20250610180923

Lund Investment Group AB
Org.nr. 559033-9619

Årsredovisning

2024-01-01 - 2024-12-31

Undertecknad styrelseledamot i Lund Investment Group AB
intygar härmed, dels att denna kopia av årsredovisningen överensstämmer
med orginalet, dels att resultat- och balansräkning fastställts på årsstämma
den 23 april 2025
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.
Lund, 2025-06-04

.....

Mats Helander
VD

20250610180094

Årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31

Styrelsen för Lund Investment Group AB avger härmed följande årsredovisning.

Innehåll **Sida**

Förvaltningsberättelse	3
Resultaträkning	4
Balansräkning	5-6
Förändring av eget kapital	7
Noter med redovisningsprinciper och bokslutskommentarer	8
Underskrifter	10

20250610180095

Förvaltningsberättelse

Allmänt om verksamheten

Bolaget är ett holdingbolag och bedriver ingen egen verksamhet.
Bolagets säte är i Stockholm.

Koncernförhållanden

Lund Investment Group AB äger 100% av andelarna i Purac AB som i sin tur har ett direkt ägande i i sitt dotterbolag. Lund Investment Group AB är ett helägt dotterbolag till PURAC Environmental System (Beijing) Co., Ltd. Org nr 91110000302758205587R, med säte i Beijing, Kina.

Väsentliga händelser efter räkenskapsåret

Verksamheten löper på likt tidigare år. Inga väsentliga händelser har uppstått efter balansdagen.

Flerårsöversikt (Tkr)	2024	2023	2022	2021	2020
Nettoomsättning	0	0	0	0	0
Resultat efter finansiella poster	-4	-125	1	-651	-3 101
Balansomslutning	397 601	397 655	397 719	397 809	434 283
Soliditet (%)	99,60%	99,59%	99,61%	99,58%	91,37%

Förslag till behandling av bolagets resultat:
Styrelsen föreslår att den ansamlade förlusten (kronor):

Balanserat resultat vid ingången av räkenskapsåret	395 973 065
Årets resultat	-4 426
	395 968 639

behandlas så att	
i ny räkning överföres	395 968 639
	395 968 639

Vad beträffar företagets resultat i övrigt, hänvisas till efterföljande resultat- och balansräkning med tillhörande bokslutskommentarer.

20250610180936

Resultaträkning

Belopp i kr	*Not*	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Rörelsens Intäkter			
Övrig rörelseintäkt		2 506	0
Summa rörelsens intäkter		2 506	0
Rörelsens kostnader			
Övriga externa kostnader		-306 455	-119 454
Summa rörelsens kostnader		-306 455	-119 454
Rörelseresultat		-303 949	-119 454
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	2	299 523	64 089
Räntekostnader och liknande resultatposter	3	0	-69 515
Summa resultat från finansiella poster		299 523	-5 426
Resultat efter finansiella poster		-4 426	-124 880
Bokslutsdispositioner			
Lämnade koncernbidrag		0	0
Summa Bokslutsdipositioner		0	0
Årets resultat		**-4 426**	**-124 880**

20250610180097

Balansräkning

Belopp i kr	*Not*	2024-01-01 2024-12-31	2023-01-01 2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	397 559 405	397 559 405
Summa anläggningstillgångar		**397 559 405**	**397 559 405**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga kortfristiga fordringar		75	75
		75	**75**
Kassa och bank		**41 654**	**95 421**
Summa omsättningstillgångar		**41 729**	**95 496**
SUMMA TILLGÅNGAR		**397 601 134**	**397 654 901**

20250610180938

Balansräkning

Belopp i kr	*Not*	2024-01-01 2024-12-31	2023-01-01 2023-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bunder eget kapital			
Aktiekapital		50 000	50 000
		50 000	**50 000**
Fritt eget kapital			
Balanserat resultat		395 973 067	396 097 947
Årets resultat		-4 426	-124 880
		395 968 641	**395 973 067**
Summa eget kapital		**396 018 641**	**396 023 067**
Långfristiga skulder			
Skulder till koncernföretag	5, 6	1 582 493	1 631 834
Summa långfristiga skulder		1 582 493	**1 631 834**
SUMMA EGET KAPITAL OCH SKULDER		**397 601 134**	**397 654 901**

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Förändring av eget kapital

	Aktie-kapital	Balanserat resultat	Årets resultat	Summa eget kapital
Belopp vid årets ingång 2024-01-01	50 000	396 097 947	-124 880	396 023 067
Omföring av föregående års resultat		124 880	-124 880	0
Årets resultat			-4 426	-4 426
Belopp vid årets utgång 2024-12-31	**50 000**	**396 222 827**	**-254 186**	**396 018 641**

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Noter

Not 1 Noter med redovisningsprinciper och bokslutskommentar

Bolagets årsredovisning har upprättats enligt Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning ("K3").

Redovisningsvaluta
Årsredovisningen är upprättad i svenska kronor och beloppen anges i kronor om inget annat anges.

Utländska valutor
Monetära tillgångs- och skuldposter i utländsk valuta värderas till balansdagens kurs.
Transaktioner i utländsk valuta omräknas enligt transaktionsdagens avistakurs.

Värderingsprinciper
Tillgångar, avsättningar och skulder värderas till anskaffningsvärden om inget annat anges.

Finansiella instrument
En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. Finansiella instrument som redovisas i balansräkningen inkluderar värdepapper, övriga fordringar och leverantörsskulder.

Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumenten har löpt ut eller överförts och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten

Finansiella skulder tas bort från balansräkningen när förpliktelser har reglerats eller på annat sätt upphört.

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedömer bolaget om det finns någon indikation på nedskrivningsbehov i någon utav de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående. Nedskrivning redovisas i resultaträkningsposten Resultat från övriga värdepapper och fordringar som är anläggningstillgångar. Nedskrivningsbehovet prövas individuellt för aktier. Exempel på indikationer på nedskrivningsbehov är negativa ekonomiska omständigheter eller ogynsamma förändringar av branschvillkor i bolag vars aktier
Lund Investment Group AB investerat i.

Personal
Bolaget har inga anställda.

Soliditet
Justerat eget kapital i procent av balansomslutningen.

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Not 2 Övriga ränteintäkter och liknande resultatposter

	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Ränteintäkter, koncernföretag	62 948	64 089
Valutakursdifferenser	236 575	0
	299 523	**64 089**

Not 3 Räntekostnader och liknande resultatposter

	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Räntekostnader, kreditinstitut	0	-625
Räntekostnader, koncernföretag	0	0
Valutakursdifferenser	0	-68 890
	0	**-69 515**

Not 4 Andelar i koncernföretag

(Tkr)	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	397 559 405	397 559 405
Utgående anskaffningsvärde	**397 559 405**	**397 559 405**

Not 5 Fordringar hos koncernföretag

	2024-12-31	2023-12-31
Lån Purac AB	2 757 803	2 458 463
	2 757 803	**2 458 463**

Not 6 Skulder till koncernföretag

	2024-12-31	2023-12-31
Purac AB	4 340 296	4 090 297
	4 340 296	**4 090 297**

Förfallodag senare än 1 och tidigare än 5 år efter balansdagen

20250610181102

Not 7 Koncernuppgifter

Bolaget är moderbolag till Purac AB, org nr 556229-3125 med säte i Lund. Med hänvisning till ÅRL 7:2 upprättar bolaget inte koncernredovisning.
Koncernredovisningen, vari Lund Investment Group AB ingår, upprättas av Purac Environmental System (Beijing) Co., Ltd. Med org nummer 91110302758205587R och säte i Beijing.

Not 8 Väsentliga händelser efter räkenskapsårets slut

Verksamheten löper på likt tidigare år. Inga väsentliga händelser har uppstått efter balansdagen.

Not 9 Resultatdisposition

Förslag till behandling av bolagets resultat:
Styrelsen föreslår att till årsstämman förfogande stående vinstmedel,
disponeras enligt följande:

Balanserat resultat vid ingående av räkenskapsåret	396 023 067
Årets resultat	-4 426
	396 018 641
Styrelsen föreslår att i ny räkning överföres:	396 018 641
	396 018 641

Lund 2025-04-23

Xiaobin Shu
Styrelseordförande

Mats Helander
Verkställande direktör

Vår revisionsberättelse har lämnats 2025-04-23

Grant Thornton Sweden AB

Boel Hansson
Auktoriserad revisor

20250610181103

Not 7 Koncernuppgifter

Bolaget är moderbolag till Purac AB, org nr 556229-3125 med säte i Lund. Med hänvisning till ÅRL 7:2 upprättar bolaget inte koncernredovisning.
Koncernredovisningen, varl Lund Investment Group AB ingår, upprättas av Purac Environmental System (Beijing) Co., Ltd. Med org nummer 91110302758205587R och säte i Beijing.

Not 8 Väsentliga händelser efter räkenskapsårets slut

Verksamheten löper på likt tidigare år. Inga väsentliga händelser har uppstått efter balansdagen.

