit margin is -22.54%~-3.07%, pre-tax discount rate is 10.49% | | Revenue growth rate is 0%, profit margin is -3.07%, pre-tax discount rate is 10.49% | |
| Xiamen Oasis | 579,264,129.62 | 476,596,004.57 | 61,600,875.03 | 5 years | Revenue growth rate is 16.72%-4.64%, profit margin is -2.57%-4.40%, pre-tax discount rate is 9.51% | | Revenue growth rate is 0%, profit margin is 4.40%, pre-tax discount rate is 9.51% | |
| Wosen Environmental | 103,505,277.14 | 110,618,450.03 | - | 5 years | Revenue growth rate is 1.16%-2.01%, profit margin is 11.47%-14.65%, pre-tax discount rate is 9.88% | | Revenue growth rate is 0%, profit margin is 14.65%, pre-tax discount rate is 9.88% | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 | 144,446,770.85 | 118,193,932.14 | 26,040,241.80 | 8 years | Revenue growth rate is 5.91%~16.67%, profit margin is 40.32%-40.09%, pre-tax discount rate is 8.06% | | Not applicable | Not applicable |
| Zhuhai Yongxingsheng | 251,538,546.57 | 224,421,606.62 | 21,693,551.96 | 5 years | Revenue growth rate is 23.67%-2.44%, profit margin is 1.97%-4.39%, pre-tax discount rate is 10.49% | | Revenue growth rate is 0%, profit margin is 4.39%, pre-tax discount rate is 10.49% | Key parameters are determined according to the macroeconomic situation, industry development trend, enterprise business planning and historical annual operation |
| Huaxin Environmental | 210,272,781.95 | 114,658,856.33 | 76,900,421.15 | 5 years | Revenue growth rate is 10%-2.54%, profit margin is -7.14%-2.14%, pre-tax discount rate is 9.51% | | Revenue growth rate is 0%, profit margin is 2.14%, pre-tax discount rate is 9.51% | |
| Jiangsu Dongjiang | 383,967,439.12 | 301,606,300.80 | 82,361,138.32 | 5 years | Revenue growth rate is 58.05%-7.03%, profit margin is -12.44%-15.14%, pre-tax discount rate is 9.01% | | Revenue growth rate is 0%, profit margin is 15.14%, pre-tax discount rate is 9.01% | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(18) 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 |
|---------------------|------------------|--------------------|---|------------------|---|--|---|--|
| Huateng Environment | 21,142,827.49 | 21,470,283.54 | - | 5 years | Revenue growth rate is 69.46%-2%, profit margin is 14.17%-17.70%, pre-tax discount rate is 13.82% | | Revenue growth rate is 0%, profit margin is 17.70%, pre-tax discount rate is 13.82% | |
| Total | 1,852,582,707.52 | 1,488,610,279.94 | 295,584,686.85 | | | | | |

5. Performance commitment and its influence on goodwill impairment testing

Nil.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(19) Long-term deferred expenses

| Category | Original cost | Balance at the beginning of the year | Increase in the year | Amortization during the year | Other decreases | Balance at the end of the year |
|---|-----------------------|--------------------------------------|----------------------|------------------------------|-------------------|--------------------------------|
| Facility maintenance and improvement cost | 55,704,868.71 | 24,124,051.89 | 5,578,477.97 | 17,111,465.50 | 183,769.71 | 12,407,294.65 |
| Renovation cost | 34,207,942.06 | 15,209,860.17 | 14,565,332.72 | 5,263,235.64 | | 24,511,957.25 |
| Medical waste disposal | 6,564,593.17 | 5,975,891.51 | 411,155.43 | 1,820,888.47 | | 4,566,158.47 |
| Hazardous waste landfill | 4,609,499.14 | 1,863,434.40 | 856,132.07 | 561,610.36 | | 2,157,956.11 |
| Domestic waste landfill | 436,040.76 | 203,362.31 | | 153,773.52 | | 49,588.79 |
| Others | 15,752,110.80 | 13,216,136.81 | 3,480,783.67 | 5,376,226.59 | | 11,320,693.89 |
| Total | 117,275,054.64 | 60,592,737.09 | 24,891,881.86 | 30,287,200.08 | 183,769.71 | 55,013,649.16 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(20) 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 | 33,909,344.41 | 194,625,965.67 | 33,617,501.13 | 192,193,232.56 |
| Provision for credit impairment | 24,751,456.38 | 151,477,083.69 | 23,534,992.03 | 140,387,754.85 |
| Lease liabilities | 405,651.19 | 2,142,928.37 | 999,134.55 | 6,660,897.00 |
| Deferred income | 829,825.30 | 5,644,779.78 | 856,820.44 | 5,712,136.27 |
| Provision for asset impairment | 418,891.46 | 2,559,881.13 | 418,891.46 | 2,559,881.13 |
| Unrealised profit or loss on intra-group sales | 379,457.60 | 2,529,717.33 | 379,457.60 | 2,529,717.33 |
| Sub-total | 60,694,626.34 | 358,980,355.97 | 59,806,797.21 | 350,043,619.14 |
| Deferred income tax liabilities: | | | | |
| Fixed assets recognized for decommissioning obligations | 27,718,558.28 | 153,354,058.09 | 28,788,919.77 | 160,002,690.25 |
| Changes in fair value of investment properties | 15,463,068.09 | 69,918,292.87 | 15,267,671.92 | 70,046,247.40 |
| The result of continuous calculation of fair value of consolidated assets of businesses not under the common control | 11,850,353.86 | 79,002,359.07 | 13,273,396.79 | 88,489,311.93 |
| Right-of-use assets | 370,056.31 | 1,907,107.05 | 973,992.34 | 6,493,282.24 |
| Depreciation difference of fixed assets | 137,569.74 | 917,131.61 | 153,534.68 | 1,023,564.55 |
| Sub-total | 55,539,606.28 | 305,098,948.69 | 58,457,515.50 | 326,055,096.37 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(20) 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 | 1,935,015,705.60 | 1,300,809,134.82 |
| Deductible loss | 2,918,810,007.95 | 2,569,884,524.99 |
| Total | 4,853,825,713.55 | 3,870,693,659.81 |

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 2025 (2020) | | 328,671,356.69 | |
| Expiring in 2026 (2021) | 285,179,287.99 | 285,179,287.99 | |
| Expiring in 2027 (2022) | 648,605,523.77 | 648,605,523.77 | |
| Expiring in 2028 (2023) | 641,229,239.91 | 641,229,239.91 | |
| Expiring in 2029 (2024) | 676,229,993.73 | 666,199,116.63 | |
| Expiring in 2030 (2025) | 667,565,962.55 | | |
| Total | 2,918,810,007.95 | 2,569,884,524.99 | |

(21) 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 | 23,717,259.12 | | 23,717,259.12 | 20,914,441.69 | | 20,914,441.69 |
| Contract assets | 13,262,330.55 | | 13,262,330.55 | 11,382,728.00 | | 11,382,728.00 |
| Total | 36,979,589.67 | | 36,979,589.67 | 32,297,169.69 | | 32,297,169.69 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(22) 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 | 106,796,110.01 | 106,796,110.01 | Freeze, guarantee | Litigation freeze and guarantee deposits, etc. | 156,294,407.47 | 156,294,407.47 | Freeze, guarantee | Guarantee deposits and litigation freeze, etc. |
| Notes receivable | 57,380,027.11 | 57,358,526.89 | Endorsed, discounted | Endorsed or discounted to bank | 24,539,390.10 | 24,539,390.10 | Endorsed, discounted | Endorsed or discounted to bank |
| Accounts receivable | 16,564,749.65 | 16,564,749.65 | Mortgaged | Mortgaged loan | 14,305,364.76 | 10,339,985.16 | Mortgaged | Mortgaged loan |
| Fixed assets | 1,806,855,116.81 | 1,314,778,970.38 | Pledged | Pledged borrowings | 1,513,706,336.26 | 1,112,323,683.46 | Pledged | Pledged borrowings |
| Intangible assets | 356,779,028.99 | 302,453,264.78 | Pledged | Pledged borrowings | 356,720,667.91 | 311,059,054.51 | Pledged | Pledged borrowings |
| Investment properties | 71,558,700.00 | 71,558,700.00 | Pledged | Pledged borrowings | 205,579,730.00 | 205,579,730.00 | Pledged | Pledged borrowings |
| Total | 2,415,933,732.57 | 1,869,510,321.71 | - | - | 2,271,145,896.50 | 1,820,136,250.70 | - | - |

(23) 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 | 1,113,946,748.98 | 441,262,516.08 |
| Guaranteed borrowings | 317,349,861.28 | 366,087,961.28 |
| Pledged borrowings | 179,650,000.00 | 291,705,000.00 |
| Discounted bills | 36,847,675.70 | 97,307,499.25 |
| Accrued interest on loans and interest adjustment | 934,933.97 | 649,050.55 |
| Total | 1,648,729,219.93 | 1,197,012,027.16 |

Please refer to Note V. (22) "Assets with restricted ownership or use rights" 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 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(24) Derivative financial liabilities

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---------------------------|--------------------------------|--------------------------------------|
| Forward exchange contract | 3,768,510.75 | 5,673,136.62 |
| Total | 3,768,510.75 | 5,673,136.62 |

(25) 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 | 221,586,383.17 | 229,834,498.46 |
| Treatment fee | 109,841,158.49 | 201,857,409.95 |
| Construction fees | 89,195,632.15 | 93,872,962.31 |
| Equipment | 20,524,490.19 | 19,533,624.05 |
| Others | 79,870,604.23 | 69,638,386.19 |
| Total | 521,018,268.23 | 614,736,880.96 |

2. Significant accounts payable aged over 1 year or overdue

| Name of creditor | Balance at the end of the year | Reason for not being settled or carried forward |
|------------------|--------------------------------|---|
| Entity 1 | 6,311,397.69 | The condition for settlement is unsatisfied |
| Entity 2 | 6,078,767.16 | The condition for settlement is unsatisfied |
| Entity 3 | 5,966,968.85 | The condition for settlement is unsatisfied |
| Entity 4 | 5,129,846.18 | The condition for settlement is unsatisfied |
| Entity 5 | 4,420,000.00 | The condition for settlement is unsatisfied |
| Total | 27,906,979.88 | — |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(25) 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) | 373,076,451.44 | 537,457,944.41 |
| 1 to 2 years (inclusive) | 106,378,702.66 | 47,834,735.47 |
| 2 to 3 years (inclusive) | 18,349,499.65 | 6,981,524.78 |
| Over 3 years | 23,213,614.48 | 22,462,676.30 |
| Total | 521,018,268.23 | 614,736,880.96 |

(26) 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 | 834,893.77 | 963,309.66 |
| Total | 834,893.77 | 963,309.66 |

2. At the end of the year, there are no significant receipts in advance aged more than one year.

(27) 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 | 89,381,888.83 | 106,942,897.58 |
| Service fees | 67,939,570.30 | 39,873,961.46 |
| Total | 157,321,459.13 | 146,816,859.04 |

2. There was no significant contract liabilities aged more than one year.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(28) 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 | 32,812,542.08 | 554,872,390.00 | 546,997,596.90 | 40,687,335.18 |
| Post-employment benefits-defined contribution scheme | 429,295.78 | 60,188,790.97 | 60,433,016.81 | 185,069.94 |
| Termination benefits | 2,814,436.66 | 5,566,956.66 | 8,255,310.43 | 126,082.89 |
| Total | 36,056,274.52 | 620,628,137.63 | 615,685,924.14 | 40,998,488.01 |

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 | 30,502,391.49 | 466,742,948.10 | 459,410,627.38 | 37,834,712.21 |
| Staff welfare | 5,600.00 | 33,263,518.61 | 32,890,682.41 | 378,436.20 |
| Social insurance cost | 30,664.86 | 21,658,465.38 | 21,686,646.23 | 2,484.01 |
| Including: Medical insurance | 28,359.71 | 18,615,989.43 | 18,642,579.69 | 1,769.45 |
| Work-related injury insurance | 2,305.15 | 2,240,151.92 | 2,241,742.51 | 714.56 |
| Maternity insurance | | 802,324.03 | 802,324.03 | |
| Housing provident fund | 190,414.72 | 26,057,914.07 | 26,085,352.19 | 162,976.60 |
| Labor union charge and employee education charge | 2,083,471.01 | 7,149,543.84 | 6,924,288.69 | 2,308,726.16 |
| Total | 32,812,542.08 | 554,872,390.00 | 546,997,596.90 | 40,687,335.18 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(28) 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 | 69,884.17 | 50,656,918.25 | 50,683,632.98 | 43,169.44 |
| Unemployment insurance | 3,351.35 | 2,059,086.09 | 2,060,839.07 | 1,598.37 |
| Contribution to enterprise annuity | 356,060.26 | 7,472,786.63 | 7,688,544.76 | 140,302.13 |
| Total | 429,295.78 | 60,188,790.97 | 60,433,016.81 | 185,069.94 |

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 | 2,814,436.66 | 5,566,956.66 | 8,255,310.43 | 126,082.89 |
| Total | 2,814,436.66 | 5,566,956.66 | 8,255,310.43 | 126,082.89 |

(29) Tax payable

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---------------------------------------|--------------------------------|--------------------------------------|
| Value-added Tax | 11,703,961.01 | 6,640,870.82 |
| Property tax | 8,563,561.44 | 4,427,817.27 |
| Land use tax | 4,266,335.07 | 2,774,541.20 |
| Enterprise income tax | 2,834,451.64 | 7,514,516.38 |
| Individual income tax | 954,526.10 | 2,637,170.23 |
| Stamp tax | 765,505.31 | 1,197,166.51 |
| City maintenance and construction tax | 465,753.74 | 299,211.55 |
| Education surcharge | 340,989.18 | 233,258.99 |
| Others | 420,604.01 | 395,558.29 |
| Total | 30,315,687.50 | 26,120,111.24 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(30) 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 |
| Other accounts payable | 304,137,151.63 | 222,215,429.02 |
| Total | 304,137,151.63 | 222,215,429.02 |

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 |
| Total | | 1,000,000.00 |

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 | 29,301,952.87 | 30,968,711.46 |
| Payment for acquisition of equity interests | 3,434,111.64 | 6,988,786.64 |
| Provision for decommissioning cost | 11,884,804.93 | 12,176,184.41 |
| Others | 259,516,282.19 | 172,081,746.51 |
| Total | 304,137,151.63 | 222,215,429.02 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(30) 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 |
|--------------------|--------------------------------|---|
| Entity 1 | 39,550,651.41 | The condition for settlement is unsatisfied |
| Entity 2 | 15,956,116.50 | The condition for settlement is unsatisfied |
| Entity 3 | 8,522,477.08 | The condition for settlement is unsatisfied |
| Entity 4 | 6,761,212.14 | The condition for settlement is unsatisfied |
| Entity 5 | 3,434,111.64 | The condition for settlement is unsatisfied |
| Total | 74,224,568.77 | – |

(31) 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 | 1,480,455,884.35 | 1,590,093,143.03 |
| Long-term accounts payable due within one year | 63,913,719.54 | |
| Lease liabilities due within one year | 1,233,953.94 | 5,899,235.53 |
| Accrued interest on bond payables | | 1,593,698.82 |
| Accrued interest on long-term loans | 2,908,535.22 | 1,581,020.90 |
| Total | 1,548,512,093.05 | 1,599,167,098.28 |

(32) Other current liabilities

| Item | Balance at the end of the year | Balance at the beginning of the year |
|--|--------------------------------|--------------------------------------|
| Pending output VAT | 10,958,972.56 | 15,583,295.93 |
| Notes receivable that have been endorsed but not yet matured | 20,532,351.41 | 11,884,796.61 |
| Total | 31,491,323.97 | 27,468,092.54 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(33) Long-term borrowings

| Item | Balance at the end of the year | Balance at the beginning of the year | Interest rate range |
|---|--------------------------------|--------------------------------------|---------------------|
| Credit borrowings | 1,584,800,000.00 | 2,482,250,000.00 | 2.60%~2.70% |
| Pledged borrowings | 586,480,008.29 | 627,850,008.29 | 2.45%~3.40% |
| Guaranteed & mortgaged loan | 287,827,936.98 | 340,777,936.98 | 3.40%~4.05% |
| Guaranteed & mortgaged & pledged loan | 252,749,992.85 | 258,749,992.85 | 3.30% |
| Pledged loan | 35,581,875.00 | 55,914,375.00 | 3.20% |
| Guaranteed borrowings | 31,453,378.89 | 125,464,065.85 | 2.98% |
| Sub-total | 2,778,893,192.01 | 3,891,006,378.97 | |
| Less: Long-term loans due within one year | 1,480,455,884.35 | 1,590,093,143.03 | |
| Total | 1,298,437,307.66 | 2,300,913,235.94 | |

Note:

- The interest rate of long-term loans ranges from 2.45%-4.05%.
- Please refer to Note V. (22) 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 2025.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(34) Bond payables

| Items | 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) | 501,305,893.74 | 500,979,706.23 |
| First Tranche of Medium-term Notes in 2025 of Dongjiang Environmental Company Limited (25 Dongjiang Environmental MTN001) | 407,840,860.91 | 500,979,706.23 |
| Sub-total | 909,146,754.65 | 500,979,706.23 |
| Less: Bond payables due within one year (Note V. (31)) | | |
| Less: Accrued interest due within one year (Note V. (31)) | | 1,593,698.82 |
| Total | 909,146,754.65 | 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 2025 of Dongjiang Environmental Company Limited (25 Dongjiang Environmental MTN001) | 400,000,000.00 | 2.66 | 28 March 2025 | 2+1 | 400,000,000.00 |
| Less: Accrued interest due within one year | - | - | - | - | - |
| Total | 900,000,000.00 | - | - | - | 900,000,000.00 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(34) Bond payables (Continued)

- 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) | 500,979,706.23 | | 12,256,302.83 | 326,185.86 | 12,256,301.18 | 501,305,893.74 | No |
| First Tranche of Medium-term Notes in 2025 of Dongjiang Environmental Company Limited (25 Dongjiang Environmental MTN001) | | 400,000,000.00 | 8,133,039.72 | -292,178.81 | | 407,840,860.91 | No |
| Less: Accrued interest due within one year | 1,593,698.82 | - | | - | - | | - |
| Total | 499,386,007.41 | 400,000,000.00 | 20,389,342.55 | 34,007.05 | 12,256,301.18 | 909,146,754.65 | - |

(35) Lease liabilities

- Breakdown of lease liabilities

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---|--------------------------------|--------------------------------------|
| Lease payment | 2,225,443.27 | 6,971,900.91 |
| Less: Unrecognised finance costs | 60,612.95 | 208,486.47 |
| Less: Lease liabilities due within 1 year | 1,233,953.94 | 5,899,235.53 |
| Total | 930,876.38 | 864,178.91 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

V. NOTES TO IMPORTANT CONSOLIDATED FINANCIAL STATEMENT ITEMS

(Continued)

(35) 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 | 930,876.38 | 797,789.84 |
| 2-5 years | | 66,389.07 |
| Total | 930,876.38 | 864,178.91 |

(36) Long-term accounts payable

| Item | Balance at the end of the year | Balance at the beginning of the year |
|--|--------------------------------|--------------------------------------|
| Finance lease payables | 200,147,777.77 | |
| Less: Long-term accounts payable due within one year | 63,913,719.54 | |
| Total | 136,234,058.23 | |

(37) Provisions

| Item | Balance at the end of the year | Balance at the beginning of the year | Resulting from |
|--|--------------------------------|--------------------------------------|------------------------------------|
| Landfill decommissioning cost (Note) | 248,439,115.35 | 232,954,990.94 | – |
| Outstanding litigations and arbitrations | | 2,109,847.18 | Provision for decommissioning cost |
| Total | 248,439,115.35 | 235,064,838.12 | – |

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 | 150,819,681.26 | 9,584,277.03 | 18,855,891.01 | 141,548,067.28 | Government subsidies related to assets |
| Total | 150,819,681.26 | 9,584,277.03 | 18,855,891.01 | 141,548,067.28 | – |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 42,585,514.03 | | | 1,094,294.58 | | 41,491,219.45 | Related to assets |
| Grants in respect of hazardous waste treatment and construction projects | 37,281,709.98 | | | 6,157,872.62 | | 31,123,837.36 | Related to assets |
| Grants in respect of industrial park development | 27,155,728.30 | | | 1,222,718.93 | | 25,933,009.37 | Related to assets |
| Grants in respect of urban mineral projects of Xiamen Oasis | 21,029,733.86 | | | 4,660,916.16 | | 16,368,817.70 | Related to assets |
| Special funds for technological transformation of enterprises | 8,809,203.52 | | | 1,263,833.39 | | 7,545,370.13 | Related to assets |
| Projects for equipment upgrades funded by ultra-long-term special treasury bonds | | 6,140,000.00 | | | | 6,140,000.00 | Related to assets |
| Grant funds for northern Guangdong project | 4,247,033.32 | | | 74,061.67 | | 4,172,971.65 | Related to assets |
| Special funds for provincial scientific research projects | 1,726,249.85 | 1,142,594.63 | | 275,000.04 | | 2,593,844.44 | Related to assets |
| Special funds for national scientific research projects | 960,000.00 | 1,211,682.40 | | 499,501.88 | | 1,672,180.52 | Related to assets |
| Special funds for the development of energy-saving and environmental protection industries in Shenzhen | 1,973,675.44 | | | 493,418.76 | | 1,480,256.68 | Related to assets |
| Third batch of financial support for the modern commerce and distribution system pilot project of the Xiamen Municipal Bureau of Commerce | | 920,000.00 | | | | 920,000.00 | Related to assets |
| Provincial special funds for environmental protection guidance | 1,052,210.98 | | | 180,034.88 | | 872,176.10 | Related to assets |
| Demolition and relocation compensation funds | 759,427.37 | | | 185,542.64 | | 573,884.73 | Related to assets |
| Subsidies for circular economy and energy conservation and emission reduction construction projects | 522,277.63 | | | 53,195.15 | | 469,082.48 | Related to assets |
| Government subsidies for purchase of new vehicles | | 170,000.00 | | 1,083.33 | | 168,916.67 | Related to assets |
| Medical waste collection, transfer and disposal system upgrading construction project | 76,500.00 | | | 54,000.00 | | 22,500.00 | Related to assets |
| Financial discount for Zhuhai Dongjiang Green Service Center Project | 2,640,416.98 | | | | 2,640,416.98 | | Related to assets |
| Total | 150,819,681.26 | 9,584,277.03 | | 16,215,474.03 | 2,640,416.98 | 141,548,067.28 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 8,243,215.40 | 4,854,922.62 |
| Total | 8,243,215.40 | 4,854,922.62 |

(40) Share capital

| Item | Balance at the beginning of the year | Issuance of new shares | Bonus shares | Increase or decrease (+, -) | | | Sub-total | Balance at the end of the year |
|------------------------|--------------------------------------|------------------------|--------------|-----------------------------------|--------|--|------------------|--------------------------------|
| | | | | Capitalisation of surplus reserve | Others | | | |
| 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 | 1,297,860,590.96 | 3,554,675.00 | | 1,301,415,265.96 |
| Other capital reserve | 13,325,890.64 | | | 13,325,890.64 |
| Total | 1,311,186,481.60 | 3,554,675.00 | | 1,314,741,156.60 |

Note: Increase in share capital premium in the current period of RMB3,554,675.00 was due to reduced consideration for acquisition of minority interest.

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1 January 2025 to 31 December 2025

(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 | Less: Amount that was previously recognised in other comprehensive income and are transferred to earnings for the current period | Amount of the year | | Balance at the end of the year |
|--|--------------------------------------|--|--|--|---------------------------|--|--------------------------------|
| | | | | | Less: Income tax expenses | Attributable to the parent company, net of tax | |
| 1. Other comprehensive income that cannot be reclassified to profit or loss | | | | | | | |
| 2. Other comprehensive income that will be reclassified to profit or loss | 27,174,888.46 | 46,135.37 | | | | 46,135.37 | 27,221,023.83 |
| Including: Exchange difference on translation of financial statement in foreign currency | -299,060.04 | 46,135.37 | | | | 46,135.37 | -252,924.67 |
| The excess of fair value over carrying amount on the date of transfer from owner-occupied properties to investment properties measured at fair value | 27,473,948.50 | | | | | | 27,473,948.50 |
| Total other comprehensive income | 27,174,888.46 | 46,135.37 | | | | 46,135.37 | 27,221,023.83 |

(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 | 1,685,773.25 | 16,956,486.38 | 12,763,372.58 | 5,878,887.05 |
| Total | 1,685,773.25 | 16,956,486.38 | 12,763,372.58 | 5,878,887.05 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | | 269,816,271.96 |
| Total | 269,816,271.96 | | | 269,816,271.96 |

(45) Undistributed profits

| Item | Amount of the year | Amount of last year |
|--|--------------------------|---------------------|
| Undistributed profits at the end of last year before adjustment | 884,731,010.75 | 1,688,916,877.98 |
| 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 | 884,731,010.75 | 1,688,916,877.98 |
| Add: Net profits attributable to the shareholders of the parent company in the current year | -1,231,537,772.44 | -804,185,867.23 |
| Others | | |
| Less: Appropriation to statutory surplus reserve | | |
| Dividends payable on ordinary shares | | |
| Undistributed profits at the end of the year | -346,806,761.69 | 884,731,010.75 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 3,407,666,404.47 | 3,396,006,402.67 | 3,443,357,742.60 | 3,271,010,331.43 |
| Other operating activities | 49,364,086.23 | 29,383,257.90 | 43,302,960.49 | 20,630,190.53 |
| Total | 3,457,030,490.70 | 3,425,389,660.57 | 3,486,660,703.09 | 3,291,640,521.96 |

(1) Principal businesses – by business category

| Item | Amount of the year | | Amount of last year | |
|---|-------------------------|-------------------------|---------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Industrial waste recycling | 1,572,911,548.48 | 1,433,794,761.49 | 1,301,252,837.78 | 1,218,830,152.32 |
| Industrial waste treatment and disposal | 734,086,095.68 | 823,042,368.69 | 935,401,534.07 | 911,747,032.45 |
| Rare and precious metals recycling | 717,912,293.48 | 772,352,213.18 | 858,015,108.43 | 831,356,106.52 |
| Electronic waste dismantling treatment | 187,469,874.00 | 188,671,717.29 | 117,002,138.83 | 128,685,639.83 |
| Municipal waste treatment and disposal | 94,750,248.47 | 73,263,668.95 | 106,092,899.41 | 85,593,492.15 |
| Environmental engineering and services | 70,185,734.56 | 65,937,075.30 | 97,526,484.49 | 65,765,565.68 |
| Renewable energy utilization | 17,428,722.51 | 27,300,146.91 | 28,066,739.59 | 29,032,342.48 |
| Others | 12,921,887.29 | 11,644,450.86 | | |
| Total | 3,407,666,404.47 | 3,396,006,402.67 | 3,443,357,742.60 | 3,271,010,331.43 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
| Income from sale of scraps | 23,616,712.97 | 17,133,857.76 | 4,056,859.31 | 1,569,415.09 |
| Asset leasing | 16,828,515.58 | 2,452,481.20 | 18,929,049.48 | 3,245,073.87 |
| Property management fee | 3,071,357.23 | 5,591,997.70 | 2,764,565.61 | 6,318,613.21 |
| Trademark fee income | 2,644,603.16 | | 783,020.05 | |
| Business cooperation service fee income | 798,040.95 | | 5,746,132.08 | |
| Processing fee income | | | 6,290,588.49 | 3,404,107.58 |
| Others | 2,404,856.34 | 4,204,921.24 | 4,732,745.47 | 6,092,980.78 |
| Total | 49,364,086.23 | 29,383,257.90 | 43,302,960.49 | 20,630,190.53 |

NOTES TO THE FINANCIAL STATEMENTS

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(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 | 3,457,030,490.70 | | 3,486,660,703.09 | |
| Total amount of deductions of operating revenue | 49,364,086.23 | | 43,302,960.49 | |
| Proportion of total amount of operating revenue deductions in operating revenue (%) | 1.43 | / | 1.24 | / |
| 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. | 49,364,086.23 | Mainly rental income, trademark loyalty income, scraps income, business cooperation service fee income, property management fee income. | 43,302,960.49 | Mainly rental income, trademark loyalty income, scraps income, business cooperation service fee income, property management fee income, processing fee income. |
| Sub-total of operating revenue irrelevant to main businesses | 49,364,086.23 | | 43,302,960.49 | |
| 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 | 3,407,666,404.47 | | 3,443,357,742.60 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 28,048,484.93 | 29,171,369.44 |
| Land use tax | 11,415,567.77 | 11,115,991.56 |
| Stamp tax | 2,743,801.59 | 3,866,560.95 |
| City maintenance and construction tax | 2,197,558.75 | 3,188,044.99 |
| Education surcharge | 1,690,783.50 | 2,761,394.90 |
| Others | 1,178,976.48 | 2,095,618.39 |
| Total | 47,275,173.02 | 52,198,980.23 |

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 | 87,109,399.47 | 68,593,336.45 |
| Technical service fee | 8,345,992.37 | 6,908,129.54 |
| Business entertainment expenses | 1,986,405.51 | 4,680,477.71 |
| Advertising and publicity cost | 1,316,749.95 | 972,091.01 |
| Business travel expenses | 1,064,441.32 | 695,059.29 |
| Rentals | 1,052,050.68 | 1,163,843.18 |
| Others | 2,811,264.69 | 3,923,975.69 |
| Total | 103,686,303.99 | 86,936,912.87 |

NOTES TO THE FINANCIAL STATEMENTS

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(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 | 192,244,203.81 | 196,940,588.03 |
| Depreciation charges | 83,270,430.14 | 90,685,049.75 |
| Amortization of intangible assets | 22,360,110.26 | 21,986,157.46 |
| Fees for intermediary agencies | 9,277,602.21 | 11,281,728.47 |
| Including: Audit fee | 2,509,433.96 | 2,509,433.96 |
| Public utility | 7,186,938.09 | 7,728,723.92 |
| Business entertainment expenses | 5,765,164.78 | 12,086,092.15 |
| Office expenses | 3,536,449.69 | 3,518,237.30 |
| Repair charge | 3,344,074.17 | 4,194,258.23 |
| Business travel expenses | 3,264,654.84 | 2,612,544.71 |
| Amortization of long-term unamortized expenses | 3,092,734.48 | 1,594,852.55 |
| Vehicle use cost | 2,690,669.55 | 3,076,281.32 |
| Property insurance premiums | 2,430,062.25 | 2,049,670.58 |
| Others | 42,878,191.36 | 37,179,013.84 |
| Total | 381,341,285.63 | 394,933,198.31 |

(50) Research and development expenses

| Item | Amount of the year | Amount of last year |
|-----------------------------------|-----------------------|---------------------|
| Employee benefits | 56,741,002.46 | 60,958,986.33 |
| Machinery material consumption | 28,421,102.53 | 17,907,923.65 |
| Depreciation | 17,766,731.65 | 15,802,647.69 |
| Amortization of intangible assets | 4,662,165.98 | 8,099,330.22 |
| Testing fee | 3,175,241.88 | 1,416,525.43 |
| Technical service fee | 1,953,836.56 | 2,613,967.29 |
| Rentals | 1,858,128.39 | 2,829,092.44 |
| Others | 7,191,115.25 | 5,392,971.16 |
| Total | 121,769,324.70 | 115,021,444.21 |

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1 January 2025 to 31 December 2025

(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 | 190,697,804.90 | 198,850,961.59 |
| Less: Interest income | 6,453,898.15 | 5,384,340.29 |
| Exchange gains and losses | -3,985,927.57 | -8,074,225.97 |
| Bank fee and others | 523,434.63 | 383,851.70 |
| Total | 180,781,413.81 | 185,776,247.03 |

2. Breakdown of interest expenses

| Item | Amount of the year | Amount of last year |
|---|-----------------------|---------------------|
| Interest expenditure on loans from financial institutions | 157,055,192.82 | 183,322,516.55 |
| Interest expenditure on decommissioning costs | 11,015,343.26 | 10,728,890.39 |
| Bond interest based on effective interest rate | 22,488,746.53 | 5,363,982.97 |
| Interest expense of lease liabilities | 138,522.29 | 423,786.60 |
| Sub-total | 190,697,804.90 | 199,839,176.51 |
| Less: Capitalised interest | | 935,208.35 |
| Less: Loan interest subsidy from government | | 53,006.57 |
| Total | 190,697,804.90 | 198,850,961.59 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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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 | 34,284,607.99 | 38,978,077.41 | 22,801,469.97 | See Note IX. (3) |
| Additional deduction of Input VAT | 1,669,610.56 | 11,583,683.90 | | Related to revenue |
| Refund of individual income tax fee | 49,507.13 | 81,221.17 | | Related to revenue |
| Total | 36,003,725.68 | 50,642,982.48 | 22,801,469.97 | - |