Not 9 Resultatdisposition

Förslag till behandling av bolagets resultat:
Styrelsen föreslår att till årsstämman förfogande stående vinstmedel,
disponeras enligt följande:

Balanserat resultat vid ingående av räkenskapsåret	396 023 067
Årets resultat	-4 426
	396 018 641

Styrelsen föreslår att i ny räkning överföres:	396 018 641
	396 018 641

Lund 2025-04-23

Xiaobin Shu
Styrelseordförande

Mats Helander
Verkställande direktör

Vår revisionsberättelse har lämnats 2025-

Grant Thornton Sweden AB

Boel Hansson
Auktoriserad revisor

20250610181104

Revisionsberättelse

Till bolagsstämman i Lund Investment Group AB

Org.nr. 559033 - 9619

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Lund Investment Group AB för år 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Lund Investment Group ABs finansiella ställning per den 31 december 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Lund Investment Group AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

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Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Lund Investment Group AB för år 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Lund Investment Group AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö den 23 april 2025,
Grant Thornton Sweden AB

Bael Hanssan
Auktoriserad revisor

20250616102285

PURAC Environmental System (Beijing) Co. Ltd

Auditor's Report and Financial Statements

For the Year Ended December 31, 2024

信会师报字号

20250610102886

PURAC Environmental System（Beijing）Co., Ltd

Auditor's Report and Financial Statements

（From January 1, 2024 to December 31, 2024）

Table of Contents

		Page
1、	Auditor's Report	1-3
2、	Financial Statements	
	Consolidated balance sheet	1-2
	consolidated income statement	3-4
	Consolidated statement of cash flows	5-6
	Consolidated statement of changes in equity	7-10
	Notes to the financial statements	1-77

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Auditor's Report

(English Translation for Reference Only)

信会师报字[2025]第　　号

To PURAC Environmental System（Beijing）Co., Ltd:

Opinion

We have audited the financial statements of PURAC Environmental Systems (Beijing) Co., Ltd (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, the consolidated statement of income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the requirements of the Accounting Standards for Business Enterprises and present fairly the consolidated financial position of the Company as of December 31, 2024, as well as its consolidated operating results and cash flows for the year ended on that date.

Basis for Opinion

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

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

Management is responsible for the preparation of the financial statements in accordance with Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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 audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are generally considered material if they could reasonably be expected, individually or in the aggregate, to affect the economic decisions of users of financial statements based on the financial statements.

As part of an audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following:

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(1) Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and perform audit procedures to address those risks, and obtaining audit evidence that is sufficient and appropriate to Form the basis of an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of not detecting material misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or overriding internal controls.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3)Evaluate the appropriateness of accounting policies selected and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether a material uncertainty exists regarding the matters or circumstances that may cast significant doubt on your ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are not adequate, we should express an unqualified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may cause your company not to be a going concern.

(5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements and whether the financial statements present fairly the underlying transactions and events.

(6) Obtaining sufficient and appropriate audit evidence about the financial information of the entities or business activities in your organization to express an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and executing the audit of the Group and accept full responsibility for the 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.

BDO CHINA Shu Lun Pan Certified Public Accountants LLP **Certified Public Accountant of China:**

Certified Public Accountant of China:

Shanghai, China **June 5, 2025**

20250610102921

PURAC Environmental System（Beijing）Co., Ltd
Consolidated Balance Sheet
As at December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)
(English Translation for Reference Only)

Asset	Note 5	Closing balance	Last year's year-end balance
Current assets:			
Monetary funds	（1）	69,109,211.79	78,630,045.26
Trading financial assets	（2）	149,406,511.21	24,805,416.73
Derivative financial assets			
Notes receivable	（3）	11,268,592.56	8,000,000.00
Accounts receivable	（4）	194,229,570.26	246,964,941.93
Accounts receivable financing			
Prepayments	（5）	3,969,935.25	4,460,113.75
Other receivables	（6）	6,237,063.97	10,241,944.60
Inventory	（7）	6,792,029.23	803,087.76
Contract assets	（8）	21,643,410.17	55,440,697.07
Assets held for sale			
Non current assets due within one year			
Other current assets	（9）	1,370,976.80	1,096,227.27
Total current assets		464,027,301.24	430,442,474.37
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables	（10）	907,439.25	799,640.37
Long-term equity investments			
Investments in other equity instruments	（11）	1,592,569.21	2,296,148.90
Other non-current financial assets			
Investment real estate			
Fixed assets	（12）	14,979,630.09	16,870,859.09
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right of use assets	（13）	4,842,683.87	8,071,139.78
Intangible asset	（14）	1,911,858.70	1,010,607.56
Development expenditure			
Goodwill			
Long-term amortized expenses	（15）	693,240.99	1,039,861.59
Deferred tax assets	（16）	54,720,598.18	62,642,354.18
Other non-current assets			
Total non-current assets		79,648,020.29	92,730,611.47
Total assets		543,675,321.53	523,173,085.84

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

PURAC Environmental System（Beijing）Co., Ltd
Consolidated Balance Sheet (continued)
As at December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)
(English Translation for Reference Only)

Liabilities and owners' equity	Note 5	Closing balance	Last year's year-end balance
Current liabilities:			
Short term loans	（17）		7,155,504.00
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	（18）	481,044.40	
Accounts payable	（19）	72,524,319.88	103,092,737.36
Advance receipts			
Contractual liabilities	（20）	109,308,151.18	75,219,477.76
Employee remuneration payable	（21）	17,267,864.20	19,167,305.95
Taxes payable	（22）	17,522,047.17	6,796,122.06
Other accounts payable	（23）	71,149,850.77	77,210,964.24
Liabilities held for sale			
Non-current liabilities due within one year	（24）	3,332,163.87	3,173,140.12
Other current liabilities	（25）	3,852.99	1,824,608.79
Total current liabilities		291,589,294.46	293,639,860.28
Non-current liabilities:			
Long term loans			
Payable bonds			
Among them: Preferred shares			
Perpetual bond			
Lease liabilities	（26）	1,767,549.08	5,099,712.94
Long-term accounts payable	（27）	2,849,405.24	2,908,201.45
Long-term employee compensation payable	（28）	16,174,156.75	17,025,565.54
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		20,791,111.07	25,033,479.93
Total liabilities		312,380,405.53	318,673,340.21
Ownership Interests:			
Paid-in capital (or share capital)	（29）	204,606,910.00	204,606,910.00
Other equity instruments			
Among them: Preferred shares			
Perpetual bond			
Capital reserve			

Liabilities and owners' equity	Note 5	Closing balance	Last year's year-end balance
Less: Treasury shares			
Other comprehensive income	(30)	18,142,685.92	22,901,427.02
Special reserves			
Surplus reserves	(31)	10,750,048.98	8,386,775.04
Retained earnings	(32)	-2,204,728.90	-31,395,366.43
Total equity attributable to owners of the parent company		231,294,916.00	204,499,745.63
Minority interests			
Total owners' equity		231,294,916.00	204,499,745.63
Total liabilities and owners' equity		543,675,321.53	523,173,085.84

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

PURAC Environmental System（Beijing）Co., Ltd
Consolidated Income Statement
For the Year Ended December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)

(English Translation for Reference Only)

Project	Note 5	Current period amount	Previous period amount
1、Operating income	(33)	814,110,094.10	692,798,953.20
Less: Operating costs	(33)	619,658,729.45	520,222,946.73
Taxes and surcharges	(34)	2,304,550.19	1,843,131.21
Sales expense	(35)	88,388,637.66	98,360,162.57
Management expenses	(36)	52,600,970.76	45,846,569.36
R&D costs	(37)	11,367,601.89	10,128,983.45
Financial expenses	(38)	4,472,727.78	3,410,810.14
Of which: Interest expense	(38)	1,705,728.77	1,451,117.08
Interest income	(38)	705,547.28	1,320,874.85
Add: Other gains	(39)	72,187.57	13,920.00
Investment income (loss recognized as "-")	(40)	1,807,258.19	989,279.81
Of which: Income from investments in associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Net exposure to hedging gains (losses are recognized with a "-" sign)			
Gain (loss recognized as "-") on change in fair value			
Credit impairment losses (losses are recognized with a "-" sign)	(41)	700,000.00	
Impairment losses on assets (losses are recognized with a "-" sign)			
Gain (loss is represented by a "-" sign) on disposal of assets			
2、 Operating profit (loss is shown with a "-" sign)		37,896,322.13	13,989,549.55
Add: Non-operating income	(42)	14,800.50	39,152.97
Less: Non-operating expenses	(43)	98,661.72	33,004.62
3、 Total profit (total loss is shown with a "-" sign)		37,812,460.91	13,995,697.90
Less: Income tax expense	(44)	4,579,349.65	1,968,329.61
4、 Net profit (net loss is shown with a "-" sign)		33,233,111.26	12,027,368.29
(1) Classification by business continuity			
1The Net Profit from Continuing Operations (Net Loss is shown with a "-" sign)			
2The Net profit from discontinued operations (net loss is shown with a "-" sign)			
(2) Classification by ownership			

Project	Note 5	Current period amount	Previous period amount
1The Net profit attributable to shareholders of the parent company (net loss is shown with a "-" sign)			
2The Minority gains and losses (net losses are shown with a "-" sign)			
5、Other comprehensive income, net of tax		-7,117,691.68	5,937,669.77
Other comprehensive income attributable to owners of the parent, net of tax		-7,117,691.68	5,937,669.77
（1）Other comprehensive income not reclassifiable to profit or loss			
1The Remeasurement of changes in defined benefit plans			
2The Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3The Changes in fair value of investments in other equity instruments			
4The Changes in fair value of the enterprise's own credit risk			
（2）Other comprehensive income to be reclassified to profit or loss		-7,117,691.68	5,937,669.77
1The Other comprehensive income available for profit or loss under the equity method			
2The Changes in fair value of other debt investments			
3The Reclassification of financial assets to other comprehensive income			
4The Provision for credit impairment of other debt investments			
5The Cash flow hedge reserve			
6The following is a summary of the differences in the translation of foreign currency financial statements. Translation differences on foreign currency financial statements		-7,117,691.68	5,937,669.77
7The Other			
Net other comprehensive income attributable to minority shareholders, after tax			
6、Total comprehensive income		26,115,419.58	17,965,038.06
Total comprehensive income attributable to owners of the parent company		-7,117,691.68	5,937,669.77
Total comprehensive income attributable to minority shareholders			

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

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PURAC Environmental System（Beijing）Co., Ltd
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)
(English Translation for Reference Only)

Project	Note	Current amount	Previous period amount
1、 Cash flows from operating activities			
Cash received from sales of goods and services		1,067,345,949.16	667,327,830.22
Tax refunds received			
Other cash received in connection with operating activities		3,413,309.56	104,031,516.68
Subtotal cash inflow from operating activities		1,070,759,258.72	771,359,346.90
Cash paid for goods and services		750,156,925.99	585,958,281.15
Cash paid to and for employees		116,314,633.95	116,447,427.04
Taxes paid		68,435,357.93	28,917,172.84
Payments of other cash related to operating activities		21,610,148.93	91,648,403.80
Subtotal cash outflows from operating activities		956,517,066.80	822,971,284.83
Net cash flows from operating activities		114,242,191.92	-51,611,937.93
2、 Cash flows from investing activities			
Cash received from recovery of investments		355,988,339.93	177,972,480.11
Cash received from investment income		1,807,258.19	989,279.81
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets			4,007.00
Net cash received from disposal of subsidiaries and other operating units			
Other cash received related to investing activities			
Subtotal cash inflows from investing activities		357,795,598.12	178,965,766.92
Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets		921,668.26	753,173.92
Cash paid for investments		470,174,932.25	123,129,810.00
Net cash paid for acquisition of subsidiaries and other operating units			
Payments of other cash related to investing activities			
Subtotal cash outflows from investing activities		471,096,600.51	123,882,983.92
Net cash flows from investing activities		-113,301,002.39	55,082,783.00
3、 Cash flows from financing activities			
Cash received from absorption of investments			
Of which: Cash received by subsidiaries from minority investments			
Cash received from acquisition of loans		170,950.00	
Other cash received related to financing activities			
Subtotal cash inflow from financing activities		170,950.00	
Cash paid for debt service			
Cash paid for distribution of dividends, profits or interest payments		1,500,000.00	6,989,728.40
Of which: Dividends and profits paid by subsidiaries to minority shareholders			
Payments of other cash related to financing activities		7,180,012.36	29,399,596.21

Project	Note	Current amount	Previous period amount
Subtotal of cash outflows from financing activities		8,680,012.36	36,389,324.61
Net cash flows from financing activities		-8,509,062.36	-36,389,324.61
4、 The impact of exchange rate fluctuations on cash and cash equivalents		681,381.54	15,648,759.86
5、 Net increase in cash and cash equivalents		-6,886,491.29	-17,269,719.68
Add: Opening cash and cash equivalents balance		67,573,921.85	84,843,641.51
6、 Closing balance of cash and cash equivalents		60,687,430.56	67,573,921.83

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

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PURAC Environmental System（Beijing）Co., Ltd
Consolidated Statement of Owners' Equity
For the Year Ended December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)
(English Translation for Reference Only)

Project	Amount for the period											
	Equity attributable to owners of the parent company										Minority interests	Total owners' equity
	Paid-up capital	Other equity instruments			Capital reserve	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Subtotal		
		Preferred stock	Perpetual bond	Other								
1、 Last year's year-end balance	204,606,910.00					22,901,427.02		8,386,775.04	-31,395,366.43	204,499,745.63		204,499,745.63
Add: change in accounting policy												
Correction of prior period errors									-179,199.79	-179,199.79		-179,199.79
Same-control business combinations												
Others												
2、 Balance at the beginning of the year	204,606,910.00					22,901,427.02		8,386,775.04	-31,574,566.22	204,320,545.84		204,320,545.84
3、 Amount of increase or decrease during the period (decreases are indicated by a "-" sign)						-4,758,741.10		2,363,273.94	29,369,837.32	26,974,370.16		26,974,370.16
（1）Total comprehensive income						-4,758,741.10			33,233,111.26	28,474,370.16		28,474,370.16
（2）Owners' inputs and reductions in capital												
1The Common shares invested by owners												
2The Capital contributions by holders of other equity instruments												
3The Amount of share-based payments recognized in owners' equity												
4The Other												
（3）Distribution of profits								2,363,273.94	-3,863,273.94	-1,500,000.00		-1,500,000.00
1The Withdrawal of surplus reserves								2,363,273.94	-2,363,273.94			
2The Distribution to owners (or shareholders)									-1,500,000.00	-1,500,000.00		-1,500,000.00
3The Other												
（4）Internal carry-forward of owners' equity												
1The Capitalization of capital surplus to capital (or share capital)												
2The Transfer of surplus to capital (or share capital)												
3The Surplus reserves to cover losses												
4The Carry-over of changes in defined benefit plans to retained earnings												
5Other comprehensive income carried forward to retained earnings Other comprehensive income carried forward to retained earnings												
6The Other												

Project	Amount for the period											
	Equity attributable to owners of the parent company										Minority interests	Total owners' equity
	Paid-up capital	Other equity instruments			Capital reserve	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Subtotal		
		Preferred stock	Perpetual bond	Other								
（5）Earmarked reserves												
1The Drawdowns during the period												
2The Utilization during the period												
（6）Other												
4、Closing balance for the period	204,606,910.00					18,142,685.92		10,750,048.98	-2,204,728.90	231,294,916.00		231,294,916.00

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

PURAC Environmental System（Beijing）Co., Ltd
Consolidated Statement of Owners' Equity (continued)
For the Year Ended December 31, 2024
(Unless otherwise specified, all amounts are in RMB yuan)
(English Translation for Reference Only)

Project	Previous period amount											
	Equity attributable to owners of the parent company										Minority interests	Total owners' equity
	Paid-up capital	Other equity instruments			capital surplus	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Subtotal		
		Preferred stock	Perpetual bond	Other								
1、 Last year's year-end balance	204,606,910.00					16,963,757.25		6,347,312.32	-39,875,531.25	188,042,448.32		188,042,448.32
Add: Change in accounting policies												
Correction of prior period errors									-7,740.75	-7,740.75		-7,740.75
Same-control business combinations												
Other												
2、 Balance at the beginning of the year	204,606,910.00					16,963,757.25		6,347,312.32	-39,883,272.00	188,034,707.57		188,034,707.57
3、Amount of increase or decrease during the period (decreases are indicated by a "-" sign)						5,937,669.77		2,039,462.72	8,487,905.57	16,465,038.06		16,465,038.06
（1）Total comprehensive income						5,937,669.77			12,027,368.29	17,965,038.06		17,965,038.06
（2）Owners' inputs and reductions in capital												
1The Common shares invested by owners												
2The Capital contributions by holders of other equity instruments												
3The Amount of share-based payments recognized in owners' equity												
4The Other												
（3）Distribution of profits								2,039,462.72	-3,539,462.72	-1,500,000.00		-1,500,000.00
1The Withdrawal of surplus reserves								2,039,462.72	-2,039,462.72			
2The Distribution to owners (or shareholders)									-1,500,000.00	-1,500,000.00		-1,500,000.00
3The Other												
（4）Internal carry-forward of owners' equity												
1The Capitalization of capital surplus to capital (or share capital)												
2The Transfer of surplus to capital (or share capital)												
3The Surplus reserves to cover losses												
4The Carry-over of changes in defined benefit plans to retained earnings												

Project	Previous period amount											
	Equity attributable to owners of the parent company										Minority interests	Total owners' equity
	Paid-up capital	Other equity instruments			capital surplus	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Subtotal		
		Preferred stock	Perpetual bond	Other								
5Other comprehensive income carried forward to retained earnings Other comprehensive income carried forward to retained earnings												
6The Other												
（5）Earmarked reserves												
1The Drawdowns during the period												
2The Utilization during the period												
（6）Other												
4、Closing balance for the period	204,606,910.00					22,901,427.02		8,386,775.04	-31,395,366.43	204,499,745.63		204,499,745.63

The accompanying notes to the financial statements are an integral part of the financial statements.

Company Leader: Accounting Supervisor: Accounting Institution Leader:

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PURAC Environmental System（Beijing）Co., Ltd
Notes to the Financial Statements
For the Year Ended December 31, 2024

(Unless otherwise specified, all amounts are in RMB yuan)

(English Translation for Reference Only)

1、 Basic information of the company

PURAC Environmental System （Beijing） Co., Ltd (hereinafter referred to as "the Company") was approved by the Beijing Municipal People's Government in March 2004 under Document No. 18013 of the Beijing Municipal People's Government on Foreign Investment. The Company's Enterprise Legal Person Business License Registration Number: 91110302758205587R.

The main business activities of the Company are: development of environmental protection technology; design, processing and production of environmental protection equipment and systems; sales of self-produced products; provision of self-produced products, installation, maintenance, technical advice, technical services; professional contracting; import and export of goods, import and export of agents, import and export of technology. (Market entities independently choose business projects and carry out business activities in accordance with the law; projects subject to approval in accordance with the law, carry out business activities in accordance with the approved content after approval by the relevant departments; shall not be engaged in business activities of projects prohibited and restricted by the state and the city's industrial policy.)

The Company's parent company is Luxembourg Investment Company Limited No. 115, and the ultimate controlling party of the Company is SDIC & Beijing Drainage Investment Fund (Limited Partnership).

These financial statements were approved for reporting on May 30, 2024

2、 The preparation basis of financial statements

（1）Fundamentals of Compilation

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and the specific accounting standards, application guidelines of the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises, and other relevant regulations issued

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by the Ministry of Finance (hereinafter collectively referred to as the "Enterprise Accounting Standards").

（2）Continuing operations

The financial statements have been prepared on a going concern basis.

3、 Important accounting policies and accounting estimates

Specific Accounting Policies and Accounting Estimates Reminder:

The following disclosures have covered the Company's specific accounting policies and accounting estimates based on the actual production and operating characteristics. For details, please refer to Notes3(6), (8), (9), (22), (26), and (28)herein.

（1）Statement of Compliance with Accounting Standards

These financial statements comply with the requirements of the Enterprise Accounting Standards issued by the Ministry of Finance and give a true and complete picture of the consolidated financial position of the Company as of January 31 for the year 2024 and the consolidated results of operations and cash flows for the year at 2024 .

（2）Accounting period

A fiscal year begins on January 1 and ends on December 31 of the Gregorian calendar.

（3）Business cycle

Our business cycle is 12 months.

（4）Bookkeeping base currency

The Company adopts RMB as the local currency of account. The Company's subsidiaries determine their local currency of account in accordance with the main economic environment in which they operate, and the subsidiaries' local currency of account is the Swedish krona. The financial statements are presented in RMB.