(53) Investment income

| Item | Amount of the year | Amount of last year |
|---|-----------------------|---------------------|
| Gain on debt restructuring | -11,939,330.30 | |
| Long-term equity investment income accounted using equity method | 968,827.88 | -3,196,885.90 |
| Investment income from disposal of long-term equity investment | | 968,124.56 |
| Investment income from disposal of trading financial assets | 4,337,841.88 | 6,481,548.14 |
| Investment income from other equity instruments during the holding period | 40,000.00 | 100,000.00 |
| Gain on derecognition of financial assets at amortized cost | -1,804,601.78 | -735,331.36 |
| Others | -542,348.96 | -1,069.12 |
| Total | -8,939,611.28 | 3,616,386.32 |

(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 | 4,556,109.49 | 5,713,823.48 |
| Investment properties measured at fair value | -9,705,208.00 | -7,908,936.09 |
| Derivative financial instruments | -3,526,270.67 | -5,673,136.62 |
| Total | -8,675,369.18 | -7,868,249.23 |

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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 | -36,102,379.66 | -58,367,554.72 |
| Bad debt loss of other accounts receivable | 683,566.84 | -285,401.78 |
| Bad debt loss of notes receivable | -21,500.22 | |
| Total | -35,440,313.04 | -58,652,956.50 |

(56) Impairment loss on assets

| Item | Amount of the year | Amount of last year |
|---|--------------------|---------------------|
| Impairment loss on goodwill | -305,551,952.62 | -164,787,623.84 |
| Impairment loss on fixed assets | -88,164,139.13 | -6,379,627.69 |
| Inventory depreciation loss and impairment loss of contract performance costs | -18,668,630.44 | -9,514,718.12 |
| Impairment loss on long-term equity investment | -3,321,014.65 | |
| Impairment loss of intangible assets | -2,825,305.90 | |
| Impairment loss on construction in progress | -93,000.00 | |
| Impairment loss on contract assets | | -12,656,646.06 |
| Total | -418,624,042.74 | -193,338,615.71 |

(57) Gains on disposal of assets

| Item | Amount of the year | Amount of last year |
|---|--------------------|---------------------|
| Gain/loss from disposal of non-current assets | 879,521.15 | 4,394,509.60 |
| Total | 879,521.15 | 4,394,509.60 |

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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 | 3,082,868.81 | 1,903,986.43 | 3,082,868.81 |
| Claims paid under employer's liability insurance | 2,263,710.86 | | 2,263,710.86 |
| Gains from spoilage and obsolescence of non-current assets | 1,317,807.46 | 113,178.21 | 1,317,807.46 |
| Claim for breach of contract and compensation | 840,918.84 | 1,546,730.50 | 840,918.84 |
| Fines collected | 179,813.80 | 987,744.81 | 179,813.80 |
| Waste disposal | 111,741.23 | 1,331,945.16 | 111,741.23 |
| Government grants not related to the daily activities of the Company | | 111,431.29 | |
| Others | 1,435,818.94 | 629,782.71 | 1,435,818.94 |
| Total | 9,232,679.94 | 6,624,799.11 | 9,232,679.94 |

(59) Non-operating expenses

| Item | Amount of the year | Amount of last year | Amount included in non-recurring profit or loss |
|---|-----------------------|---------------------|---|
| Litigation and arbitration expenses (Note) | 109,981,133.47 | 3,688,702.24 | 109,981,133.47 |
| Donations | 400,200.00 | 355,000.00 | 400,200.00 |
| Loss on spoilage and obsolescence of non-current assets | 279,267.96 | 30,806,720.53 | 279,267.96 |
| Extraordinary losses (penalty) | 213,072.18 | 8,221,671.69 | 213,072.18 |
| Expenditure on carbon emission quota trading | 182,945.96 | 260,874.53 | 182,945.96 |
| Others | 492,379.82 | 2,259,940.61 | 492,379.82 |
| Total | 111,548,999.39 | 45,592,909.60 | 111,548,999.39 |

Note: Litigation and arbitration expenses incurred during the year primarily arose from the recognition based on the judgment in the litigation matter involving Jiangxi Environmental Protection Co., Ltd., details of which are set out in note XV "Other Significant Events".

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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 | 7,057,516.19 | 13,359,703.44 |
| Deferred income tax expense | -3,805,738.35 | -5,824,991.29 |
| Total | 3,251,777.84 | 7,534,712.15 |

2. Reconciliation of accounting profit to income tax expense

| Item | Amount |
|--|-------------------|
| Total profit | -1,340,325,079.88 |
| Income tax expense at statutory/applicable tax rate | -201,048,761.98 |
| Effect of different tax rates on subsidiaries | -37,701,596.22 |
| Effect of adjusting income tax in prior periods | 715,652.90 |
| Effect of income not subject to tax | -15,153,111.28 |
| Effect of non-deductible costs, expenses and losses | 2,701,984.25 |
| Effect of additional deduction of research and development expenses | -16,261,312.39 |
| Effect of utilization of deductible loss of unrecognised deferred income tax assets in the previous period | -2,093,641.30 |
| Effect of deductible temporary differences or deductible losses on unrecognised deferred income tax assets in the year | 271,929,878.36 |
| Change in deferred income tax asset/liability balance at the beginning of the year due to tax rate adjustments | 162,685.50 |
| Income tax expenses | 3,251,777.84 |

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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 | 76,397,644.68 | 1,756,146,506.55 |
| Government grants | 26,734,572.72 | 32,663,968.71 |
| Interest income | 6,453,898.15 | 5,384,340.29 |
| Non-operating revenue | 2,859,236.46 | 3,468,856.01 |
| Total | 112,445,352.01 | 1,797,663,671.56 |

(2) Other cash payments relating to operating activities

| Item | Amount of the year | Amount of last year |
|-----------------------------|-----------------------|---------------------|
| Payment to current accounts | 155,222,379.42 | 1,877,046,129.55 |
| Out-of-pocket expenses | 113,667,418.29 | 116,018,579.83 |
| Non-operating expenses | 1,423,826.43 | 1,628,650.32 |
| Total | 270,313,624.14 | 1,994,693,359.70 |

2. Cash flows from investing activities

(1) Cash receipts relating to major investing activities

| Item | Amount of the year | Amount of last year |
|--------------------|-------------------------|---------------------|
| Structured deposit | 2,035,000,000.00 | 2,180,600,000.00 |
| Total | 2,035,000,000.00 | 2,180,600,000.00 |

(2) Cash payments relating to major investing activities

| Item | Amount of the year | Amount of last year |
|---|-------------------------|---------------------|
| Structured deposit | 2,035,600,000.00 | 2,129,860,000.00 |
| Payment for investment in joint ventures and associates | 10,750,000.00 | |
| Total | 2,046,350,000.00 | 2,129,860,000.00 |

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1 January 2025 to 31 December 2025

(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 |
|------------------------------|--------------------|---------------------|
| Decrease in restricted funds | 40,000,000.00 | |
| Total | 40,000,000.00 | |

(2) Other cash payments relating to financing activities

| Item | Amount of the year | Amount of last year |
|--|--------------------|---------------------|
| Payment for lease payments | 8,083,417.52 | 5,341,414.87 |
| Increase in restricted funds | | 40,000,000.00 |
| Payment for acquisition of equity interests from minority shareholders | | 3,556,000.00 |
| Total | 8,083,417.52 | 48,897,414.87 |

(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 | 1,197,012,027.16 | 2,041,276,808.61 | 96,500,644.33 | 1,686,060,260.17 | | 1,648,729,219.93 |
| Dividends payable | 1,000,000.00 | | 7,950,000.00 | 8,950,000.00 | | |
| Long-term borrowings | 2,300,913,235.94 | 477,979,956.07 | | | 1,480,455,884.35 | 1,298,437,307.66 |
| Bond payables | 499,386,007.41 | 399,600,000.00 | 22,417,048.42 | 12,256,301.18 | | 909,146,754.65 |
| Long-term accounts payable | | 220,000,000.00 | | 22,335,944.44 | 61,429,997.33 | 136,234,058.23 |
| Lease liabilities | 864,178.91 | | 3,484,833.40 | 2,184,181.99 | 1,233,953.94 | 930,876.38 |
| Non-current liabilities due within 1 year | 1,599,167,098.28 | | 1,548,512,093.05 | 1,599,167,098.28 | | 1,548,512,093.05 |
| Total | 5,598,342,547.70 | 3,138,856,764.68 | 1,678,864,619.20 | 3,330,953,786.06 | 1,543,119,835.62 | 5,541,990,309.90 |

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1 January 2025 to 31 December 2025

(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 | -1,343,576,857.72 | -887,555,367.20 |
| Add: Provision for asset impairment | 418,624,042.74 | 193,338,615.71 |
| Credit Impairment loss | 35,440,313.04 | 58,652,956.50 |
| Depreciation of fixed assets, consumption of oil and gas assets, depreciation of productive biological assets, depreciation of investment properties | 560,676,997.30 | 572,344,417.21 |
| Depreciation of right-of-use assets | 5,502,432.42 | 5,721,990.45 |
| Amortization of intangible assets | 72,387,042.96 | 69,812,148.50 |
| Amortization of long-term deferred expenses | 30,287,200.08 | 31,831,998.59 |
| Loss from disposal of fixed assets, intangible assets and other long-term assets ((gain represented by "-" sign) | -879,521.15 | -4,394,509.60 |
| Loss on written off of fixed assets (gain represented by "-" sign) | -1,038,539.50 | 30,687,270.72 |
| Net loss on hedging exposure (gain represented by "-" sign) | | |
| Gain/loss of changes in fair value (gain represented by "-" sign) | 8,675,369.18 | 7,868,249.23 |
| Finance costs (gain represented by "-" sign) | 190,697,804.90 | 198,850,961.59 |
| Investment loss (gain represented by "-" sign) | 8,939,611.28 | -3,616,386.32 |
| Decrease in deferred income tax assets (increase represented by "-" sign) | -887,829.13 | 2,685,969.70 |
| Increase in deferred income tax liabilities (decrease represented by "-" sign) | -2,917,909.22 | -3,190,194.19 |
| Decrease in inventory (increase is marked with "-") | 117,103,567.86 | 5,219,598.02 |
| Decrease in operating receivables (increase represented by "-" sign) | 295,755,351.38 | -77,015,373.32 |
| Increase in operating payables (decrease represented by "-" sign) | -7,757,837.54 | -75,823,102.04 |
| Others | | |
| Net cash flows from operating activities | 387,031,238.88 | 125,419,243.55 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | |
| Finance lease of fixed assets | 220,000,000.00 | |
| 3. Net changes in cash and cash equivalents | | |
| Balance of cash at the end of the year | 1,099,872,837.30 | 1,016,307,175.22 |
| Less: Balance of cash at the beginning of the year | 1,016,307,175.22 | 1,237,810,786.72 |
| 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 | 83,565,662.08 | -221,503,611.50 |

2. Cash and cash equivalents

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---|--------------------------------|--------------------------------------|
| I. Cash | 1,099,872,837.30 | 1,016,307,175.22 |
| Including: Cash on hand | 25,000.00 | 90.86 |
| Bank deposits readily available for payments | 1,099,847,837.30 | 1,016,307,084.36 |
| II. Cash equivalents | | |
| III. Balances of cash and cash equivalents at the end of the year | 1,099,872,837.30 | 1,016,307,175.22 |

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1 January 2025 to 31 December 2025

(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)

3. 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 | 106,796,110.01 | 156,294,407.47 | 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 | 106,796,110.01 | 165,609,205.85 | – |

(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 | 399,840.49 | 7.0288 | 2,810,398.83 |
| Hong Kong Dollars | 11,006,065.58 | 0.9032 | 9,940,678.43 |
| Other accounts receivable | | | |
| Including: Hong Kong Dollars | 155,068.14 | 0.9032 | 140,060.64 |
| Other accounts payable | | | |
| Including: Hong Kong Dollars | 13,525,406.77 | 0.9032 | 12,216,147.39 |
| Short-term borrowings | | | |
| Including: US Dollars | 22,000,000.00 | 7.0288 | 154,633,600.00 |
| Japanese yen | 2,950,000,000.00 | 0.0448 | 132,160,000.00 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 138,522.29 |
| Short-term lease expense (applicable to simplified approach) | Overheads, selling expenses, administrative expenses, research and development expenses | 4,516,240.63 |
| Rental expenses of low-value assets (applicable to simplified approach) | Selling expenses, administrative expenses | 82,639.01 |

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 | 8,083,417.52 |
| Payments for short-term leases and low-value assets (applicable to simplified approach) | Cash outflows from operating activities | 3,648,203.35 |
| | Cash outflows from investing activities | |
| Total | – | 11,731,620.87 |

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1 January 2025 to 31 December 2025

(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 | 16,111,280.67 |
| Total | – | 16,111,280.67 |

② Details of lease payments receivable

| Item | Amount |
|--------------------------------------|---------------|
| First year after balance sheet date | 18,886,403.53 |
| Second year after balance sheet date | 18,501,590.14 |
| Third year after balance sheet date | 16,861,567.09 |
| Fourth year after balance sheet date | 8,415,841.05 |
| Fifth year after balance sheet date | 8,099,503.67 |
| Total | 70,764,905.48 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 56,741,002.46 | 61,666,409.04 |
| Machinery material consumption | 28,421,102.53 | 17,907,923.65 |
| Depreciation charges | 17,766,731.65 | 15,802,647.69 |
| Amortization of intangible assets | 4,662,165.98 | 8,099,330.22 |
| Testing fee | 3,175,241.88 | 1,557,525.43 |
| Technical service fee | 1,953,836.56 | 2,613,967.29 |
| Rentals | 1,858,128.39 | 2,829,092.44 |
| Others | 7,191,115.25 | 6,104,693.93 |
| Total | 121,769,324.70 | 116,581,589.69 |
| Including: Research and development expenditure, expensed | 121,769,324.70 | 115,021,444.21 |
| Research and development expenditure, capitalised | | 1,560,145.48 |

(2) Development expenditure of R&D projects eligible for capitalisation

| Item | Balance at the beginning of the year | Increase in the year | | Decrease 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 codisposal 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 | | |
| Total | 1,459,987.54 | | | 1,459,987.54 | | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 during the period

Nil.



NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 reason

There was an increase of four consolidated entities as compared with last year in the period due to other reasons. Reasons are:

1. In June 2025, Hubei Tianyin, a subsidiary of the Company, established Dongjiang Vehicle Resources Recycling (Hubei) Co., Ltd., with a registered capital of RMB50 million, of which Hubei Tianyin's subscribed contribution accounted for 51% of the registered capital.
2. In November 2025, the Company established Guangdong Elephant Logistics Technology Co., Ltd., with a registered capital of RMB30 million, of which the Company's subscribed contribution accounted for 40% of the registered capital.
3. In November 2025, the Company established Guangdong Dongjiang Energy Saving Equipment Services Co., Ltd., with a registered capital of RMB50 million, of which the Company's subscribed contribution accounted for 51% of the registered capital.
4. In November 2025, Wosen Environmental, a subsidiary of the Company, established Xinjiang Dongjiang Resource Recycling Ltd., with a registered capital of RMB20 million, of which Wosen Environmental's subscribed contribution accounted for 70% of the registered capital.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 Energy | Company with limited liability | Nanchang, Jiangxi | 1,000.00 | Nanchang, Jiangxi | Industrial | | 100.00 | Business combination not under common control |
| Hefei Energy | 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 |

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1 January 2025 to 31 December 2025

(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 | | Business nature | Shareholding proportion (%) | | Acquisition method |
|-------------------------|--------------------------------|-----------------------------|--------------------|-----------------------|-----------------|-----------------------------|----------|---|
| | | | capital (RMB'0000) | Place of registration | | Direct | Indirect | |
| 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 |
| 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 |

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(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 | | Business nature | Shareholding proportion (%) | | Acquisition method |
|-----------------------------|--------------------------------|-----------------------------|--------------------|-----------------------|-----------------|-----------------------------|----------|---|
| | | | capital (RMB'0000) | Place of registration | | Direct | Indirect | |
| Dongjiang Vehicle | Company with limited liability | Jingzhou, Hubei | 2,000.00 | Jingzhou, Hubei | Industrial | | 51.00 | Established by way of capital contribution |
| Jingzhou Dongjiang | Company with limited liability | Jingzhou, Hubei | 1,000.00 | Jingzhou, Hubei | Industrial | 100.00 | | Established by way of capital contribution |
| Xiantao Lvyi | 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 |
| Kunshan Purification | 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 | 60.00 | | 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 |
| 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 |

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(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 | | Business nature | Shareholding proportion (%) | | Acquisition method |
|-------------------------|--------------------------------|-----------------------------|--------------------|-----------------------|-----------------|-----------------------------|----------|---|
| | | | capital (RMB'0000) | Place of registration | | Direct | Indirect | |
| Wosen Environmental | Company with limited liability | Karamay, Xinjiang | 5,000.00 | Karamay, Xinjiang | Industrial | 100.00 | | Business combination not under common control |
| Xinjiang Resource | Company with limited liability | Karamay, Xinjiang | 2,000.00 | Karamay, Xinjiang | Industrial | | 70.00 | Established by way of capital contribution |
| 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 |
| Kaian Transportation | Company with limited liability | Zhuhai, Guangdong | 1,000.00 | Zhuhai, Guangdong | Services | 100.00 | | Established by way of capital contribution |
| Dongjiang Energy Saving | Company with limited liability | Shenzhen, Guangdong | 5,000.00 | Shenzhen, Guangdong | Industrial | 51.00 | | Established by way of capital contribution |
| Elephant Logistics | Company with limited liability | Shaoguan, Guangdong | 3,000.00 | Shaoguan, Guangdong | Services | 40.00 | | Established by way of capital contribution |

Note 1: Although the Group's shareholding percentage in Elephant Logistics is below 50%, the Group has obtained control over such company by appointing more than half of the members of its board of directors, as major operational decisions require the approval of a majority of the board. Accordingly, the company is included in the consolidated financial statements.

Note 2: Although the Group's shareholding percentage in Dongjiang Baiyi (Xiamen) Technology Co., Ltd. exceeds 50%, such company is not included in the consolidated financial statements because major operational decisions require the approval of more than two-thirds of the members of its board of directors, and the number of directors appointed by the Group is less than two-thirds, making it unable to unilaterally control the board's decisions.

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1 January 2025 to 31 December 2025

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

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(1) Interests in subsidiaries (Continued)

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 |
|---------------|-----------------------|---|---|---|---|
| 1 | Zhuhai Yongxingsheng | 20.00 | 173,478.44 | | 38,365,848.57 |
| 2 | Kunshan Purification | 49.00 | 3,823,328.38 | | 34,291,943.36 |
| 3 | Xiongfeng Environment | 30.00 | -44,382,518.39 | | 116,969,071.94 |
| 4 | Shaoguan Dongjiang | 7.97 | -4,272,160.39 | | 41,155,418.49 |

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 | 146,163,765.41 | 100,717,784.93 | 246,881,550.34 | 53,804,023.10 | 1,248,284.45 | 55,052,307.55 | 144,805,747.87 | 109,303,910.70 | 254,109,658.57 | 61,338,500.41 | 1,795,370.17 | 63,133,870.58 |
| Kunshan Purification | 133,873,912.42 | 20,490,685.75 | 154,364,598.17 | 83,307,213.33 | | 83,307,213.33 | 72,371,142.28 | 20,398,759.06 | 92,769,901.34 | 29,532,864.80 | | 29,532,864.80 |
| Xiongfeng Environment | 570,298,123.87 | 476,308,916.22 | 1,046,607,040.09 | 565,233,612.44 | 83,390,353.86 | 648,623,966.30 | 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 |
| Shaoguan Dongjiang | 160,096,190.39 | 656,827,178.02 | 816,923,368.41 | 162,281,957.67 | 152,881,152.32 | 315,163,109.99 | 179,049,022.12 | 710,397,431.53 | 889,446,453.65 | 238,058,338.37 | 96,837,518.77 | 334,895,857.14 |

| 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 | 130,441,546.20 | 867,392.18 | 867,392.18 | -403,260.39 | 105,423,218.45 | -12,067,807.40 | -12,067,807.40 | 1,723,037.96 |
| Kunshan Purification | 350,370,843.14 | 7,802,710.98 | 7,802,710.98 | -93,748,582.59 | 289,504,453.21 | 1,606,729.70 | 1,606,729.70 | 8,140,405.99 |
| Xiongfeng Environment | 719,457,791.75 | -147,941,727.96 | -147,941,727.96 | -62,527,525.94 | 870,319,026.49 | -36,067,937.30 | -36,067,937.30 | 18,836,439.72 |
| Shaoguan Dongjiang | 100,342,366.14 | -53,577,692.24 | -53,577,692.24 | 39,738,854.14 | 118,353,968.75 | -29,232,639.22 | -29,232,639.22 | 37,979,176.63 |

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

VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Transactions that caused changes in the share of owner's equity in a subsidiary without loss of control in the subsidiary

The Company did not have any transactions that caused changes in the share of owner's equity in a subsidiary without loss of control in the subsidiary during the period.

(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 |

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(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 | 67,958,760.47 | 72,008,393.66 |
| Including: Cash and cash equivalent | 10,315,072.02 | 7,082,066.29 |
| Non-current assets | 351,491,955.07 | 347,291,503.65 |
| Total assets | 419,450,715.54 | 419,299,897.31 |
| Current liabilities | 99,866,435.20 | 110,538,639.69 |
| Non-current liabilities | 98,635,819.58 | 82,131,514.98 |
| Total liabilities | 198,502,254.78 | 192,670,154.67 |
| Minority interests | 26,092,922.85 | 30,355,949.29 |
| Equity interests attributable to shareholders of the parent company | 194,855,537.91 | 196,273,793.35 |
| Share of net asset based on shareholdings | 97,427,768.96 | 98,136,896.68 |
| Adjustments | | |
| Including: Goodwill | | |
| Unrealized profit from intra-group transactions | | |
| Others | | |
| Carrying amount of investments in interest of joint venture | 88,872,927.57 | 89,582,055.29 |
| Fair value of investments in interest in joint ventures with open market quotations | | |
| Operation revenue | 99,558,999.31 | 101,508,891.00 |
| Finance costs | 3,487,294.52 | 3,410,091.32 |
| Income tax expenses | 1,665,697.35 | 979,786.74 |
| Net profit | -5,681,281.88 | -12,882,092.33 |
| Net profit from discontinued operations | | |
| Other comprehensive income | | |
| Total comprehensive income | -5,681,281.88 | -12,882,092.33 |
| Dividends received from joint venture during the year | | |

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1 January 2025 to 31 December 2025

(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 | 87,161,589.02 | 104,885,082.93 | 79,305,704.59 | 96,647,300.71 |
| Including: Cash and cash equivalent | 13,226,818.51 | 11,532,907.81 | 16,762,923.78 | 64,700,086.91 |
| Non-current assets | 578,801,920.57 | 276,963,003.00 | 591,929,844.55 | 298,618,031.24 |
| Total assets | 665,963,509.59 | 381,848,085.93 | 671,235,549.14 | 395,265,331.95 |
| Current liabilities | 148,787,941.79 | 59,423,842.88 | 135,224,360.12 | 42,583,883.43 |
| Non-current liabilities | 351,981,380.42 | 142,308,448.32 | 373,886,699.51 | 175,692,889.90 |
| Total liabilities | 500,769,322.21 | 201,732,291.20 | 509,111,059.63 | 218,276,773.33 |
| Minority interests | | | | |
| Equity interests attributable to shareholders of the parent company | 165,194,187.38 | 180,115,794.73 | 162,124,489.51 | 176,988,558.62 |
| Share of net asset based on shareholdings | 61,287,043.52 | 76,549,212.76 | 60,148,185.61 | 75,220,137.41 |
| Adjustments | | | | |
| Including: Goodwill | | | | |
| Unrealized profit from intra-group transactions | | | | |
| Others | | | | |
| Carrying amount of investments in interest of associates | 63,719,177.10 | 76,549,212.75 | 62,580,319.19 | 75,220,137.41 |
| Fair value of investments in interest in associates with open market quotations | | | | |
| Operation revenue | 86,095,701.43 | 80,799,728.13 | 89,409,330.99 | 83,713,280.67 |
| Finance costs | 15,075,228.93 | -599,195.21 | 17,086,348.70 | -1,435,009.54 |
| Income tax expenses | 722,127.86 | 153,349.97 | -2,551,483.00 | 77,362.96 |
| Net profit | 3,069,697.87 | 3,125,253.70 | 2,608,573.37 | 3,126,390.08 |
| Net profit from discontinued operations | | | | |
| Other comprehensive income | | | | |
| Total comprehensive income | 3,069,697.87 | 3,125,253.70 | 2,608,573.37 | 3,126,390.08 |
| Dividends received from associates during the year | | | | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 56,773,549.50 | 49,934,541.80 |
| Total amounts based on shareholding: | | |
| Net profit | 4,005,692.10 | -4,166,945.38 |
| Total comprehensive income | 4,005,692.10 | -4,166,945.38 |

- There were no significant restrictions on transfer of funds from joint ventures or associates to the Company.
- There was no excess loss incurred by joint ventures or associates.
- There was no unrecognised guarantee in relation to investments in joint ventures.
- 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 | 1,399,628.15 | Not applicable |
| Total | 1,399,628.15 | – |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | | Balance at the end of the year | Related to assets/ revenue |
|---------------------------|--------------------------------------|------------------------|--------------------------------------|--|---------------------------------|--------------------------------|----------------------------|
| | | | in non-operating income for the year | Transfer to other income during the year | Other movements during the year | | |
| Deferred income | 150,819,681.26 | 9,584,277.03 | | 16,215,474.03 | | 144,188,484.26 | Related to assets |
| Total | 150,819,681.26 | 9,584,277.03 | | 16,215,474.03 | | 144,188,484.26 | - |

(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 | 16,215,474.03 | 18,408,480.68 | Related to assets |
| Refund of value-added tax upon collection | 11,483,138.02 | 7,826,605.19 | Related to revenue |
| Provincial and municipal financial subsidy funds | 3,721,764.32 | 2,352,213.00 | Related to revenue |
| Subsidies or incentive funds related to scientific and technological innovation | 1,584,327.58 | 2,499,000.00 | Related to revenue |
| Social security-related subsidy funds | 329,198.69 | 519,527.68 | Related to revenue |
| Employment stabilization subsidy | 276,033.63 | 636,569.17 | Related to revenue |
| Technical transformation subsidy funds | 150,000.00 | 1,002,800.00 | Related to revenue |
| Incentive subsidies for identified high-tech enterprises | 110,000.00 | 130,000.00 | Related to revenue |
| Subsidy for "stay put" employee training and job creation | 88,844.94 | 57,585.00 | Related to revenue |
| Tax and levy subsidy funds such as property tax and land use tax | | 2,119,884.65 | Related to revenue |
| Loan interests subsidy from government | | 1,820,891.00 | Related to revenue |
| Special subsidies for environmental protection such as pollution prevention and control | | 1,259,669.94 | Related to revenue |
| Others (less than RMB100,000) | 325,826.78 | 456,282.39 | Related to revenue |
| Total | 34,284,607.99 | 39,089,508.70 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 2025, 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 2025 to 31 December 2025

(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 2025, the unused credit facilities of bank borrowing of the Company was RMB4,013 million. As at 31 December 2025, 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 | 1,669,278,607.71 | | | | 1,669,278,607.71 |
| Accounts payable | 521,018,268.23 | | | | 521,018,268.23 |
| Other accounts payable | 304,137,151.63 | | | | 304,137,151.63 |
| Non-current liabilities due | | | | | |
| within 1 year | 1,567,783,420.80 | | | | 1,567,783,420.80 |
| Other current liabilities | 20,532,351.41 | | | | 20,532,351.41 |
| Long-term borrowings | 40,474,397.33 | 82,317,041.68 | 951,897,090.92 | 380,499,608.52 | 1,455,188,138.45 |
| Bonds payable | 24,490,000.00 | 523,066,527.78 | 402,571,333.33 | | 950,127,861.11 |
| Lease liabilities | | 1,021,409.93 | | | 1,021,409.93 |
| Long-term accounts payable | 6,174,288.16 | 68,546,896.59 | 73,918,682.06 | | 148,639,866.81 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | -90,754.85 | -90,754.85 | -94,260.20 | -94,260.20 |
| Decrease of 5% in the exchange rate of HKD against RMB | 90,754.85 | 90,754.85 | 94,260.20 | 94,260.20 |
| Increase of 5% in the exchange rate of JPY against RMB | -5,616,800.00 | -5,616,800.00 | -8,056,100.25 | -8,056,100.25 |
| Decrease of 5% in the exchange rate of JPY against RMB | 5,616,800.00 | 5,616,800.00 | 8,056,100.25 | 8,056,100.25 |
| Increase of 5% in the exchange rate of USD against RMB | -6,452,486.05 | -6,452,486.05 | -6,378,771.95 | -6,378,771.95 |
| Decrease of 5% in the exchange rate of USD against RMB | 6,452,486.05 | 6,452,486.05 | 6,378,771.95 | 6,378,771.95 |

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(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 2025 are as follows:

| Items of interest-bearing liabilities | Fixed interest rate | Floating interest rate | Total |
|--|-------------------------|-------------------------|-------------------------|
| Short-term borrowings | 1,648,729,219.93 | | 1,648,729,219.93 |
| Long-term borrowings | 73,500,000.00 | 1,224,937,307.66 | 1,298,437,307.66 |
| Bonds payable | 909,146,754.65 | | 909,146,754.65 |
| Non-current liabilities due within 1 year-Lease liabilities | 1,233,953.94 | | 1,233,953.94 |
| Non-current liabilities due within 1 year-Long-term accounts payable | 63,913,719.54 | | 63,913,719.54 |
| Non-current liabilities due within 1 year-Long-term borrowings | 907,784,191.88 | 575,580,227.69 | 1,483,364,419.57 |
| Lease liabilities | 930,876.38 | | 930,876.38 |
| Long-term accounts payable | 76,234,058.23 | 60,000,000.00 | 136,234,058.23 |
| Total | 3,681,472,774.55 | 1,860,517,535.35 | 5,541,990,309.90 |

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 shareholder' equity | Effect on net profit | Effect on shareholder' equity |
| RMB benchmark interest rate rises by 1% | -15,814,399.05 | -15,814,399.05 | -21,114,728.25 | -21,114,728.25 |
| RMB benchmark interest rate drops by 1% | 15,814,399.05 | 15,814,399.05 | 21,114,728.25 | 21,114,728.25 |

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(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 | 243,945,241.03 | Yes | Transfer of credit risk |
| Endorsement/ discount | Notes receivable | 57,380,027.11 | No | The risks related to bills have not been transferred, and the conditions for derecognition of financial assets are not met |
| Total | - | 301,325,268.14 | - | - |

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 | 243,945,241.03 | -1,804,601.78 |

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 | 57,380,027.11 | 57,380,027.11 |

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1 January 2025 to 31 December 2025

(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 | | 18,059,053.26 | | 18,059,053.26 |
| (1) Accounts receivable | | | | |
| (2) Notes receivable | | 18,059,053.26 | | 18,059,053.26 |
| (ii) Investment in other equity instruments | | | 4,242,896.51 | 4,242,896.51 |
| (iii) Investment properties | | | 420,310,035.00 | 420,310,035.00 |
| 2. Leased buildings | | | 420,310,035.00 | 420,310,035.00 |
| Total assets with continuous fair value measurement | | 18,059,053.26 | 424,552,931.51 | 442,611,984.77 |
| (i) Held-for-trading financial liabilities | | | | |
| 3. Financial liabilities at fair value through profit or loss | | | | |
| Including: Derivative financial liabilities | | 3,768,510.75 | | 3,768,510.75 |
| Total liabilities with continuous fair value measurement | | 3,768,510.75 | | 3,768,510.75 |

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

XI. FAIR VALUE *(Continued)*

(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.

(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 2025, 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 2025 to 31 December 2025

(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 2025, 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.

(2) Information about the subsidiaries of the Company

Please refer to Note "VIII. Interests in other entities".