（5）Accounting for business combinations under common control and non-common control

Business combinations under the same control: Assets and liabilities acquired by the combining parties in a business combination (including goodwill resulting from the

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acquisition of the consolidated party by the ultimate controlling party) are measured on the basis of the book value of the assets and liabilities of the consolidated party as of the date of the combination in the consolidated financial statements of the party under ultimate control. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total par value of the shares issued) is adjusted to the capital premium in capital surplus, and the retained earnings is adjusted to the extent that the capital premium in capital surplus is not sufficient to offset the difference.

Business combination not under common control: The cost of combination is the fair value of assets given, liabilities incurred or assumed, and equity securities issued by the purchaser at the date of purchase in order to obtain control of the purchased party. The difference between the cost of the combination and the fair value of the share of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill; the difference between the cost of the combination and the fair value of the share of the acquiree's identifiable net assets acquired in the combination is recognized in profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a combination that meets the conditions for recognition is measured at fair value at the date of purchase.

Costs directly attributable to the business combination are recognized in profit or loss when incurred; transaction costs for issuing equity or debt securities for the business combination are included in the initial recognition amount of the equity or debt securities.

（6）Criteria for judging control and the preparation of consolidated financial statements

(1) Criteria for judging control

The scope of consolidation for the consolidated financial statements is determined on the basis of control, which includes the Company and all of its subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through participation in the investee's related activities, and has the ability to use its power over the investee to affect the amount of its returns.

(2) Consolidation procedure

The Company considers the entire enterprise group as one accounting entity and prepares consolidated financial statements in accordance with unified accounting

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policies to reflect the financial position, results of operations and cash flows of the enterprise group as a whole. The effects of internal transactions between the Company and its subsidiaries and between subsidiaries are eliminated. If an internal transaction indicates that an impairment loss on the related asset has been incurred, the full amount of the loss is recognized. If the accounting policies and accounting periods adopted by subsidiaries are not consistent with those of the Company, necessary adjustments are made to the consolidated financial statements in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The share of minority shareholders in the subsidiary's ownership interest, net profit or loss for the period and comprehensive income for the period are presented separately under the item of ownership interest in the consolidated balance sheet, under the item of net profit in the consolidated income statement and under the item of total comprehensive income, respectively. The balance resulting from the excess of the minority shareholders' share of the current loss of a subsidiary over the minority's share of the subsidiary's opening equity is eliminated to reduce the minority's equity.

(1) Increase in subsidiaries or operations

If a subsidiary or business is added as a result of a business combination under the same control during the reporting period, the results of operations and cash flows from the beginning to the end of the period in which the subsidiary or business is combined are included in the consolidated financial statements, and adjustments are also made to the opening balance of the consolidated financial statements and the related items in the comparative statements, and the consolidated reporting entity is deemed to have existed from the point at which the party ultimately controlling the subsidiary or business began to control the subsidiary or business.

If the Company is able to exercise control over an investee under the same control due to additional investment, etc., equity investments held prior to the acquisition of control over the consolidated entity are eliminated from the beginning of the comparative period by reducing the opening retained earnings or current profit or loss of the comparative period, respectively, if the equity investments are held before the acquisition of control over the consolidated entity, from the later of the date of acquisition of the original equity interest and the date on which the consolidating

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entity and the consolidated entity are under the same control to the date of the consolidation.

During the reporting period, the addition of subsidiaries or businesses as a result of a business combination not under the same control is included in the consolidated financial statements from the date of purchase on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the date of purchase. If the Company is able to exercise control over an investee that is not under common control due to additional investment, the equity in the investee held prior to the date of purchase is remeasured at the fair value of the equity in the investee at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income in the current period. Other comprehensive income that can be reclassified to profit or loss and other changes in equity under the equity method in respect of the equity interest in the acquiree held prior to the date of purchase are recognized as investment income in the period in which the purchase takes place.

(2) Disposal of subsidiaries

①General treatment

When control over an investee is lost as a result of the disposal of a portion of an equity investment or for other reasons, the remaining equity investment after disposal is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration obtained from the disposal and the fair value of the remaining equity interest, less the sum of the share of the original subsidiary's net assets continuously measured from the date of purchase or the date of consolidation based on the original shareholding ratio and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income that can be reclassified to profit or loss in the future and other changes in owners' equity under the equity method related to equity investments in the Former subsidiaries are transferred to investment income for the current period at when control is lost.

② Step-by-step disposal of subsidiaries

If the equity investment in a subsidiary is disposed of in stages through multiple transactions until the loss of control, the terms, conditions, and economic effects of each transaction to dispose of the equity investment in the subsidiary meet one or

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more of the following conditions, which generally indicates that the multiple transactions are a package deal:

i. The transactions were entered into simultaneously or after taking into account the effects of each other;

ii. It is the totality of these transactions that achieves a complete business result;

iii. The occurrence of one transaction is dependent on the occurrence of at least one other transaction;

iv. A transaction is uneconomical when viewed in isolation, but economical when considered in conjunction with other transactions.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the investment disposed of in each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and transferred to profit or loss in the period of the loss of control when the control is lost.

If each transaction is not a package deal, it is accounted for as a partial disposal of equity investments in subsidiaries without loss of control before the loss of control, and as a disposal of subsidiaries in general when the loss of control occurs.

(3) Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price and the corresponding share of the disposal long-term equity investment in the net assets of the subsidiary calculated on a continuous basis from the date of purchase or the date of consolidation is adjusted to capital premium in capital surplus in the consolidated balance sheet, and retained earnings is adjusted to the extent that there is insufficient capital premium in capital surplus to offset the difference.

（7）Criteria for determining cash and cash equivalents

Cash represents the Company's cash on hand and deposits that are readily available for disbursement. Cash equivalents are investments held by the Company that have short maturities, are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

（8）Foreign currency operations and translation of foreign currency statements

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1、 Foreign Currency Operations

Foreign currency operations are recorded using the spot exchange rate at the date of the transaction as the translation rate to convert the foreign currency amount into RMB.

Balances of monetary items denominated in foreign currencies at the balance sheet date are translated at the spot exchange rate at the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period, except for exchange differences arising from foreign-currency specific borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

2、 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed profits", are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction.

Upon disposal of a foreign operation, the difference in the translation of the financial statements of the foreign currency related to that foreign operation is transferred from the owner's equity line to profit or loss in the period of disposal.

（9）Financial instruments

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to the contract for the financial instrument.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified on initial recognition as follows: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Company classifies financial assets at amortized cost that meet both of the following conditions and are not designated as at fair value through profit or loss:

- The business model is geared towards collecting contractual cash flows;

- Contractual cash flows represent only payments of principal and interest based on the amount of principal outstanding.

The Company classifies financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss as financial assets at fair value through other comprehensive income (debt instruments):

- The business model aims both to collect the contractual cash flows and to sell the financial asset;

- Contractual cash flows represent only payments of principal and interest based on the amount of principal outstanding.

For investments in non-trading equity instruments, the Company may irrevocably designate them as financial assets at fair value through other comprehensive income (equity instruments) on initial recognition. This designation is made on an individual investment basis and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above financial assets measured at amortized cost and at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. At initial recognition, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if the accounting mismatch can be eliminated or significantly reduced.

Financial liabilities are classified on initial recognition as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities at fair value through profit or loss at initial measurement:

1) The designation eliminates or significantly reduces accounting mismatches.

2) Manage and evaluate the performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with an enterprise risk management or investment strategy as set out in

a Formal written document, and report on this basis within the enterprise to key management personnel.

3) The financial liability contains embedded derivatives that are subject to separate spin-off.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets carried at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with the related transaction costs included in the amount initially recognized; accounts receivable that do not contain a significant financing component and those for which the Company has decided to disregard a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is recognized in profit or loss.

Upon recovery or disposal, the difference between the price obtained and the carrying amount of the financial asset is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) at fair value through other comprehensive income, including receivables financing and other debt investments, are initially measured at fair value, with the related transaction costs included in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income, except for interest calculated using the effective interest rate method, impairment losses or gains and exchange gains or losses.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred out of other comprehensive income and recognized in profit or loss for the period.

(3) Financial assets at fair value through other comprehensive income (equity

instruments)

Financial assets (equity instruments) at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, with the related transaction costs included in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in profit or loss.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, etc., which are initially measured at fair value, and the related transaction costs are recognized in profit or loss. The financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the current period.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and derivative financial liabilities, etc., which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

On derecognition, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable, and long-term payables, are initially measured at fair value, with the related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is

recognized in profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

3. Derecognition and transfer of financial assets

The Company derecognizes financial assets when one of the following conditions is met:

- The contractual right to receive cash flows from a financial asset is terminated;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferor;
- The financial assets have been transferred, although the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, but has not retained control over the financial assets.

When the Company modifies or renegotiates a contract with a counterparty and the modification constitutes a material change, the original financial asset is derecognized and a new financial asset is recognized in accordance with the modified terms.

When a transfer of a financial asset occurs that retains substantially all the risks and rewards of ownership of the financial asset, does not derecognize the financial asset. In determining whether a transfer of a financial asset satisfies the above conditions for derecognition of a financial asset, the principle of substance over Form is applied. The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is recognized in profit or loss for the current period:

(1) Carrying value of financial assets transferred;

(2) The sum of the consideration received as a result of the transfer and the cumulative change in fair value that would have been recognized directly in equity (in the case where the transferred financial asset is a financial asset (debt instrument) at fair value through other comprehensive income).

If a partial transfer of a financial asset satisfies the conditions for derecognition, the carrying amount of the transferred financial asset as a whole is apportioned between the derecognized portion and the non-derecognized portion in accordance with their respective relative fair values, and the difference between the two amounts listed below is recognized in profit or loss for the current period:

(1) Carrying value of the derecognized portion;

(2) The sum of the derecognized portion of the consideration and the amount corresponding to the derecognized portion of the cumulative changes in fair value that would have been recognized directly in equity (in the case where the transferred financial asset is a financial asset (debt instrument) at fair value through other comprehensive income).