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

XII. RELATIONSHIP WITH RELATED-PARTIES AND THEIR TRANSACTIONS *(Continued)*

(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 |
| Dongjiang Baiyi (Xiamen) Technology Co., Ltd. | Dongjiang Baiyi | Joint venture |
| ALBA Rising Green Fuel (Jieyang) Ltd. | Jieyang ALBA | Associates |
| Jieyang Guangye Environmental Protection Energy Co., Ltd. | Jieyang Environmental Energy | Associates |
| Jieyang Guangye Environmental Technology Co., Ltd. | Jieyang Guangye Technology | Associates |
| Guangdong Zihuan Investment Group Co., Ltd. | Guangdong Zihuan | Associates |
| Jieyang Guangye New Energy Environmental Protection Co., Ltd. | Jieyang Guangye Environmental | Associates |
| Fujian Xingye Dongjiang Environmental Technology Co., Ltd. | Xingye Dongjiang | Associates |
| Dongguan Fengye Solid Waste Treatment Co., Ltd. | Dongguan Fengye | Associates |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
| 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 |
| 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 |
| 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 Electronics Information Operations Group Co., Ltd. | Electronics Group | 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 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 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 |
| 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 |
| Shenzhen Huajiar Xilin Industrial Co.Ltd | Shenzhen Huajiar Xilin | 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 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
|---|---|--|
| 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 |
| 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 |
| Shaoguan smelter of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd. | Shaoguan smelter of Zhongjin Lingnan | Controlled by the same controlling shareholder |
| Baowu Group Environmental Resources Technology Co., Ltd.* (寶武集團環境資源科技有限公司) | Baowu Environmental Technology | Other related parties controlled by shareholders holding more than 5% of the Company |
| Guangdong Huaxin Environmental Protection Technology Co., Ltd.* (廣東華欣環保科技有限公司) | Huaxin Environmental | 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 |
| Langfang Resource Environmental Technology Company Limited | Langfang Resource | Subsidiary of associate |
| Guangdong Anjiatai Environmental Protection Technology Co., Ltd | Guangdong Anjiatai | Holding subsidiaries of significant joint ventures |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
|---|---|----------------------|---------------------|
| Dongjiang Veolia | Receiving services | 5,757,547.07 | 314,411.10 |
| Dabaoshan Mining | Purchasing goods | 5,498,984.07 | |
| Wenzhou Environment | Receiving services | 2,209,563.77 | 2,492,299.61 |
| Baowu Environmental Technology | Purchasing goods | 923,592.92 | |
| Zhongren Group | Receiving services | 584,890.23 | |
| Guangdong Yixin Great Wall Construction | Receiving services | 553,781.03 | |
| High Hope International Exhibition Decoration | Receiving services | 124,056.60 | 112,396.23 |
| Shaoguan smelter of Zhongjin Lingnan | Purchasing goods | 74,126.58 | 62,032.86 |
| Jieyang ALBA | Receiving services | 58,129.41 | 330,109.19 |
| Fenghua Advanced Technology | Purchasing goods | 23,808.85 | |
| Guangdong Rising Group | Receiving services | 8,089.46 | 3,000.00 |
| Rising Cultural Industry Cultural Business Division | Purchasing goods | 7,392.96 | 2,895.42 |
| Zhongnan Construction | Receiving services | | 3,606,355.61 |
| Zhongjin Lingnan International | Purchasing goods | | 1,579,096.54 |
| Ramada Pearl Hotel | Purchasing goods | | 35,681.41 |
| Dongjiang Veolia | Purchasing goods | | 26,621.46 |
| Ramada Pearl Hotel | Receiving services | | 7,794.06 |
| Huajian Business | Purchasing goods | | 6,360.00 |
| Total | - | 15,823,962.95 | 8,579,053.49 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 6,245,159.85 | 6,452,975.74 |
| Dongjiang Veolia | Trademark use right | 2,644,603.16 | 783,020.05 |
| Jieyang Environmental Energy | Providing services | 1,642,038.30 | |
| Jieyang Guangye Technology | Providing services | 1,151,533.14 | 3,773.58 |
| Fenghua Advanced Technology | Providing services | 743,849.61 | 902,260.37 |
| Shaoguan smelter of Zhongjin Lingnan | Providing services | 571,598.12 | 1,117,378.31 |
| Zhongjin Lingnan Danxia Smelting Plant | Providing services | 496,575.75 | 971,051.40 |
| Baowu Environmental Technology | Providing services | 480,446.80 | |
| Guangdong Rising Group | Sales of goods | 321,781.93 | |
| Dabaoshan Mining | Providing services | 202,687.18 | 79,230.19 |
| Wenzhou Environment Electronics Group | Providing services | 151,052.26 | |
| Foshan Lighting | Providing services | 131,162.26 | 184,961.31 |
| Guangdong Zihuan | Providing services | 126,235.47 | |
| Huaxin Environmental | Sales of goods | 112,427.61 | 428,710.71 |
| Huaxin Environmental | Providing services | 75,835.56 | 35,655.39 |
| Jieyang ALBA | Providing services | 74,469.41 | |
| NationStar Semiconductor | Providing services | 61,646.45 | 53,286.97 |
| Fenghua Chaorong | Providing services | 20,283.02 | |
| Dongjiang Baiyi | Providing services | 14,858.49 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
|---|---|----------------------|---------------------|
| Zhongjin Lingnan Zinc Alloy Branch | Providing services | 12,264.15 | 19,811.32 |
| Guohua New Material | Providing services | 9,905.66 | 14,622.64 |
| Zhongjin Lingnan Environmental | Providing services | 9,301.89 | 58,344.90 |
| Foshan Lighting Chanchang | Providing services | 6,132.08 | 2,169.81 |
| NationStar Optoelectronics | Providing services | 5,552.46 | 290,768.85 |
| Zhongjin Lingnan Technology | Providing services | 4,716.98 | 5,188.68 |
| Foshan Lighting Zhida | Providing services | 3,584.91 | 8,113.21 |
| Jieyang Guangye Environmental | Providing services | 2,830.19 | 3,773.58 |
| Jiahe Rare Metal | Providing services | 2,358.50 | 4,716.98 |
| Zhongjin Lingnan Engineering | Providing services | 2,066.60 | 12,121.70 |
| Xingye Dongjiang | Providing services | 601.79 | 89,997.96 |
| Guangdong Rising Group | Providing services | | 429,042.58 |
| Dongguan Fengye | Providing services | | 321,431.32 |
| Fenghua Advanced Technology Ceramic Capacitor | Providing services | | 38,061.33 |
| Fuyile Permanent Magnet | Providing services | | 16,037.74 |
| Zhongjin Lingnan Xinyue | Providing services | | 10,377.36 |
| Fankou Lead-Zinc Mine of Zhongjin Lingnan | Providing services | | 7,230.19 |
| Foshan Holilite | Providing services | | 2,169.81 |
| Shenzhen Huajjari Xilin | Providing services | | 495.28 |
| Total | - | 15,476,104.86 | 12,346,779.26 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | Yes |
| 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 2025 to 31 December 2025

(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 |
|--|-----------------------------------|-------------------------|-------------------|--|---------------------|
| Executive Directors | | | | | |
| WANG Bi'an | | 654,897.00 | 50,000.00 | 148,173.68 | 853,070.68 |
| LI Xiangli | | 622,152.15 | 122,815.90 | 147,844.67 | 892,812.72 |
| YU Fan <i>(Note 1)</i> | | 337,331.90 | | 53,671.74 | 391,003.64 |
| ZHU Lintao <i>(Note 2)</i> | | 288,154.80 | | 76,277.07 | 364,431.87 |
| Non-executive Directors | | | | | |
| WANG Shi | | 138,156.00 | | 7,599.80 | 145,755.80 |
| JIA Guorong | | | | | |
| LIU Xiaoxuan | | | | | |
| Independent non-executive Directors | | | | | |
| LI Jinhui | 150,000.00 | | | | 150,000.00 |
| SIU Chi Hung <i>(Note 3)</i> | 75,000.00 | | | | 75,000.00 |
| LEE Kwok Tung Louis <i>(Note 2)</i> | 75,000.00 | | | | 75,000.00 |
| XIANG Ling | 150,000.00 | | | | 150,000.00 |
| Supervisors | | | | | |
| PENG Zhuozhuo | | 639,407.30 | | 146,450.37 | 785,857.67 |
| LIU Bin | | 436,252.88 | | 129,489.91 | 565,742.79 |
| CHEN Peihuan | | | | | |
| MA Xujian | | | | | |
| Total | 450,000.00 | 3,116,352.03 | 172,815.90 | 709,507.24 | 4,448,675.17 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 |
|--|-----------------------------------|-------------------------|-------------------|--|---------------------|
| Executive Directors | | | | | |
| WANG Bi'an | | 555,221.00 | | 118,933.05 | 674,154.05 |
| LI Xiangli | | 579,631.75 | | 122,683.18 | 702,314.93 |
| YU Fan <i>(Note 1)</i> | | 583,752.50 | 27,199.03 | 136,217.22 | 747,168.75 |
| TAN Kan | | | | | |
| YU Zhongmin | | | | | |
| LIN Peifeng | | | | | |
| Non-executive Directors | | | | | |
| JIN Yongfu | | | | | |
| HUANG Honggang | | | | | |
| LIU Xiaoxuan | | | | | |
| Independent non-executive Directors | | | | | |
| LI Jinhui | 150,000.00 | | | | 150,000.00 |
| SIU Chi Hung <i>(Note 3)</i> | 150,000.00 | | | | 150,000.00 |
| GUO Suyi | 33,152.17 | | | | 33,152.17 |
| Supervisors | | | | | |
| PENG Zhuozhuo | | 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 | | | | | |
| Total | 333,152.17 | 2,675,271.43 | 117,765.01 | 662,061.77 | 3,788,250.38 |

Notes:

1. Resigned on 25 April 2025;
2. Appointed on 25 June 2025;
3. Resigned on 25 June 2025.

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1 January 2025 to 31 December 2025

(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)*

At the tenth meeting of the eighth session of the Board of Directors held on 17 November 2025, the “Resolution on Amending the Articles of Association” was considered and approved. The general meeting held on 5 December 2025 approved such resolution. Accordingly, the Company will not have a supervisory committee or supervisors, and the existing members of the supervisory committee have been removed from their positions. The Audit and Risk Management Committee of the Board of Directors shall exercise the functions and powers of the supervisory committee as stipulated in the Company Law of the People’s Republic of China.

During the year ended 31 December 2025, there was no arrangement under which any director had waived or agreed to waive any remuneration (2024: 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 (2024: Nil).

(2) Top five highest paid employees

During 2025, top five highest paid employees include two (2024: zero) directors.

| Item | 2025 | 2024 |
|--|---------------------|--------------|
| Salaries and allowances | 3,549,096.68 | 3,189,869.53 |
| Bonus | 506,309.28 | 818,225.00 |
| Retirement benefits scheme contributions | 691,696.12 | 637,334.26 |
| Total | 4,747,102.08 | 4,645,428.79 |

| Range of remuneration | Number of persons | |
|-------------------------------|-------------------|------|
| | 2025 | 2024 |
| HK\$0 – HK\$1,000,000 | | 4 |
| HK\$1,000,000 – HK\$1,500,000 | 5 | 1 |
| HK\$1,500,000 – HK\$2,000,000 | | |

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(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 | 2,328,457.38 | 3,299,639.75 |
| Social insurance, housing funds and related pension costs | 591,192.28 | 258,099.03 |
| Bonus | 566,277.89 | 748,411.09 |
| Total | 3,485,927.55 | 4,306,149.87 |

| Range of remuneration | Number of persons | |
|-------------------------------|-------------------|------|
| | 2025 | 2024 |
| HK\$0 – HK\$1,000,000 | 2 | 3 |
| HK\$1,000,000 – HK\$1,500,000 | 3 | |

(4) Borrowings due from Directors/related companies of Directors

Nil.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 2025, the Company had a deposit balance of RMB340,055,400.27 with Rising Finance, and a loan balance of was RMB528,900,000.00 from Rising Finance based on actual capital requirements. The interest income from deposits with Rising Finance amounted to RMB605,553.70 and the interest expense from loans from Rising Finance amounted to RMB14,819,025.76 in 2025.

- (2) On 17 November 2025, the tenth meeting of the eighth session of the board of directors of the Company considered and approved the Proposal on Entering into the Zinc Oxide Minerals Sales Agreement and Related Party Transactions, which agreed Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd. ("**Shaoguan Dongjiang**"), a non-wholly-owned subsidiary of the Company, to enter into the Zinc Oxide Minerals Sales Agreement with Guangdong Dabaoshan Mining Co., Ltd. ("**Dabaoshan Mining**"), pursuant to which Shaoguan Dongjiang will purchase zinc oxide minerals from Dabaoshan Mining in an amount of up to 5,960 tonnes with a total price (inclusive of tax) of up to RMB7.1699 million.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 *(Continued)*

- (3) On 22 December 2025, the eleventh meeting of the eighth session of the board of directors of the Company considered and approved the Proposal on Entering into the Tailings Sales Agreement and Related Party Transactions, which agreed Shaoguan Dongjiang to enter into the Tailings Sales Agreement with Dabaoshan Mining, pursuant to which Shaoguan Dongjiang will purchase tailings from Dabaoshan Mining in an amount of up to 75,000 tonnes with a total price (inclusive of tax) of up to RMB1.4895 million.

- (4) On 22 December 2025, the eleventh meeting of the eighth session of the board of directors of the Company considered and approved the Proposal on Capital Injection into Guangdong Embodiment Intelligence Technology Co., Ltd. by Way of Taking Part in the Public Tender and Related Party Transactions, which agreed to inject capital in Guangdong Embodiment Intelligence Technology Co., Ltd. ("**Embodiment Intelligence**") by way of taking part in the public tender in order to expand the Company's business scope and capture opportunities in the artificial intelligence industry. As of the date of approval of the financial statements, the Company had submitted an application for capital injection in Embodiment Intelligence to Guangdong United Assets and Equity Exchange, and had received the "Notice of Capital Injection Results and Contract Signing Arrangements" issued by the Exchange, confirming the Company as the investor, with an investment amount of RMB8 million and subscribed registered capital of RMB8 million.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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

| 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 |
| Accounts receivable: | | | | | |
| | Dongjiang Veolia | 28,668,908.22 | | 38,384,477.13 | |
| | Jieyang ALBA | 6,016,105.97 | | 6,118,042.85 | |
| | Dongguan Fengye | 2,950,293.01 | | 2,950,293.01 | |
| | Xingye Dongjiang | 2,788,699.30 | | 2,811,199.30 | |
| | Jieyang Guangye Technology | 799,152.00 | | | |
| | Jieyang Environmental Energy | 702,119.94 | | | |
| | Baowu Environmental Technology | 480,446.80 | | | |
| | Fenghua Advanced Technology | 125,326.62 | | 506,521.39 | |
| | Shaoguan smelter of Zhongjin Lingnan | 26,036.20 | | 104,470.00 | |
| | Dongjiang Baiyi | 15,750.00 | | | |
| | NationStar Semiconductor | 12,612.86 | | 7,352.40 | |
| | Foshan Lighting Zhida | 3,800.00 | | 3,800.00 | |
| | Jieyang Guangye Environmental | 3,000.00 | | | |
| | NationStar Optoelectronics | | | 8,381.95 | |
| | Zhongjin Lingnan Environmental | | | 61,845.60 | |
| | Foshan Lighting | | | 20,311.50 | |
| | Danxia smelter of Zhongjin Lingnan | | | 264,256.25 | |
| Total | | 42,592,250.92 | | 51,240,951.38 | |
| Prepayments: | | | | | |
| | Dabaoshan Mining | 1,014,867.93 | | | |
| | Shaoguan smelter of Zhongjin Lingnan | 162,071.90 | | 216,702.88 | |
| | Dongjiang Veolia | 2,235.60 | | 2,235.60 | |
| Total | | 1,179,175.43 | | 218,938.48 | |
| Other accounts receivable: | | | | | |
| | Xingye Dongjiang | 280,703.72 | | 252,588.62 | |
| | Zhongnan Construction | 10,000.00 | | 10,000.00 | |
| | Zhongren Group | 10,000.00 | | 10,000.00 | |
| | Shaoguan smelter of Zhongjin Lingnan | 200.00 | | 200.00 | |
| Total | | 300,903.72 | | 272,788.62 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 6,311,397.69 | 6,343,312.55 |
| | Zhongnan Construction | 5,966,968.85 | 5,966,968.85 |
| | Dongjiang Veolia | 5,039,904.50 | 426,995.54 |
| | Zhongren Group | 4,287,408.30 | 3,649,878.00 |
| | Baowu Environmental Technology | 830,168.14 | |
| | Guangdong Yixin Great Wall Construction | 334,187.53 | 685,321.10 |
| | High Hope International Exhibition Decoration | 171,663.12 | 171,663.12 |
| | Fenghua Advanced Technology | 95,207.08 | |
| | Shaoguan smelter of Zhongjin Lingnan | 29,132.06 | |
| | Guangdong Shiliuye | 10,750.00 | 10,750.00 |
| | Guangdong Anjiatai | | 898,115.00 |
| | Jieyang ALBA | | 88,882.56 |
| Total | | 23,076,787.27 | 18,241,886.72 |
| Other accounts payable: | | | |
| | Guangdong Zihuan | 3,250,000.00 | 3,250,000.00 |
| | Guangdong Rising Group | 485,760.87 | 22,281.41 |
| | Zhongnan Construction | 86,250.00 | 586,250.00 |
| | Zhongren Group | 50,300.00 | 50,300.00 |
| Total | | 3,872,310.87 | 3,908,831.41 |
| Contract liabilities: | | | |
| | Huaxin Environmental | 46,864.42 | |
| Total | | 46,864.42 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 63,457,973.59 | 71,830,125.95 |
| – Commitment to purchase and build long-term assets | 16,172,858.76 | 23,002,506.21 |
| – Commitments to external investment | 40,976,136.84 | 23,406,302.44 |
| Total | 120,606,969.19 | 118,238,934.60 |