If the transfer of a financial asset does not satisfy the conditions for derecognition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

4. Termination of recognition of financial liabilities

A financial liability or a portion of a financial liability is derecognized when the present obligation of the financial liability has been discharged in whole or in part.

If the Company enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the existing financial liability, the Company derecognizes the existing financial liability and recognizes the new financial liability at the same time.

A material modification of all or part of the contractual terms of an existing financial liability derecognizes the existing financial liability or a portion of it and recognizes the modified terms as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the financial liability derecognized and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss.

If the Company repurchases a portion of a financial liability, the Company allocates the carrying amount of the financial liability as a whole on the repurchase date based on the relative fair values of the continuing recognized portion and the derecognized

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portion. The difference between the carrying amount allocated to the derecognized portion and the consideration paid, including non-cash assets transferred or new financial liabilities assumed, is recognized in profit or loss.

5. Method for determining the fair value of financial assets and financial liabilities

The fair value of financial instruments for which an active market exists is determined using quoted prices in an active market. Financial instruments for which no active market exists are valued using valuation techniques to determine fair value. At the time of valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability that would be considered by a market participant in a transaction for the underlying asset or liability, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or practicable to obtain.

6. Testing methods and accounting treatment methods for impairment of financial assets

The Company accounts for impairment of financial assets measured at amortized cost, financial assets (debt instruments) at fair value through other comprehensive income, and financial guarantee contracts on the basis of expected credit losses .

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable on a contract and the cash flows expected to be received, taking into account information that is reasonable and supportable, such as information about past events, current conditions, and projections of future economic conditions, and weighting the amount of the probability of the risk of default occurring.

For receivables and contract assets resulting from transactions governed by ASBE No. 14, Revenue, the Company always measures its allowance for losses at an amount equal to the expected credit losses over the entire duration, regardless of whether or not there is a significant financing component.

For lease receivables resulting from transactions governed by ASU 21, Leases, the Company has elected to always measure its allowance for losses at an amount equal to the expected credit losses over the entire duration.

For other financial instruments, the Company assesses at each balance sheet date the changes in credit risk of the relevant financial instruments since initial recognition.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument.

Generally, the Company considers that the credit risk of a financial instrument has increased significantly when it is past due for more than 30 days, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument; if the credit risk of a financial instrument has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the next twelve months of the financial instrument. The resulting increase or reversal amount of the loss allowance is recognized as an impairment loss or gain in profit or loss. For financial assets (debt instruments) that are measured at fair value through other comprehensive income, the allowance for losses is recognized in other comprehensive income and the impairment loss or gain is recognized in profit or loss for the current period and does not reduce the carrying amount of the financial asset as stated in the balance sheet.

If the Company no longer has a reasonable expectation that the contractual cash flows from a financial asset will be recovered in whole or in part, the carrying amount of the financial asset is written down directly.

（10）Inventory

1. Classification and cost of inventory

Inventories are categorized as materials in transit, raw materials, working capital materials, inventory goods, products in process, goods issued, and commissioned materials.

Inventories are initially measured at cost, which includes the cost of purchases, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

2. Valuation method for issuing inventory

Inventories are valued on a weighted average basis when issued.

3. Basis for determining the net realizable value of inventory of different categories

At the balance sheet date, inventories should be measured at the lower of cost or net realizable value. When the cost of inventories is higher than their net realizable value, a provision for decline in the value of inventories should be made. Net realizable value is the estimated selling price of inventories in the ordinary course of activities, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes.

The net realizable value of inventories of goods directly for sale, such as finished goods, inventories of goods in stock and materials for sale, is determined in the normal course of production and operation by taking the estimated selling price of the inventories, less estimated selling expenses and related taxes; inventories of materials that need to be processed, in the normal course of production and operation, are determined in the normal course of production and operation by taking the estimated selling price of the finished goods produced, less the estimated costs that will be incurred up to the time of completion, The net realizable value of inventories is determined by the estimated selling price of the finished goods produced in the normal course of production, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes; the net realizable value of inventories held for the purpose of executing a sales contract or a labor contract is calculated on the basis of the contract price, and if the quantity of the inventories held exceeds the

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quantity ordered under the sales contract, the net realizable value of the excess quantity of the inventories is calculated on the basis of the normal selling price.

If the factors affecting the previous write-down of the value of inventories have disappeared after the provision for decline in value of inventories has been made, resulting in the net realizable value of inventories being higher than their book value, the provision for decline in value of inventories is reversed to the extent of the original provision for decline in value of inventories, and the amount reversed is recognized in profit or loss for the current period.

4. Inventory system for inventory

A perpetual inventory system is used.

5.Amortization Methods for Low-value Consumables and Packaging Materials

(1) Low-value consumables are subject to the lump-sum write-off method;

(2) Packaging is subject to the lump sum resale method.

（11）Contract assets

1. Recognition methods and standards for contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The right to receive consideration for goods or services that the Company has transferred to the customer (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's unconditional right (which depends only on the passage of time) to receive consideration from customers is presented separately as a receivable.

2. The determination method and accounting treatment method of expected credit loss of contract assets

For details of the method of determining expected credit losses on contract assets and the accounting treatment, please refer to note "(ix), Methods of testing and accounting for impairment of financial instruments".

（12）Held-for-Sale and Discontinued Operations

1. Held-for-Sale

Recovery of the carrying amount of a non-current asset or disposal group primarily through sale (including non-monetary asset exchanges with commercial substance) rather than through continuing use is classified as held for sale.

The Company classifies non-current assets or disposal groups as held for sale if they simultaneously meet the following conditions:

(1) Immediate sale is possible in the current situation, based on the practice of selling such assets or disposal groups in similar transactions;

(2) A sale is highly probable, i.e., the Company has resolved on a plan of sale and obtained a firm commitment to purchase, and the sale is expected to be completed within one year. Where the relevant regulations require the approval of the relevant authority or regulatory body of the Company before the sale can take place, such approval has been obtained.

Non-current assets (excluding financial assets, deferred tax assets and assets arising from employee compensation) or disposal groups classified as held for sale with carrying values higher than fair value less costs to sell are written down to fair value less costs to sell, and the amount of the write-down is recognized as an impairment loss on the asset, which is recognized as profit or loss for the current period, and a provision for impairment of the asset held for sale is also made.

2. Discontinued Operations

A discontinued operation is a separately distinguishable component that meets one of the following conditions and that has been disposed of by the Company or classified by the Company as held for sale:

(1) The component represents a separate principal business or a separate principal operating area;

(2) The component is part of an associated plan for the proposed disposition of a separate major business or a separate major operating area;

(3) The component is a subsidiary acquired exclusively for resale.

Gains and losses from continuing operations and gains and losses from discontinued operations are presented separately in the income statement. Operating gains and losses, such as impairment losses and reversal amounts for discontinued operations,

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as well as gains and losses on disposals, are presented as gains and losses from discontinued operations. For discontinued operations reported in the current period, the Company restates the information that was previously reported as profit or loss from continuing operations as profit or loss from discontinued operations for the comparable accounting period in the current period's financial statements.

（13）Long-term equity investments

1. Judgment criteria for joint control and significant impact

Joint control is control that is shared over an arrangement in accordance with the relevant agreement and the relevant activities of the arrangement must be agreed upon by the participants sharing control before decisions can be made. If the Company, together with other joint venturers, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence means having the power to participate in the decision-making process with respect to the financial and operating decisions of an investee, but not being able to control, or jointly control with other parties, the Formulation of those policies. Where the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investments resulting from business combinations

For long-term equity investments in subsidiaries resulting from a business combination under the same control, the initial investment cost of the long-term equity investment is recognized as the share of the book value of the ownership interest in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted to the equity premium in capital surplus; if the equity premium in capital surplus is not sufficient for offsetting, it is adjusted to retained earnings. If the investee unit under the same control can be controlled due to additional investment, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the book value of

the long-term equity investment before the merger and the book value of the new consideration paid for the acquisition of further shares on the date of the merger shall be adjusted to the capital premium; if the capital premium is insufficient to be reduced, it shall be reduced to retained earnings.

Long-term equity investments in subsidiaries resulting from business combinations not under common control are initially recognized at the cost of the combination determined at the date of purchase. If an investee unit not under the same control of can be controlled due to additional investment, the initial investment cost is based on the sum of the carrying value of the original equity investment and the cost of the additional investment.

(2) Long-term equity investments acquired other than through business combinations

Long-term equity investments acquired with cash payments are recognized at initial investment cost based on the actual purchase price paid.

Long-term equity investments acquired through the issuance of equity securities are initially recognized at the fair value of the equity securities issued.

3. Subsequent measurement and profit and loss recognition methods

(1) Long-term equity investments accounted for under the cost method

The Company's long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment qualifies as held for sale. The Company recognizes current investment income based on its entitlement to cash dividends or profits declared by the investee, except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid when the investment is acquired.

(2) Long-term equity investments accounted for by the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is not adjusted to the initial investment cost of the long-term equity investment; the difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is recognized in profit or loss for the current period, and at the same time, the cost of

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the long-term equity investment is adjusted.

The Company recognizes investment income and other comprehensive income and adjusts the carrying value of long-term equity investments in accordance with its share of net profit or loss and other comprehensive income of the investee, respectively; the carrying value of long-term equity investments is reduced accordingly by the portion of profit or cash dividends declared by the investee; and other changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution ("other changes in ownership interest") are adjusted and recognized in owners' equity. For other changes in equity of the investee other than net profit or loss, other comprehensive income and profit distribution ("other changes in equity"), the carrying value of the long-term equity investment is adjusted and recognized in equity.