(2) Contingencies

1. Cancellation of concession in Shaoyang, Hunan Province

On 27 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 (the "**Concession Contract**") with Dongjiang Environmental Company Limited ("**Dongjiang Environmental**") and its authorized unit Hunan Dongjiang Environmental Protection Investment Development Ltd.* (湖南東江環保投資發展有限公司) ("**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.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

(2) Contingencies *(Continued)*

1. *Cancellation of concession in Shaoyang, Hunan Province (Continued)*

During the process of the implementation of Concession Contract, 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. The Company received the Administrative Judgment ((2024) Xiang 05 Xing Chu No. 125) from the Shaoyang Intermediate People's Court. The main contents of the first-instance judgment are as follows: (1) The defendant, Shaoyang Municipal People's Government, is ordered to make a compensation decision to the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., within 60 days from the effective date of this judgment; (2) The other claims of the plaintiffs, Dongjiang Environmental Company Limited and Hunan Dongjiang Environmental Protection Investment Development Ltd., are dismissed.

The Company, aggrieved by the first-instance judgment, filed an appeal with the Hunan Provincial Higher People's Court. On 26 February 2026, the Company received the Administrative Judgment ((2025) Xiang Xing Zhong No. 1088) from the Hunan Provincial Higher People's Court. The second-instance judgment is as follows: the appeal is dismissed, and the original judgment is upheld. As of the date of this report, the final compensation amount has not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

(2) Contingencies *(Continued)*

2. *Progress on the Guarantee Litigation of Tangshan Wandesi*

On 24 December 2021, the Company convened the 15th meeting of the seventh session of the board of directors and approved the “Proposal on Providing Guarantee for the Bank Facility of a Non-wholly-owned Subsidiary”. To meet working capital requirements and reduce financing costs, Wandesi (Tangshan Caofeidian) Environmental Technology Co., Ltd (“**Tangshan Wandesi**”) applied for a comprehensive credit facility from HSBC Bank (China) Co., Ltd. Tangshan Branch (“**HSBC**”) with a limit not exceeding RMB200 million. The Company agreed to provide a joint liability guarantee for RMB160 million of such facility with a term not exceeding five years. The other shareholders of Tangshan Wandesi, namely Nanjing Wandesi Environmental Protection Technology Co., Ltd. (hereinafter “**Nanjing Wandesi**”) and Guantuo Technology (Hebei) Co., Ltd. (“**Guantuo Technology**”), provided counter-guarantee measures by pledging their respective 16% and 4% equity interests in Tangshan Wandesi to the Company. The Company entered into Equity Pledge Agreements with Nanjing Wandesi and Guantuo Technology, respectively, completed the relevant equity pledge registration procedures, and obtained the “Notice of Registration of Equity Pledge” issued by the Tangshan Caofeidian District Administrative Approval Bureau. The Company issued a letter of guarantee to HSBC agreeing to provide a guarantee for Tangshan Wandesi, with a maximum debt amount of RMB160 million.

In view of the continuous fierce competition in the hazardous waste industry, the collection and transportation of waste materials of Tangshan Wandesi after it was put into operation did not meet expectations. The disposal prices continued to decline and the capital turnover of production and operation was difficult. Tangshan Wandesi was unable to timely repay relevant funds to HSBC. In accordance with the relevant provisions of the Letter of Guarantee, the Company shall fulfill its guarantee subrogation obligations in the amount of RMB111.0977 million (comprising the loan principal of RMB110.3509 million and interest of RMB0.7468 million). The Company filed a lawsuit with the Tangshan Caofeidian District People’s Court against Nanjing Wandesi and Guantuo Technology as defendants, seeking a court order to auction or sell the equity interests registered under the “Notice of Registration of Equity Pledge” and requesting priority compensation from the proceeds of such auction or sale. The court accepted the case on 11 October 2025 under docket number (2025) Ji 0209 Min Chu No. 6191. As of the date of this report, no first-instance judgment has been issued in this case.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

(2) Contingencies *(Continued)*

3. *Series of Cases Filed by Karamay Wosen Environmental against Hoshine Silicon Industry Co., Ltd. and Its Subsidiaries*

Karamay Wosen Environmental Technology Co., Ltd. ("**Wosen Environmental**") entered into Hazardous Waste Disposal Service Contracts with subsidiaries of Hoshine Silicon Industry Co., Ltd. ("**Hoshine Silicon**") during the period from 2022 to 2024, including Hoshine Silicon (Shanshan) Co., Ltd. ("**Shanshan Hoshine**"), Xinjiang Western Hoshine Silicon Industry Co., Ltd. ("**Western Hoshine**"), Xinjiang Hoshine Silicon New Materials Co., Ltd. ("**Hoshine Silicon New Materials**") and Xinjiang Central Hoshine Silicon Co., Ltd. ("**Central Hoshine**"). During the performance of the contracts, Wosen Environmental completed the disposal of the corresponding hazardous waste on multiple occasions as agreed. After both parties confirmed the completion, Wosen Environmental issued the relevant invoices to the counterparties, who were obliged to pay the corresponding amounts within 5/30 days of receiving the invoices. However, as of now, the counterparties have not made any payment.

In view of the above, Wosen Environmental filed a lawsuit with the Urumqi Intermediate People's Court against Hoshine Silicon, Shanshan Hoshine, Western Hoshine, Hoshine Silicon New Materials and Central Hoshine as defendants, seeking an order requiring Shanshan Hoshine, Western Hoshine, Hoshine Silicon New Materials and Central Hoshine to pay hazardous waste disposal fees, overdue interest, legal costs and other expenses, with Hoshine Silicon assuming joint and several liability. The total amount claimed is approximately RMB30.8888 million. As of the date of this report, no first-instance judgment has been issued in this case.

Except for the above contingencies, as at 31 December 2025, the Company had no other major contingencies.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 2025 to 31 December 2025

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

XV. OTHER SIGNIFICANT EVENTS (Continued)

(1) Segment reporting (Continued)

Financial information of reportable segments

① Segment information for 2025 and as at 31 December 2025 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 | 1,585,854,651.83 | 793,501,850.41 | 717,912,393.48 | 94,750,248.47 | 187,469,874.00 | 99,691,288.61 | 17,428,722.51 | 75,083,574.84 | | -114,662,013.45 | 3,457,030,490.70 |
| Including: Revenue from sale to external customers | 1,572,911,548.48 | 734,086,095.68 | 717,912,393.48 | 94,750,248.47 | 187,469,874.00 | 70,185,734.56 | 17,428,722.51 | 62,285,973.52 | | | 3,457,030,490.70 |
| Revenue from inter-segment transactions | 12,943,103.35 | 59,415,754.73 | | | | 29,505,554.05 | | 12,797,601.32 | | -114,662,013.45 | |
| II. Cost of operation (inclusive of tax and levies) | 1,433,794,761.49 | 823,042,368.69 | 773,352,713.18 | 73,263,668.95 | 188,671,717.29 | 65,937,075.30 | 27,300,746.91 | 41,027,708.76 | 47,275,173.02 | | 3,472,664,833.59 |
| III. Total profit | -101,880,525.74 | -433,223,000.46 | -149,043,913.99 | -6,266,560.41 | -75,070,015.95 | -9,475,118.34 | -21,377,847.29 | 8,424,327.68 | -265,464,316.02 | -287,068,109.36 | -1,340,325,079.88 |
| IV. Total assets | 1,850,211,778.14 | 5,108,020,873.42 | 1,044,338,778.43 | 563,822,772.85 | 428,001,385.87 | 364,557,912.70 | 75,743,398.42 | 353,636,682.12 | 3,696,285,078.41 | -3,577,010,759.34 | 9,907,627,901.02 |
| V. Total liabilities | 1,191,326,501.43 | 3,866,670,872.66 | 647,230,829.22 | 476,854,779.00 | 286,311,334.88 | 239,886,664.26 | 8,329,861.05 | 188,914,036.05 | 3,965,348,270.31 | -3,788,227,251.66 | 7,085,646,097.20 |
| VI. Depreciation and amortization | 74,796,879.34 | 463,997,302.66 | 52,493,297.83 | 21,830,276.09 | 19,224,282.21 | 7,567,670.37 | 11,240,532.38 | 864,800.39 | 16,838,631.49 | | 668,853,672.76 |
| VII. Addition of construction in progress, fixed assets and intangible assets | 29,217,106.32 | 94,795,117.62 | 3,020,368.86 | 22,600,363.29 | 3,111,152.12 | 8,583,888.46 | 49,527.92 | 123,914,582.40 | 11,288,264.61 | | 296,580,371.60 |

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1 January 2025 to 31 December 2025

(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 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 | 117,002,388.83 | 146,263,054.87 | 28,066,739.59 | 51,636,492.36 | -127,251,065.62 | | 3,486,660,703.09 |
| Including: Revenue from sale to external customers | 1,301,252,837.78 | 935,401,534.07 | 858,015,108.43 | 106,092,899.41 | 117,002,388.83 | 97,526,484.49 | 28,066,739.59 | 43,302,960.49 | | | 3,486,660,703.09 |
| Revenue from inter-segment transactions | 17,990,491.53 | 52,190,471.84 | | | | 48,736,570.38 | | 8,333,531.87 | -127,251,065.62 | | |
| II. Cost of operation (inclusive of tax and levies) | 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 |
| Total profit | -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 |
| IV. Total assets | 2,396,704,532.28 | 4,751,472,807.15 | 1,177,380,380.23 | 975,640,064.19 | 513,184,781.72 | 423,053,308.40 | 142,170,093.14 | 540,910,514.07 | 4,569,018,262.32 | -4,211,055,528.03 | 11,278,479,415.46 |
| V. Total liabilities | 680,108,422.95 | 3,049,136,888.10 | 637,519,430.87 | 537,234,223.11 | 296,795,414.78 | 41,531,482.85 | 53,464,249.01 | 187,286,406.71 | 2,846,757,423.62 | -1,202,264,343.19 | 7,127,589,598.80 |
| VI. Depreciation and amortization | 67,665,576.72 | 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 |
| VII. Addition of construction in progress, fixed assets and intangible assets | 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 |

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(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 2025, 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 | December 2009 to December 2029 | 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 |

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XV. OTHER SIGNIFICANT EVENTS *(Continued)*

(3) Other significant transactions or events that have an impact on the decisions of users of financial statements

1. *Transfer of Assets Related to the Concession for Collection, Transportation and Disposal of Kitchen Wastes in Luohu District of Shenzhen*

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 and the handover procedures, which had no significant impact on the Company's financial statements for the reporting period.

2. *Litigation of Jiangxi Environmental Protection Co., Ltd.*

Due to a contractual dispute, the plaintiff Jiangxi Environmental Protection Co., Ltd. ("**Jiangxi Environmental Protection**") filed a lawsuit with the Gongqingcheng People's Court in Jiangxi Province ("**Gongqingcheng Court**") against the Company, Gui Jianping and Zhou Yue as defendants, seeking compensation from the three defendants for various expenses incurred in relation to environmental pollution investigation, risk assessment, etc., as well as corresponding interest on fund occupation. The case was docketed by Gongqingcheng Court under case number (2024) Gan 0482 Min Chu No. 1134. The case was heard on 12 March 2025, and Dongjiang Environmental received the "Civil Judgment" ((2024) Gan 0482 Min Chu No. 1134) served by Gongqingcheng Court. The main contents of the first-instance judgment are as follows: (i) the defendants, Dongjiang Environmental Company Limited, Gui Jianping and Zhou Yue shall, within ten days after the judgment becomes effective, jointly and severally compensate the plaintiff Jiangxi Environmental Protection Co., Ltd. for expenses incurred in relation to environmental pollution investigation, risk assessment, risk management and control and effectiveness evaluation up to 31 December 2024, amounting to RMB85,868,100, together with interest on fund occupation of RMB7,216,600, and pay subsequent interest calculated at an annual interest rate of 4.35% on the remaining outstanding amount from 2 May 2024 until the date of full settlement; (ii) the defendants, Dongjiang Environmental Company Limited, Gui Jianping and Zhou Yue shall, within ten days after the judgment becomes effective, jointly and severally compensate the plaintiff Jiangxi Environmental Protection Co., Ltd. for staff salaries of RMB793,600 and travel expenses of RMB263,600 incurred in organizing and implementing soil pollution risk management and control and remediation activities, totaling RMB1,057,200, together with subsequent interest calculated at an annual interest rate of 4.35% on the remaining outstanding amount from 2 May 2024 until the date of full settlement; (iii) the other claims of the plaintiff Jiangxi Environmental Protection Co., Ltd. were dismissed.

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1 January 2025 to 31 December 2025

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

XV. OTHER SIGNIFICANT EVENTS *(Continued)*

(3) Other significant transactions or events that have an impact on the decisions of users of financial statements *(Continued)*

2. *Litigation of Jiangxi Environmental Protection Co., Ltd. (Continued)*

The Company disagreed with the first-instance judgment and filed an appeal with the Jiujiang Intermediate People's Court in Jiangxi Province. On 30 December 2025, the Company received the "Civil Judgment" ((2025) Gan 04 Min Zhong No. 2247) served by the Jiujiang Intermediate People's Court, in which the second-instance judgment upheld the original judgment and dismissed the appeal. As of the date of this report, the Company has fully performed the second-instance judgment.

As of the date of this report, the Company's management assessed the circumstances of the case and recognized a corresponding liability for the payment obligations that should be borne.

3. *The lawsuit against Hunan Dongjiang, a subsidiary of the Company*

On 30 June 2022, Hunan Dongjiang Environmental Protection Investment Development Ltd. ("**Hunan Dongjiang**"), a non-wholly-owned subsidiary of Dongjiang Environmental, and 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. 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.

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1 January 2025 to 31 December 2025

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

XV. OTHER SIGNIFICANT EVENTS *(Continued)*

(3) Other significant transactions or events that have an impact on the decisions of users of financial statements *(Continued)*

3. *The lawsuit against Hunan Dongjiang, a subsidiary of the Company (Continued)*

Hunan Dongjiang received the “Civil Judgment” ((2024) Xiang 0503 Min Chu No. 2782) served by the Shaoyang Daxiang District People’s Court in Hunan Province. The main contents of the first-instance judgment are as follows: (i) confirmed that the Garbage Leachate Treatment and Operation Service Contract entered into between the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. and the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. on 30 June 2022 was terminated on 20 April 2024; (ii) the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. shall pay compensation of RMB10,577,800 to the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. within ten days after the judgment becomes effective; (iii) the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. shall pay service fees of RMB1,065,900 to the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. within ten days after the judgment becomes effective; (iv) the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. shall pay carbon source costs of RMB573,800 to the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. within ten days after the judgment becomes effective; (v) the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. shall pay liquidated damages of RMB768,400 to the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. within ten days after the judgment becomes effective; (vi) the other claims of the plaintiff (counterclaim defendant) Jiayuan Environmental Protection Co., Ltd. were dismissed; (vii) the other counterclaims of the defendant (counterclaim plaintiff) Hunan Dongjiang Environmental Protection Investment Development Ltd. were dismissed.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

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

XV. OTHER SIGNIFICANT EVENTS *(Continued)*

(3) Other significant transactions or events that have an impact on the decisions of users of financial statements *(Continued)*

3. *The lawsuit against Hunan Dongjiang, a subsidiary of the Company (Continued)*

Hunan Dongjiang disagreed with the first-instance judgment and filed an appeal with the Shaoyang Intermediate People's Court. In January 2026, Hunan Dongjiang received the "Civil Judgment" ((2025) Xiang 05 Min Zhong No. 2864) served by the Shaoyang Intermediate People's Court in Hunan Province. The main contents of the second-instance judgment are as follows: (i) affirmed items (i), (iii), (iv), (v), (vi) and (vii) of the civil judgment ((2024) Xiang 0503 Min Chu No. 2782) rendered by the Shaoyang Daxiang District People's Court in Hunan Province; (ii) amended item (ii) of the civil judgment ((2024) Xiang 0503 Min Chu No. 2782) rendered by the Shaoyang Daxiang District People's Court, which originally stated "Hunan Dongjiang Environmental Protection Investment Development Ltd. shall pay compensation of RMB10,577,800 to Jiayuan Environmental Protection Co., Ltd. within ten days after receiving this judgment" to "Hunan Dongjiang Environmental Protection Investment Development Ltd. shall pay compensation of RMB10,154,300 to Jiayuan Environmental Protection Co., Ltd. within ten days after receiving this judgment".

As of the date of this report, the Company's management assessed the circumstances of the case and recognized a corresponding liability for the payment obligations that should be borne.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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) | 46,129,810.56 | 36,490,487.31 |
| 1 to 2 years (inclusive) | 7,276,524.26 | 98,634,295.85 |
| 2 to 3 years (inclusive) | 65,258,286.51 | 39,552,048.20 |
| Over 3 years | 101,905,117.60 | 63,622,075.18 |
| Sub-total | 220,569,738.93 | 238,298,906.54 |
| Less: Provision for bad debts | 40,172,664.18 | 23,851,813.80 |
| Total | 180,397,074.75 | 214,447,092.74 |

2. Disclosure by bad debt provision method

| Category | Book balance | | Balance at the end of the year | | Carrying amount |
|--|----------------|----------------|-----------------------------------|----------------|-----------------|
| | Amount | Percentage (%) | Provision for bad debts Amount | Percentage (%) | |
| Accounts receivable in respect of which provision for bad debts was made on individual basis | 72,703,878.97 | 32.96 | 24,477,853.27 | 33.67 | 48,226,025.70 |
| Accounts receivable in respect of which provision for bad debts was made on group basis | 147,865,859.96 | 67.04 | 15,694,810.91 | 10.61 | 132,171,049.05 |
| Including: | | | | | |
| Accounts receivable from government | 10,593,857.88 | 4.80 | | | 10,593,857.88 |
| Accounts receivable from related companies | 105,755,604.11 | 47.95 | | | 105,755,604.11 |
| Accounts receivable from general customers or others | 31,516,397.97 | 14.29 | 15,694,810.91 | 49.80 | 15,821,587.06 |
| Total | 220,569,738.93 | 100.00 | 40,172,664.18 | 18.21 | 180,397,074.75 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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. Disclosure by bad debt provision method (Continued)

| Category | Book balance | | Balance at the beginning of the year | | Carrying amount |
|--|-----------------------|----------------|--------------------------------------|----------------|-----------------------|
| | Amount | Percentage (%) | Provision for bad debts Amount | Percentage (%) | |
| Accounts receivable in respect of which provision for bad debts was made on individual basis | 5,135,616.62 | 2.15 | 5,135,616.62 | 100.00 | |
| Accounts receivable in respect of which provision for bad debts was made on group basis | 233,163,289.92 | 97.85 | 18,716,197.18 | 8.03 | 214,447,092.74 |
| Including: | | | | | |
| 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 |
| Total | 238,298,906.54 | 100.00 | 23,851,813.80 | 10.01 | 214,447,092.74 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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. Disclosure by bad debt provision method (Continued)

(1) Accounts receivable in respect of which provision for bad debts was made on individual basis

| Name of the entity | Balance at the end of the year | | | Balance at the beginning of the year | | |
|--------------------|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|---------------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Basis of provision |
| Customer 1 | 39,913,289.08 | 11,618,007.53 | 29.11 | | | Not expected to recover in full |
| Customer 2 | 28,114,282.99 | 8,183,538.84 | 29.11 | | | Not expected to recover in full |
| Customer 3 | 4,590,666.90 | 4,590,666.90 | 100.00 | 4,590,666.90 | 4,590,666.90 | Not expected to recover |
| Customer 4 | 85,640.00 | 85,640.00 | 100.00 | 85,640.00 | 85,640.00 | Not expected to recover |
| Customer 5 | | | | 359,353.08 | 359,353.08 | Not expected to recover |
| Customer 6 | | | | 99,956.64 | 99,956.64 | Not expected to recover |
| Total | 72,703,878.97 | 24,477,853.27 | 33.67 | 5,135,616.62 | 5,135,616.62 | - |

(2) Accounts receivable in respect of which provision for bad debts was made on group basis based on credit risks characteristics

① Group 1: Accounts receivable from government

| Aged | Balance at the end of the period | | | Balance at the beginning of the period | | |
|---------------|----------------------------------|-------------------------|----------------|--|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 10,593,857.88 | | | 16,051,790.74 | | |
| 1 to 2 years | | | | | | |
| 2 to 3 years | | | | 28,114,282.99 | | |
| Over 3 years | | | | 37,261,874.74 | | |
| Total | 10,593,857.88 | | | 81,427,948.47 | | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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. Disclosure by bad debt provision method (Continued)

(2) Accounts receivable in respect of which provision for bad debts was made on group basis based on credit risks characteristics (Continued)

② Group 2: Accounts receivable from related companies

| Aged | Balance at the end of the period | | | Balance at the beginning of the period | | |
|---------------|----------------------------------|-------------------------|----------------|--|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 18,968,043.56 | | | 7,265,885.83 | | |
| 1 to 2 years | 7,265,885.83 | | | 98,545,051.05 | | |
| 2 to 3 years | 65,169,041.71 | | | 11,255,930.19 | | |
| Over 3 years | 14,352,633.01 | | | 3,096,702.82 | | |
| Total | 105,755,604.11 | | | 120,163,569.89 | | |

③ Group 3: Accounts receivable from general customers or others

| Aged | Balance at the end of the period | | | Balance at the beginning of the period | | |
|---------------|----------------------------------|-------------------------|----------------|--|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Within 1 year | 16,567,909.12 | 789,792.23 | 4.77 | 13,172,810.74 | 471,586.63 | 3.58 |
| 1 to 2 years | 10,638.43 | 3,609.14 | 33.93 | 89,244.80 | 23,739.12 | 26.60 |
| 2 to 3 years | 89,244.80 | 52,803.92 | 59.17 | 181,835.02 | 92,990.43 | 51.14 |
| Over 3 years | 14,848,605.62 | 14,848,605.62 | 100.00 | 18,127,881.00 | 18,127,881.00 | 100.00 |
| Total | 31,516,397.97 | 15,694,810.91 | 49.80 | 31,571,771.56 | 18,716,197.18 | 59.28 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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. 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 | |
| Bad debt provision for accounts receivable | 23,851,813.80 | 7,321,089.56 | 459,309.72 | 9,459,070.54 | 40,172,664.18 |
| Total | 23,851,813.80 | 7,321,089.56 | 459,309.72 | 9,459,070.54 | 40,172,664.18 |

4. 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 bad debt provision for accounts receivable and impairment of contract assets at the end of the year |
|--------------------|---|---|---|--|--|
| No. 1 | 47,453,320.61 | | 47,453,320.61 | 21.51 | |
| No. 2 | 39,913,289.08 | | 39,913,289.08 | 18.10 | 11,618,007.53 |
| No. 3 | 28,114,282.99 | | 28,114,282.99 | 12.75 | 8,183,538.84 |
| No. 4 | 21,244,195.79 | | 21,244,195.79 | 9.63 | |
| No. 5 | 12,718,026.42 | | 12,718,026.42 | 5.77 | 606,268.32 |
| Total | 149,443,114.89 | | 149,443,114.89 | 67.76 | 20,407,814.69 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---------------------------|--------------------------------|--------------------------------------|
| Interest receivable | | |
| Dividend receivable | 33,000,000.00 | 152,000,000.00 |
| Other accounts receivable | 2,252,026,737.11 | 2,252,524,386.07 |
| Total | 2,285,026,737.11 | 2,404,524,386.07 |

1. Dividend receivable

Details of dividend receivable

| Project (or Investee) | Balance at the end of the year | Balance at the beginning of the year |
|--|--------------------------------|--------------------------------------|
| Huizhou Dongjiang Environment Technology Co., Ltd. | 30,000,000.00 | 30,000,000.00 |
| Huizhou Dongjiang Logistic Ltd. | 3,000,000.00 | 3,000,000.00 |
| Jiangsu Dongjiang Environmental Services Co., Ltd. | | 40,000,000.00 |
| Shenzhen Dongjiang Renewable Energy Ltd. | | 40,000,000.00 |
| Xiantao Dongjiang Environmental Technology Co., Ltd. | | 20,000,000.00 |
| Shenzhen Hengjian Tongda Investment Management Co., Ltd. | | 9,000,000.00 |
| Shenzhen Dongjiang Feeds Additives Co., Ltd. | | 6,000,000.00 |
| Shenzhen Baoan Dongjiang Environmental Renewable Energy Ltd. | | 4,000,000.00 |
| Sub-total | 33,000,000.00 | 152,000,000.00 |
| Less: Provision for bad debts | | |
| Total | 33,000,000.00 | 152,000,000.00 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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

(1) Disclosure by ageing

| Aged | Book balance at the end of the period | Book balance at the beginning of the period |
|-------------------------------|---------------------------------------|---|
| Within 1 year (inclusive) | 570,467,122.32 | 331,228,575.52 |
| 1 to 2 years (inclusive) | 237,808,972.73 | 330,314,575.40 |
| 2 to 3 years (inclusive) | 314,111,075.53 | 1,962,242,230.96 |
| Over 3 years | 1,790,641,547.75 | 53,473,412.92 |
| Sub-total | 2,913,028,718.33 | 2,677,258,794.80 |
| Less: Provision for bad debts | 661,001,981.22 | 424,734,408.73 |
| Total | 2,252,026,737.11 | 2,252,524,386.07 |

(2) 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 |
| Guarantee deposits, provisions and others | 8,144,136.86 | 10,041,623.80 |
| Payment of social security withheld on behalf of employee and government advance payment | 940,189.48 | 919,872.92 |
| Other current account | 2,869,477,031.99 | 2,631,829,938.08 |
| Total | 2,913,028,718.33 | 2,677,258,794.80 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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) Disclosure by bad debt provision method

| Category | Book balance | | Balance at the end of the year | | Carrying amount |
|---|------------------|----------------|-----------------------------------|---|------------------|
| | Amount | Percentage (%) | Provision for bad debts Amount | Provision for bad debts Percentage (%) | |
| Other accounts receivable for which bad debt provisions are made on an individual basis | 1,726,956,752.44 | 59.28 | 659,728,768.27 | 38.20 | 1,067,227,984.17 |
| Other accounts receivable for which bad debt provisions are made on a group basis | 1,186,071,965.89 | 40.72 | 1,273,212.95 | 0.11 | 1,184,798,752.94 |
| Including: | | | | | |
| Accounts receivable from government | | | | | |
| Accounts receivable from related companies | 1,174,833,324.70 | 40.33 | | | 1,174,833,324.70 |
| Guarantee deposits receivable, provisions and others | 9,084,326.34 | 0.31 | | | 9,084,326.34 |
| Accounts receivable from general customers or others | 2,154,314.85 | 0.08 | 1,273,212.95 | 59.10 | 881,101.90 |
| Total | 2,913,028,718.33 | 100.00 | 661,001,981.22 | 22.69 | 2,252,026,737.11 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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) Disclosure by bad debt provision method (Continued)

| Category | Book balance | | Balance at the beginning of the year | | Carrying amount |
|---|-------------------------|----------------|--------------------------------------|----------------|-------------------------|
| | Amount | Percentage (%) | Provision for bad debts Amount | Percentage (%) | |
| Other accounts receivable for which bad debt provisions are made on an individual basis | 40,158,728.63 | 1.50 | 40,158,728.63 | 100.00 | |
| Other accounts receivable for which bad debt provisions are made on a group basis | 2,637,100,066.17 | 98.50 | 384,575,680.10 | 14.58 | 2,252,524,386.07 |
| Including: | | | | | |
| 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 |
| 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 2025 to 31 December 2025

(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) Disclosure by bad debt provision method (Continued)

① Provision for bad debt on individual basis

| Name of the entity | Balance at the end of the year | | | Balance at the beginning of the year | | Basis of provision |
|---|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|---------------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | |
| Hubei Tianyin Circulation Economic Development Co., Ltd. | 428,570,342.04 | 266,008,934.59 | 62.07 | | | Not expected to recover in full |
| Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd. | 301,195,416.13 | 119,325,282.29 | 39.62 | | | Not expected to recover in full |
| Xiantao Lvyi Environmental Technology Co., Ltd. | 171,953,558.52 | 45,725,055.01 | 26.59 | | | Not expected to recover in full |
| Jiangsu Dongheng Environmental Holdings Co., Ltd. | 168,713,360.07 | 2,600,239.00 | 1.54 | | | Not expected to recover in full |
| Hunan Dongjiang Environmental Protection Investment Development Ltd. | 139,806,639.76 | 7,901,814.81 | 5.65 | | | Not expected to recover in full |
| Yancheng Coastal Solid Waste Disposal Co., Ltd. | 139,428,513.99 | 54,898,878.57 | 39.37 | | | Not expected to recover in full |
| Hengshui Ruitao Environmental Technology Co., Ltd. | 111,490,988.53 | 37,873,155.94 | 33.97 | | | Not expected to recover in full |
| Mianyang Dongjiang Environmental Technology Co., Ltd. | 101,510,919.35 | 29,547,918.83 | 29.11 | | | Not expected to recover in full |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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) Disclosure by bad debt provision method (Continued)

① Provision for bad debt on individual basis (Continued)

| Name of the entity | Balance at the end of the year | | | Balance at the beginning of the year | | Basis of provision |
|---|--------------------------------|-------------------------|----------------|--------------------------------------|-------------------------|---------------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | |
| Foshan Fulong Environmental Protection Technology Co., Ltd. | 62,370,864.77 | 16,568,817.09 | 26.56 | | | Not expected to recover in full |
| 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 | 34,467,360.00 | 34,467,360.00 | Not expected to recover |
| Dongguan Hengjian Environment Technology Co., Ltd. | 24,617,794.57 | 2,970,015.24 | 12.06 | | | Not expected to recover in full |
| Yunnan Dongjiang Environmental Technologies Co., Ltd. | 24,349,877.83 | 23,410,223.11 | 96.14 | | | Not expected to recover in full |
| Chengdu Hazardous Waste Treatment Centre Co., Ltd. | 12,617,208.25 | 12,567,165.16 | 99.60 | | | Not expected to recover in full |
| Zhejiang Xindonghai Pharmaceutical Co., Ltd. | 3,551,948.00 | 3,551,948.00 | 100.00 | 3,379,408.00 | 3,379,408.00 | 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 | 2,311,960.63 | 2,311,960.63 | Not expected to recover |
| Total | 1,726,956,752.44 | 659,728,768.27 | 38.20 | 40,158,728.63 | 40,158,728.63 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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) Disclosure by bad debt provision method (Continued)

- ② Other accounts receivable in respect of which provision for bad debts was made on group basis

| Category | Balance at the end of the period | | | Balance at the beginning of the period | | |
|--|----------------------------------|-------------------------|----------------|--|-------------------------|----------------|
| | Book balance | Provision for bad debts | Percentage (%) | Book balance | Provision for bad debts | Percentage (%) |
| Accounts receivable from government | | | | | | |
| Accounts receivable from related companies | 1,174,833,324.70 | | | 2,622,357,494.31 | 382,828,708.54 | 14.60 |
| Guarantee deposits receivable, provisions and others | 9,084,326.34 | | | 11,855,974.74 | | |
| Accounts receivable from general customers or others | 2,154,314.85 | 1,273,212.95 | 59.10 | 2,886,597.12 | 1,746,971.56 | 60.52 |
| Total | 1,186,071,965.89 | 1,273,212.95 | 0.11 | 2,637,100,066.17 | 384,575,680.10 | 14.58 |

- (4) Other accounts receivable for which provision for bad debts was made using the general model for expected credit losses

| Provision for bad debts | Stage I | Stage II | Stage III | Total |
|---|--|---|---|-----------------------|
| | Expected credit loss over the next 12 months | Lifetime expected credit loss (not credit-impaired) | Lifetime expected credit loss (credit-impaired) | |
| Balance on 1 January 2025 | 384,575,680.10 | | 40,158,728.63 | 424,734,408.73 |
| Balance on 1 January 2025 at the current period | | | | |
| – Transfer to Stage II | | | | |
| – Transfer to Stage III | -382,828,708.54 | | 382,828,708.54 | |
| – Reverse to Stage II | | | | |
| – Reverse to Stage I | | | | |
| Provision during the year | -473,758.61 | | 236,741,331.10 | 236,267,572.49 |
| Reversal during the year | | | | |
| Transfer during the year | | | | |
| Amount written-off during the year | | | | |
| Other movements | | | | |
| Balance on 31 December 2025 | 1,273,212.95 | | 659,728,768.27 | 661,001,981.22 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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)

(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 | 424,734,408.73 | 236,267,572.49 | | | 661,001,981.22 |
| Total | 424,734,408.73 | 236,267,572.49 | | | 661,001,981.22 |

There was no reversal or recovery of important bad debt provision during the year.