In recognizing the share of net profit or loss, other comprehensive income and other changes in owners' equity of an investee, the fair value of the identifiable net assets of the investee at the time of acquisition of the investment is used as the basis for recognizing the share of net profit or loss, other comprehensive income and other changes in owners' equity of the investee, adjusted in accordance with the Company's accounting policies and the accounting periods in which the investment is made.

Unrealized gains or losses on internal transactions between the Company and its associates or joint ventures are offset against the portion attributable to the Company on a pro rata basis, on which basis investment income is recognized, unless the assets invested or sold constitute a business. Unrealized losses on internal transactions with investees are recognized in full if they are attributable to asset impairment losses.

The company's share of net losses incurred by a joint venture or associate, other than its obligation to assume additional losses, is limited to the extent that the carrying value of the long-term equity investment and other long-term equity interests that, in substance, constitute a net investment in the joint venture or associate are written down to zero. If the joint venture or associate subsequently realizes a net profit, the Company resumes recognizing the gain-sharing amount after the gain-sharing amount compensates for the unrecognized loss-sharing amount.

(3) Disposal of long-term equity investments

On disposal of long-term equity investments, the difference between the carrying amount and the actual acquisition price is recognized in profit or loss for the current

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period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, other comprehensive income recognized under the original equity method is carried forward on a proportionate basis using the same basis as that used for the direct disposal of the related assets or liabilities by the investee, and other changes in equity are carried forward to the current period's profit or loss on a proportionate basis.

If the common control or significant influence over an investee is lost due to the disposal of an equity investment, etc., other comprehensive income recognized on the original equity investment as a result of the adoption of the equity method of accounting is accounted for using the same basis as the direct disposal of the related assets or liabilities by the investee upon termination of the adoption of the equity method of accounting, and all other changes in equity are transferred to profit or loss for the current period upon termination of the adoption of the equity method of accounting.

If an investee loses control over the investee due to the disposal of part of its equity investment, the remaining equity interest shall be accounted for under the equity method if the investee is able to exercise joint control or significant influence over the investee at the time of preparation of the individual financial statements; the remaining equity interest shall be adjusted as if it were accounted for under the equity method from the time of its acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee shall be carried forward on a pro rata basis on the same basis as that used for direct disposal of the relevant assets or liabilities of the investee. For other comprehensive income recognized prior to the acquisition of control of the investee unit, the same basis as the direct disposal of the relevant assets or liabilities of the investee unit is used to carry forward proportionately, and other changes in equity recognized as a result of the adoption of the equity method of accounting are carried forward proportionately to the profit or loss of the current period; if the remaining equity interest does not enable the Company to exercise joint control or significant influence over the investee unit, the remaining equity interest is recognized as a financial asset, and the difference between the fair value and the carrying value on the date of the loss of control is

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recognized in the current period's profit or loss. For other comprehensive income and other changes in equity recognized prior to the acquisition of control over the investee, all of them are carried forward.

If the disposal of equity investments in subsidiaries through multiple transactions until the loss of control is a package transaction, each transaction is accounted for as a disposal of equity investments in subsidiaries and the loss of control; the difference between the disposal price and the carrying value of long-term equity investments corresponding to the equity interests disposed of in each disposal prior to the loss of control is recognized as other comprehensive income in the individual financial statements and then transferred to profit or loss for the period of the loss of control when the loss of control occurs. The difference between the disposal price and the carrying value of the long-term equity investment before the loss of control is recognized as other comprehensive income in the individual financial statements and transferred to profit or loss for the period in which the loss of control occurs. If the transaction is not a package deal, each transaction is accounted for separately.

（14）Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production of goods, the provision of services, rental or business management and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are simultaneously met:

(1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;

(2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the effect of the expected abandonment cost factor).

Subsequent expenditures relating to fixed assets are added to the cost of fixed assets when it is probable that the economic benefits associated with them will flow and their cost can be measured reliably; the carrying amount is derecognized for replaced parts; and all other subsequent expenditures are recognized in profit or loss as incurred.

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2. Depreciation method

Depreciation of property, plant and equipment is provided on a classified basis using the average annual depreciation method. Depreciation rates are determined on the basis of the form of property, plant and equipment, estimated useful life and estimated net salvage value. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods on the basis of the carrying amount after deducting the provision for impairment and on the basis of the remaining useful life. If each component of a fixed asset has a different useful life or provides economic benefits to the enterprise in different ways, different depreciation rates or methods are selected and depreciation is provided separately.

3. Disposal of fixed assets

Fixed assets are derecognized when they are disposed of or when no economic benefits are expected to arise from their use or disposal. Proceeds from the disposal of fixed assets sold, transferred, retired or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss.

（15）Construction in progress

Construction in progress is measured at actual costs incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred before construction in progress reaches its intended state of use. Construction in progress is transferred to fixed assets and depreciated from the following month when it reaches its intended useable condition.

（16）Borrowing costs

1. Recognition principles for capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the cost of the related assets; other borrowing costs are recognized as expenses when incurred, based on the amount incurred, and are included in profit or loss for the current period.

Assets eligible for capitalization are property, plant and equipment, investment properties and inventories that require a significant period of time for acquisition,

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construction or production activities to reach their intended use or saleable condition.

2. During the capitalization period of borrowing costs

Capitalization period means the period from the point at which capitalization of borrowing costs commences to the point at which capitalization ceases, excluding the period during which capitalization of borrowing costs is suspended.

Capitalization of borrowing costs begins when the following conditions are simultaneously met:

(1) Expenditures on assets have been incurred, and expenditures on assets include expenditures incurred in the Form of cash payments, transfers of non-cash assets, or the assumption of interest-bearing liabilities for the acquisition or production of assets that qualify for capitalization;

(2) Borrowing costs have been incurred;

(3) Acquisition or production activities necessary to bring the asset to its intended use or marketable condition have begun.

Capitalization of borrowing costs ceases when the assets acquired or produced that qualify for capitalization reach their intended use or saleable condition.

3. Suspension of capitalization period

The capitalization of borrowing costs is suspended if there is an abnormal interruption in the acquisition or production of assets eligible for capitalization for more than three consecutive months; if the interruption is necessary for the acquisition or production of assets eligible for capitalization to reach the intended state of use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption period are recognized in profit or loss for the current period until the construction or production of the asset recommences and the borrowing costs continue to be capitalized.

4. Calculation method for capitalization rate and amount of borrowing costs

For special loans borrowed for the purpose of purchasing, constructing or producing assets eligible for capitalization, the amount of borrowing costs capitalized is determined by the actual borrowing costs incurred during the period of the special loans, less the amount of interest income earned on the unused borrowed funds

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deposited in the bank or the amount of investment income earned on the temporary investment.

For general borrowings taken up for the acquisition or production of assets eligible for capitalization, the amount of borrowing costs to be capitalized for general borrowings is calculated based on the weighted average amount of cumulative asset expenditures in excess of the portion of special-purpose borrowings multiplied by the capitalization rate of the general borrowings taken up. The capitalization rate is determined based on the weighted average effective interest rate of general borrowings.

Exchange differences arising from the principal of and interest on foreign-currency special-purpose loans are capitalized and included in the cost of assets eligible for capitalization during the period in which they are capitalized. Exchange differences arising from the principal and interest on foreign-currency borrowings other than specialized foreign-currency borrowings are recognized in profit or loss for the current period.

（17）Intangible Assets

1. Measurement Methods for Intangible Assets

(1) Intangible assets are initially measured at cost when acquired by the Company;

The cost of an acquired intangible asset consists of the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended use.

(2) Subsequent measurement

Intangible assets are analyzed at the time of acquisition to determine their useful lives.

For intangible assets with finite useful lives, they are amortized over the period of time over which they will bring economic benefits to the enterprise; if it is not possible to foresee the period over which the intangible assets will bring economic benefits to the enterprise, they are considered to be intangible assets with indefinite useful lives and are not amortized.

2.Specific criteria for delineating the research and development phases

Expenditures on in-house research and development projects are categorized into research phase expenditures and development phase expenditures.

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Research stage: The stage of original and planned investigation and research activities to acquire and understand new scientific or technological knowledge, etc.
Development phase: The phase of activity in which research results or other knowledge are applied to a program or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

3. Criteria for Distinguishing Between Research and Development Phases

Research expenditures are recognized in profit or loss when incurred. Expenditures incurred during the development phase are recognized as intangible assets if the following conditions are met. Expenditures incurred during the development phase that do not meet the following conditions are recognized in profit or loss:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) There is an intent to complete the intangible asset and use or sell it;

(3) The manner in which the intangible asset generates economic benefits, including the ability to demonstrate the existence of a market for the product produced by the application of the intangible asset or the existence of a market for the intangible asset itself, and, where the intangible asset is to be used internally, the ability to demonstrate its usefulness;

(4) be supported by sufficient technical, financial, and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset;

(5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is not possible to distinguish between research-phase expenditures and development-phase expenditures, all research and development expenditures incurred are recognized in profit or loss for the current period.

（18）Impairment of long-term assets

Long-lived assets such as long-term equity investments, property, plant and equipment, construction in progress, right-of-use assets, intangible assets with finite useful lives and oil and gas assets are tested for impairment if there is any indication of impairment as of the balance sheet date. If the results of the impairment test indicate that the recoverable

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amount of an asset is less than its carrying amount, a provision for impairment is made and an impairment loss is recognized for the difference. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. Provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflows independently.

Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached their useable condition are tested for impairment at least annually at the end of each year, regardless of whether or not there is any indication of impairment.

The Company performs a goodwill impairment test in which the carrying value of goodwill arising from a business combination is allocated to the relevant asset group in a reasonable manner from the date of purchase; if it is difficult to allocate the goodwill to the relevant asset group, the goodwill is allocated to the relevant combination of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of the business combination.

During the impairment test of the relevant asset group or combination of asset groups containing goodwill, if there is an indication of impairment for the asset group or combination of asset groups related to goodwill, the asset group or combination of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and the corresponding impairment loss is recognized. If the recoverable amount is lower than the carrying amount, the amount of the impairment loss shall first be offset against the carrying amount of goodwill allocated to the asset group or combination of asset groups, and then against the carrying amount of other assets in the asset group or combination of asset groups in accordance with the proportion of the carrying amount of the assets other than goodwill. The carrying value of other assets will be offset proportionally according to the proportion of the carrying value of each asset other than goodwill in the asset group or portfolio.