(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 |
|---|-----------------------|--------------------------------|---|--|--|
| Hubei Tianyin Circulation Economic Development Co., Ltd. | Other current account | 428,921,314.36 | Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years | 14.72 | 266,008,934.59 |
| Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd. | Other current account | 301,195,416.13 | Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years | 10.34 | 119,325,282.29 |
| Chenzhou Xiongfeng Environment Technology Company Limited | Other current account | 298,707,093.59 | Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years | 10.25 | |
| Xiantao Lyvi Environmental Technology Co., Ltd. | Other current account | 172,287,327.37 | Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years | 5.91 | 45,725,055.01 |
| Jiangsu Dongheng Environmental Holdings Co., Ltd. | Other current account | 168,713,360.07 | Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years | 5.79 | 2,600,239.00 |
| Total | | 1,369,824,511.52 | | 47.01 | 433,659,510.89 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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

| 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 | 4,580,300,948.71 | 1,459,731,792.87 | 3,120,569,155.84 | 4,573,855,623.71 | 932,976,811.40 | 3,640,878,812.31 |
| Investment in associates and joint ventures | 279,581,692.92 | 3,511,227.44 | 276,070,465.48 | 274,257,266.48 | 190,212.79 | 274,067,053.69 |
| Total | 4,859,882,641.63 | 1,463,243,020.31 | 3,396,639,621.32 | 4,848,112,890.19 | 933,167,024.19 | 3,914,945,866.00 |

1. Details of long-term equity investments

(1) Investment in subsidiaries

| Investee | Balance | | Change during the year | | | | Balance | |
|-----------------------|--|---|-------------------------|-------------------------|----------------------|--|---|--|
| | (carrying amount) at the beginning of the year | Impairment provision at the beginning of the year | Increase in investments | Decrease in investments | Impairment provision | (carrying amount) at the end of the year | Impairment provision at the end of the year | |
| Shaoguan Dongjiang | 648,701,841.56 | 30,831,658.44 | | | 57,486,909.95 | 591,214,931.61 | 88,318,568.39 | |
| Xiongfeng Environment | 421,788,195.21 | 7,211,804.79 | | | 37,633,426.27 | 384,154,768.94 | 44,845,231.06 | |
| Jiangsu Dongjiang | 282,472,019.76 | 46,327,980.24 | | | | 282,472,019.76 | 46,327,980.24 | |
| Xiamen Oasis | 267,285,601.39 | 87,595,553.29 | | | 61,600,875.03 | 205,684,726.36 | 149,196,428.32 | |
| Zhuhai Yongxingsheng | 199,201,702.65 | 20,898,297.35 | | | | 199,201,702.65 | 20,898,297.35 | |
| 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 | | | | 50,487,919.86 | 99,512,080.14 | 50,487,919.86 | |
| Jieyang Dongjiang | 127,500,000.00 | | | | 75,970,467.24 | 51,529,532.76 | 75,970,467.24 | |
| Tangshan Wandesi | 103,516,455.91 | 100,483,544.09 | | | 52,461,350.67 | 51,055,105.24 | 152,944,894.76 | |
| Hengjian Tongda | 97,259,822.63 | 48,024,474.37 | | | | 97,259,822.63 | 48,024,474.37 | |
| Shaoxing Huaxin | 90,558,000.00 | | | | | 90,558,000.00 | | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | Change during the year | | | Balance | |
|---------------------|--|---|-------------------------|-------------------------|----------------------|--|---|
| | (carrying amount) at the beginning of the year | Impairment provision at the beginning of the year | Increase in investments | Decrease in investments | Impairment provision | (carrying amount) at the end of the year | Impairment provision at the end of the year |
| Xiantao Dongjiang | 90,000,000.00 | | | | | 90,000,000.00 | |
| Mianyang Dongjiang | 81,600,000.00 | | | | 53,802,104.65 | 27,797,895.35 | 53,802,104.65 |
| Qingyuan Xinv | 84,950,000.00 | | | 3,554,675.00 | | 81,395,325.00 | |
| Wosen Environmental | 70,912,607.00 | | | | | 70,912,607.00 | |
| Qianhai Dongjiang | 51,000,000.00 | | 10,000,000.00 | | | 61,000,000.00 | |
| Baoan Dongjiang | 60,000,000.00 | | | | | 60,000,000.00 | |
| Renewable Energy | 58,163,420.88 | 32,161,079.12 | | | 5,102,399.61 | 53,061,021.27 | 37,263,478.73 |
| 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 | |
| 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 | 22,062,500.00 | | | | | 22,062,500.00 | |
| Baoan Energy | 17,230,102.04 | | | | 7,042,793.13 | 10,187,308.91 | 7,042,793.13 |
| Jingzhou Dongjiang | 10,000,000.00 | | | | | 10,000,000.00 | |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | Change during the year | | | Balance | |
|-------------------------|--|---|-------------------------|-------------------------|-----------------------|--|---|
| | (carrying amount) at the beginning of the year | Impairment provision at the beginning of the year | Increase in investments | Decrease in investments | Impairment provision | (carrying amount) at the end of the year | Impairment provision at the end of the year |
| Huabao Technology | 10,000,000.00 | | | | | 10,000,000.00 | |
| Kaian Transportation | 10,000,000.00 | | | | | 10,000,000.00 | |
| Huizhou Dongjiang | 6,458,352.90 | | | | | 6,458,352.90 | |
| Kunshan Purification | 3,916,800.00 | | | | | 3,916,800.00 | |
| Dongjiang Kaida | 1,000,000.00 | | | | | 1,000,000.00 | |
| Foshan Fulong | 34,375,823.84 | 89,702,372.09 | | | 34,375,823.84 | | 124,078,195.93 |
| Coastal Solid Waste | | 104,333,457.12 | | | | | 104,333,457.12 |
| Weifang Dongjiang | | 94,000,000.00 | | | | | 94,000,000.00 |
| Hengshui Ruitao | | 84,601,300.50 | | | | | 84,601,300.50 |
| Dongguan Hengjian | 44,889,575.95 | 31,193,828.87 | | | 44,889,575.95 | | 76,083,404.82 |
| Hubei Tianyin | | 74,506,000.00 | | | | | 74,506,000.00 |
| Dongheng Environmental | 45,901,335.27 | | | | 45,901,335.27 | | 45,901,335.27 |
| Xiantao Lvyi | | 40,500,000.00 | | | | | 40,500,000.00 |
| Qingdao Dongjiang | | 15,000,000.00 | | | | | 15,000,000.00 |
| Yunnan Dongjiang | | 10,000,000.00 | | | | | 10,000,000.00 |
| Hunan Dongjiang | | 9,500,000.00 | | | | | 9,500,000.00 |
| Chengdu Hazardous Waste | | 6,105,461.13 | | | | | 6,105,461.13 |
| Total | 3,640,878,812.31 | 932,976,811.40 | 10,000,000.00 | 3,554,675.00 | 526,754,981.47 | 3,120,569,155.84 | 1,459,731,792.87 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 (carrying amount) at the beginning of the year | | Gain and loss of investment recognised under equity approach | Change during the year | | | Balance (carrying amount) at the end of the year | Impairment provision at the end of the year |
|---|--|-------------------------|--|---|--|----------------------|--|---|
| | | Increase in investments | | Adjustments to other comprehensive income | Cash dividend or profit declared or paid | Impairment provision | | |
| I. Joint venture | | | | | | | | |
| Huizhou Dongjiang Veolia Environmental services Limited | 89,582,055.29 | | -709,127.72 | | | | 88,872,927.57 | |
| Sub-total | 89,582,055.29 | | -709,127.72 | | | | 88,872,927.57 | |
| II. Associates | | | | | | | | |
| Fujian Xingye Dongjiang Environmental Technology Co., Ltd. | 75,220,137.41 | | 1,329,075.34 | | | | 76,549,212.75 | |
| ALBA Rising Green Fuel (Jieyang) Ltd. | 62,580,319.19 | | 1,138,857.91 | | | | 63,719,177.10 | |
| Jieyang Guangye Environmental Protection Energy Co., Ltd. | 26,482,750.42 | 3,400,000.00 | 2,582,178.48 | | | | 32,464,928.90 | |
| Dongguan Fengye Solid Waste Treatment Co., Ltd. | 12,499,666.12 | | -2,590,175.43 | | | 3,321,014.65 | 6,588,476.04 | 3,321,014.65 |
| Jieyang Guangye Environmental Technology Co., Ltd. | 3,442,426.00 | | 54,216.90 | | | | 3,496,642.90 | |
| Jieyang Guangye New Energy Environmental Protection Co., Ltd. | 2,859,588.86 | | 119,400.96 | | | | 2,978,989.82 | |
| Jieyang Guangye Biotechnology Co., Ltd. | 1,400,110.40 | | | | | | 1,400,110.40 | |
| Shenzhen Resource Environmental Technology Company Limited | | | | | | | | 190,212.79 |
| Sub-total | 184,484,998.40 | 3,400,000.00 | 2,633,554.16 | | | 3,321,014.65 | 187,197,537.91 | 3,511,227.44 |
| Total | 274,067,053.69 | 3,400,000.00 | 1,924,426.44 | | | 3,321,014.65 | 276,070,465.48 | 3,511,227.44 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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

1. Operating revenue and cost of operation

| Item | Amount of the year | | Amount of last year | |
|--------------------------------|-------------------------|-----------------------|---------------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Principal operating activities | 1,019,002,828.98 | 995,271,371.45 | 242,336,547.29 | 257,913,819.51 |
| Other operating activities | 11,196,757.71 | | 10,932,873.85 | 498,408.87 |
| Total | 1,030,199,586.69 | 995,271,371.45 | 253,269,421.14 | 258,412,228.38 |

(1) Main businesses – by business

| Item | Amount of the year | | Amount of last year | |
|--|-------------------------|-----------------------|---------------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Industrial waste recycling | 974,015,133.95 | 947,763,390.43 | 227,819,658.36 | 227,819,658.45 |
| Municipal waste treatment and disposal | -2,109,162.72 | 1,410,213.77 | -14,051,872.44 | 2,030,252.63 |
| Environmental engineering and services | 47,096,857.75 | 46,097,767.25 | 28,568,761.37 | 28,063,908.43 |
| Total | 1,019,002,828.98 | 995,271,371.45 | 242,336,547.29 | 257,913,819.51 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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)

(5) Investment income

| Item | Amount of the year | Amount of last year |
|--|----------------------|---------------------|
| Long-term equity investment income accounted for using cost approach | 22,050,000.00 | 190,687,373.70 |
| Long-term equity investment income accounted for using equity method | 1,924,426.44 | -3,196,885.90 |
| Investment income from disposal of long-term equity investment | | 1,486,900.00 |
| Investment income from disposal of held-for-trading financial assets | 4,337,841.88 | 6,481,548.14 |
| Gain on debt restructuring | -4,842,408.33 | |
| Gain on derecognition of financial assets at amortized cost | -1,675,848.97 | |
| Others | -542,348.96 | |
| Total | 21,251,662.06 | 195,458,935.94 |

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | 1,918,060.65 | -26,299,032.72 |
| 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 | 22,801,469.97 | 31,262,903.51 |
| 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 | 5,367,680.70 | 6,522,235.00 |
| 4. Reversal of Impairment provision of accounts receivable subject to impairment test separately | 809,309.72 | 205,714.31 |
| 5. Gain or loss on debt restructuring | -11,939,330.30 | |
| 6. One-off expenses incurred by the Company due to discontinuation of related business activities, such as staff resettlement cost | | |
| 7. Gains and losses arising from changes in fair value of investment properties that are subsequently measured at fair value | -9,705,208.00 | -7,908,936.09 |
| 8. Other non-operating income and expenses other than the above items | -103,171,912.99 | -8,385,999.46 |
| Less: Income tax impact | -2,068,329.48 | 442,540.86 |
| Effect of minority shareholders' equity (after tax) | 2,919,308.04 | -10,627,929.74 |
| Total | -94,770,908.81 | 5,582,273.43 |

Note: For non-recurring profit or loss items, the number "+" indicates income and "-" indicates loss or expenditure.

NOTES TO THE FINANCIAL STATEMENTS

1 January 2025 to 31 December 2025

(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 | | | |
|--|---|-------------------|--------------------------|-------------------|----------------------------|-------------------|
| | For the year | For the last year | Basic earnings per Share | | Diluted earnings per Share | |
| | | | For the year | For the last year | For the year | For the last year |
| Net profit attributable to ordinary shareholders of the Company | -41.27 | -19.86 | -1.11 | -0.73 | -1.11 | -0.73 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses | -38.09 | -20.00 | -1.03 | -0.73 | -1.03 | -0.73 |

Dongjiang Environmental Company Limited
27 March 2026

FIVE YEAR FINANCIAL SUMMARY

| | For the Year Ended December 31, | | | | |
|--|---------------------------------|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| | (RMB '000) | | | | |
| Results | | | | | |
| Total operating revenue | 3,457,030 | 3,486,661 | 4,022,468 | 3,878,474 | 4,015,230 |
| Gross profit | 31,641 | 195,020 | 174,146 | 610,382 | 1,103,577 |
| Gross profit margin | 0.92% | 5.59% | 4.33% | 15.74% | 27.48% |
| Net (loss) profit | (1,343,577) | (887,555) | (889,472) | (565,694) | 155,842 |
| Net (loss) profit attributable to owners of the parent company | (1,231,538) | (804,186) | (750,471) | (501,846) | 160,767 |

| | As of December 31, | | | | |
|---|--------------------|------------|------------|------------|------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| | (RMB '000) | | | | |
| Consolidated Balance Sheets Data: | | | | | |
| Total current assets | 3,129,186 | 3,563,957 | 3,660,957 | 3,026,923 | 2,977,330 |
| Total non-current assets | 6,778,442 | 7,714,552 | 8,500,540 | 8,679,039 | 8,835,880 |
| Total assets | 9,907,628 | 11,278,479 | 12,161,498 | 11,705,962 | 11,813,210 |
| Total liabilities | 7,085,646 | 7,127,590 | 7,119,601 | 6,929,486 | 6,365,415 |
| Minority interests | 445,875 | 551,040 | 545,473 | 720,602 | 842,876 |
| Total equity attributable to owners of the parent company | 2,376,106 | 3,599,850 | 4,496,423 | 4,055,874 | 4,604,919 |

Note: The above financial summary for the years ended 31 December 2025, 2024 and 2023 are not comparable to the financial summary for the years ended 31 December 2021 and 2022 as the Company's financial statements for the years ended 31 December 2025, 2024 and 2023 were prepared under China Accounting Standards for Business Enterprises while the Company's financial statements for the years ended 31 December 2021 and 2022 were prepared under International Financial Reporting Standards.



DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

東江環保股份有限公司