Once recognized, the above impairment losses will not be reversed in subsequent periods.

（19）Long-term amortized expenses

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Long-term amortized expenses are expenses that have been incurred but are to be borne by current and future periods and are spread over a period of more than one year.

（20）Contractual liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is presented as a contract liability. Contract assets and contract liabilities under the same contract are presented on a net basis.

（21）Employee compensation

1. Accounting treatment methods for short-term compensation

The Company recognizes short-term compensation actually incurred as a liability in the accounting period in which the employee provides services to the Company and recognizes it in profit or loss or in the cost of the related asset.

The Company contributes social insurance premiums and housing fund for its employees, as well as labor union fund and employee education fund as required, and calculates and determines the corresponding amount of employee compensation in accordance with the prescribed accrual basis and accrual rate during the accounting period in which the employees render services to the Company.

Employee benefit expenses incurred by the Company are recognized in profit or loss or in the cost of related assets based on the actual amount incurred when the expenses are actually incurred, of which, non-monetary benefits are measured at fair value.

2. Accounting treatment methods for post employment benefits

(1) Setting up a withdrawal plan

The Company pays basic pension insurance and unemployment insurance for its employees in accordance with relevant local government regulations. During the accounting period in which the employees provide services to the Company, the amount payable is calculated on the basis of the locally stipulated contribution base and ratio, recognized as a liability, and recognized as profit or loss or cost of the related assets for the current period.

In addition, the Company participates in an enterprise annuity plan/supplementary

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pension fund approved by the relevant state authorities. The Company contributes a certain percentage of the employees' gross salaries to the annuity plans/local social insurance organizations, and the corresponding expenses are recognized in profit or loss or the cost of related assets.

(2) Defined benefit plans

The Company attributes the benefit obligations arising from defined benefit plans to the period in which the employees provide the services based on a Formula determined by the projected accumulated benefit unit method and is recognized in profit or loss or in the cost of the related assets for the current period.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. If the defined benefit plan has a surplus, the Company measures the net assets of the defined benefit plan at the lower of the surplus of the defined benefit plan or the asset limit.

All defined benefit plan obligations, including those that are expected to be paid within twelve months after the end of the annual reporting period in which the employee renders service, are discounted based on the market yields at the balance sheet date on treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan obligations.

The service costs incurred for the defined benefit plan and the net interest on the net liability or net asset of the defined benefit plan are recognized in profit or loss or the cost of the related assets; the changes arising from the remeasurement of the net liability or net asset of the defined benefit plan are recognized in other comprehensive income and are not reversed to profit or loss in the subsequent accounting periods, and the portion previously recognized in other comprehensive income is fully carried forward to unappropriated earnings in the scope of equity at the time of the termination of the original defined benefit plan. (b) The changes in other comprehensive income are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods.

Upon settlement of a defined benefit plan, a settlement gain or loss is recognized as the difference between the present value of the defined benefit plan obligation determined at the settlement date and the settlement price.

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3. Accounting treatment methods for termination benefits

When the Company provides termination benefits to employees, the Company recognizes an employee compensation liability arising from the termination benefits and recognizes it in profit or loss at the earlier of the following: when the Company is unable to unilaterally withdraw the termination benefits provided as a result of a plan to terminate employment or a proposal for a reduction in workforce; and when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

（22）Incomes

1.Accounting policies used for revenue recognition and measurement

The Company recognizes revenue when it has satisfied its performance obligations under a contract, i.e., when the customer obtains control of the related goods or services. Acquiring control of the underlying good or service means being able to dominate the use of that good or service and derive substantially all of the economic benefits from .

Where a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation at the inception date of the contract based on the relative proportion of the individual selling price of the goods or services promised under each individual performance obligation. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract and in conjunction with its past customary practices. In determining the transaction price, the Company takes into account the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the amount by which it is highly probable that the cumulative recognized revenue will not materially reverse when the related

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uncertainty is removed. If there is a significant financing element in a contract, the Company determines the transaction price based on the amount payable in cash that is assumed to be paid by the customer at the time the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contractual consideration over the term of the contract using the effective interest method.

If one of the following conditions is met, the performance obligation is fulfilled within a certain period of time; otherwise, the performance obligation is fulfilled at a certain point in time:

- The customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance.
- The Customer is able to control the goods under construction in the course of the Company's performance.
- The goods produced in the course of the Company's performance are of irreplaceable use and the Company is entitled to receive payment for the portion of the performance completed to date, cumulatively, throughout the term of the contract.

For performance obligations that are to be fulfilled within a certain period of time, the Company recognizes revenue based on the progress of performance over that period of time, unless the progress of performance is not reasonably determinable. The Company determines the progress of performance using either the output method or the input method, taking into account the nature of the goods or services. When the progress of performance is not reasonably determinable, the Company recognizes revenue based on the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred are expected to be reimbursed.

For performance obligations fulfilled at a point in time, the Company recognizes revenue at the point at which the customer obtains control of the related goods or services. In determining whether a customer has obtained control of goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for such goods or services, i.e., the customer has a present obligation to pay for such goods or services.
- The Company has transferred legal ownership of the goods to the Customer, i.e. the Customer has legal ownership of the goods.

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- The Company has physically transferred the goods to the Customer, i.e. the Customer has taken physical possession of the goods.
- The Company has transferred the principal risks and rewards of ownership of the commodity to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the commodity.
- The customer has accepted the goods or services, etc.

The Company determines whether its status is that of a principally liable person or an agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services prior to transferring them to the customer, the Company is the principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or fees it expects to be entitled to receive.

（23）Contract cost

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company for the performance of a contract that do not fall within the scope of regulation of relevant standards, such as inventory, property, plant and equipment or intangible assets, are recognized as an asset as contract performance costs when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- This cost increases the Company's resources available to meet its performance obligations in the future.
- The cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which the asset relates; however, if the amortization period for contract acquisition costs does not exceed one year, the Company recognizes the costs in profit or loss as incurred.

If the carrying amount of an asset related to the cost of a contract is greater than the difference between the following two items, the Company makes an allowance for

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impairment of the excess and recognizes an asset impairment loss:

1. The residual consideration that is expected to be realized as a result of the transfer of goods or services related to the asset;

2. The estimated costs to be incurred for the transfer of the relevant goods or services.

If there is a subsequent change in the factors that impaired the asset in a prior period that causes the aforementioned difference to be greater than the carrying amount of the asset, the Company reverses the original provision for impairment and recognizes it in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed what the asset would have been at the date of the reversal assuming that no provision for impairment had been made.

（24）Government grants

1. Form

Government grants, which are monetary or non-monetary assets acquired by the Company from the government at no cost, are categorized as asset-related government grants and revenue-related government grants.

Asset-related government grants are government grants obtained by the Company for the purpose of acquiring, constructing or otherwise Forming long-term assets. Government grants related to revenues are government grants other than those related to assets.

2. Accounting treatment

Government grants related to assets are either offset against the carrying amount of the related assets or recognized as deferred revenue. If deferred revenue is recognized, it is recognized in profit or loss in a reasonable and systematic manner over the useful life of the related assets (recognized as other income if it is related to the Company's ordinary activities, or recognized as non-operating income if it is not related to the Company's ordinary activities);

Government grants related to income that are used to compensate the Company for costs or losses incurred in future periods are recognized as deferred income and recognized in profit or loss in the period in which the costs or losses are recognized (in other income if they are related to the Company's day-to-day activities; in non-operating income if they are not related to the Company's day-to-day activities) or

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are offset against the costs or losses incurred. For the purpose of compensating the Company for the costs or losses incurred, the costs or losses are recognized directly in profit or loss for the current period (recognized as other income if they are related to the Company's day-to-day activities, or recognized as non-operating income if they are not related to the Company's day-to-day activities), or are offset against the costs or losses incurred.

The Company obtains policy preferential loan subsidies and distinguishes between the following two scenarios, which are accounted for separately:

(1) If the treasury disburses the subsidized interest rate funds to a lending bank, and the lending bank provides loans to the Company at a policy preferential interest rate, the Company uses the actual amount of the borrowing received as the recorded value of the borrowing, and calculates the related borrowing costs on the basis of the principal amount of the borrowing and the interest rate of such policy preferential interest rate.

(2) If the subsidized interest rate funds are directly allocated to the Company from the treasury, the Company will offset the corresponding subsidized interest rate against the related borrowing costs.

（25）Deferred income tax assets and deferred income tax liabilities

Income taxes consist of current and deferred income taxes. The Company recognizes current and deferred income taxes in profit or loss, except for income taxes arising from business combinations and transactions or events directly attributable to owners' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognized for differences between the tax bases of assets and liabilities and their carrying amounts (temporary differences).

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences, except in special

cases.

Special situations in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;

-(a) the assets and liabilities are neither a business combination nor do they affect accounting profit and taxable income (or deductible losses) at the time they are recognized.

Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses), and the initial recognition of assets and liabilities does not result in the creation of equivalent taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities at the balance sheet date are measured at the tax rates that are expected to apply in the period in which the related assets are recovered or the related liabilities are settled in accordance with the tax laws.

The carrying value of deferred tax assets is reviewed at the balance sheet date. The carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available to offset the benefit of the deferred tax assets in future periods. The write-downs are reversed when it is more likely than not that sufficient taxable income will be available.

When there is a legal right to settle on a net basis and there is an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are stated at net amounts after offsetting when both of the following conditions are met

- A taxable entity has a legal right to settle current income tax assets and current income tax liabilities on a net basis;

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- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority on the same taxable entity or on different taxable entities, but in each future period in which deferred tax assets and liabilities of significance reverse, the taxable entities involved intend to either settle current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities simultaneously.

（26）Lease

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration.

At the inception date of a contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one of the parties to the contract grants the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If a contract contains multiple individual leases, the Company splits the contract and accounts for each individual lease separately. If a contract contains both lease and non-lease components, the lessee and lessor split the lease and non-lease components.

1. Our company as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes a right-of-use asset at for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- The amount of the initial measurement of the lease liability;
- Lease payments made on or before the commencement date of the lease term for which a lease incentive exists, net of the amount related to the lease incentive already taken;
- Initial direct costs incurred by the Company;
- Costs that the Company expects to incur to dismantle and remove a leased asset, to rehabilitate the site on which the leased asset is located, or to restore the leased asset to the condition agreed upon in the terms of the lease, excluding costs that are attributable to the production of inventory.

The Company subsequently depreciates right-of-use assets using the straight-line method. If ownership of the leased asset can be reasonably determined at the end of

the lease term, the Company depreciates the leased asset over the remaining useful life of the leased asset; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company follows the principles described in "III. (XVIII) Impairment of long-lived assets" in this note to determine whether right-of-use assets are impaired and to account for identified impairment losses.

(2) Lease liabilities

At the lease commencement date, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of the outstanding lease payments. Lease payments include:

- Fixed payments (including material fixed payments), net of amounts related to lease incentives if lease incentives exist;
- Variable lease payments that depend on an index or ratio;
- Payments expected to be due based on the residual value of the guarantee provided by the company;
- The exercise price of a purchase option, provided that the Company is reasonably certain that it will exercise the option;
- Payments required to exercise the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate, but if the lease embedded rate is not reasonably determinable, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates interest expense on lease liabilities at a fixed periodic rate for each period during the lease term and recognizes it in profit or loss or in the cost of the related asset.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss or in the cost of the related asset when they are actually incurred.

If any of the following circumstances occurs after the commencement date of the lease term, the Company re-measures the lease liability and adjusts the

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corresponding right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero but the lease liability needs to be further reduced, the difference is recognized in profit or loss for the current period:

- When there is a change in the appraisal of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original appraisal, the Company re-measures the lease liability based on the present value of the lease payments after the change and the revised discount rate;
- When there is a change in the substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, or a change in the index or rate used to determine the lease payments, the Company remeasures the lease liability based on the present value of the lease payments after the change and the original discount rate. However, if the change in lease payments results from a change in the floating rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in profit or loss or in the cost of the related assets on a straight-line basis over the lease term in each period. Short-term leases are leases that have a term of less than 12 months at the inception date of the lease term and do not include an option to purchase. Low-value asset leases are leases that have a lower value when the individual leased asset is a brand-new asset. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(4) Lease changes

The Company accounts for lease modifications as a separate lease if the lease modification occurs and both of the following conditions are met:

- This lease modification expands the scope of the lease by adding the right to use one or more of the leased assets;
- The increased consideration is comparable to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

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If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reapportions the consideration of the modified contract, re-determines the lease term, and re-measures the lease liability based on the present value of the modified lease payments and a revised discount rate.

If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Company decreases the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to partial or complete termination of the lease in profit or loss for the current period. If other lease modifications result in a remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

2. Our company as the lessor

At the inception date of a lease, the Company classifies leases as finance leases and operating leases. A finance lease is a lease that transfers substantially all of the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases are leases other than finance leases. When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use asset resulting from the original lease.

(1) Accounting for operating leases

Lease receipts under operating leases are recognized as rental income on a straight-line basis in each period during the lease term. The Company capitalizes initial direct costs incurred in connection with operating leases and apportions them over the lease term to current profit or loss on the same basis as rental income is recognized. Variable lease payments that are not included in lease receipts are recognized in profit or loss when they are actually incurred. When an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the lease receipts received in advance or receivable relating to the lease before the change are recognized as receipts under the new lease.

(2) Accounting for finance leases

At the inception date of a lease, the Company recognizes a finance lease receivable

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for a finance lease and derecognizes the finance lease asset. When the Company initially measures a finance lease receivable, the net investment in the lease is recognized as the recorded value of the finance lease receivable. The net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income at a fixed periodic rate for each period during the lease term. The derecognition and impairment of finance lease receivables are accounted for in accordance with "III. (IX) Financial instruments" in this note.

Variable lease payments that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred.

If there is a change in a finance lease and both of the following conditions are met, the Company accounts for the change as a separate lease:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets;
- The increased consideration is comparable to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a modification of a finance lease is not accounted for as a separate lease, the Company treats the modified lease under the following circumstances, respectively:

- If the change would have been effective on the lease commencement date and the lease would have been classified as an operating lease, the Company would have accounted for the lease as a new lease beginning on the effective date of the lease change and would have used the net investment in the lease prior to the effective date of the lease change as the carrying value of the leased asset;
- If the change is effective on the commencement date of the lease, and the lease would be classified as a finance lease, the Company accounts for the change in accordance with the policy on modification or renegotiation of contracts in "3 (9) Financial Instruments" in this note.

3. Sale and Leaseback Transactions

The Company evaluates whether the transfer of assets in sale and leaseback transactions is a sale in accordance with the principles described in "3. (22) Revenue"

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in this note.

(1) As a lessee

If the transfer of an asset in a sale and leaseback transaction is a sale, the Company, as lessee, measures the right-of-use asset resulting from the sale and leaseback at the portion of the original asset's carrying value that relates to the right of use acquired through the leaseback and recognizes the related gain or loss only on the transfer of the right to the lessor.

For details of subsequent measurement of right-of-use assets and lease liabilities and lease modifications after the commencement date of the lease term, please refer to "3. (26) Leases 1. The Company as Lessee" in this note. In the subsequent measurement of lease liabilities arising from sale and leasebacks, the Company determines the lease payments or changes the lease payments in a manner that does not result in the recognition of a gain or loss related to the right of use acquired under the leaseback.

If the transfer of an asset in a sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. For details of the accounting treatment of financial liabilities, please refer to "3. (9) Financial instruments" in this note.

(2) As lessor

If the transfer of an asset in a sale and leaseback transaction is a sale, the Company, as lessor, accounts for the purchase of the asset and accounts for the lease of the asset in accordance with the policy of "2. The Company as Lessor" mentioned above; if the transfer of an asset in a sale and leaseback transaction is not a sale, the Company, as lessor, does not recognize the asset being transferred, but The Company, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer proceeds. For details of the accounting treatment of financial assets, please refer to "3. (9) Financial instruments" in this note.

（27）Debt Restructuring

(1) As a Creditor

The Company derecognizes a claim when the contractual right to receive cash flows from the claim is terminated. If a debt restructuring is carried out by settling the debt

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with an asset or by converting the debt into an equity instrument, the Company recognizes the related asset when it meets the definition and recognition criteria.

If a debt restructuring is carried out in the Form of settlement of a debt by means of an asset, the Company initially recognizes the transferred non-financial asset at cost. The cost of inventories includes the fair value of the relinquished claims and other costs directly attributable to bringing the asset to its present location and condition, such as taxes, transportation, handling and insurance. The cost of an investment in an associate or joint venture includes the fair value of the relinquished claim and other costs such as taxes directly attributable to the asset. The cost of investment property, including the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of property, plant and equipment includes the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes, transportation, loading and unloading, installation, and professional services, incurred prior to bringing the asset to its intended use. The cost of biological assets, including the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes, transportation, and insurance. The cost of an intangible asset includes the fair value of the relinquished claim and other costs directly attributable to taxes incurred in bringing the asset to its intended use.

If a debt restructuring by way of conversion of debt to equity instruments results in a creditor's conversion of a claim to an equity investment in an associate or a joint venture, the Company measures the initial investment cost at the fair value of the relinquished claim and other costs, such as taxes, that are directly attributable to the asset. The difference between the fair value of the relinquished claim and the carrying amount is recognized in profit or loss for the period.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured claims in accordance with "III. (IX) Financial instruments" in this note.

If debt restructuring is carried out by using multiple assets to settle debts or by combining them, the Company first recognizes and measures the transferred financial assets and restructured claims in accordance with "III. (IX) Financial Instruments" in this note, and then allocates the fair value of the waived claims, net of the recognized amounts of the transferred financial assets and restructured claims, to the assets other than transferred financial assets in proportion to their fair values,

and determines the cost of each asset on this basis in accordance with the aforementioned method. The fair value of each asset other than the transferred financial assets is then allocated to the net amount after deducting the recognized amount of the transferred financial assets and the restructuring claim in proportion to the fair value of each asset, and the cost of each asset is determined separately on this basis in accordance with the aforementioned method. The difference between the fair value and the carrying amount of the relinquished claims shall be recognized in profit or loss for the current period.

(2) As a debtor

The Company derecognizes a liability when the present obligation for the liability is discharged.

If a debt restructuring is carried out in the Form of settlement of debts by assets, the Company derecognizes the relevant assets and debts settled when the conditions for derecognition are met, and the difference between the carrying amount of the debts settled and the carrying amount of the assets transferred is recognized in profit or loss for the current period.

If a debt is restructured by converting the debt to an equity instrument, the Company derecognizes the debt when the debt settled meets the conditions for derecognition. The Company initially recognizes an equity instrument at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized for the equity instrument shall be recognized in profit or loss for the current period.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured debt in accordance with "III. (IX) Financial instruments" in this note.

When debt restructuring is carried out by using multiple assets to settle debts or by combining them, the Company recognizes and measures equity instruments and restructured debts in accordance with the foregoing method, and the difference between the carrying amount of the debt settled and the sum of the carrying amount of the transferred assets and the recognized amounts of equity instruments and restructured debts is recognized in profit or loss for the current period.

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（28）Changes in important accounting policies and estimates, as well as corrections to errors

1.Significant accounting policy changes

(1) Implementation of ASBE Interpretation No. 17

The Ministry of Finance issued Interpretation No. 17 of the Accounting Standards for Business Enterprises ("Interpretation No. 17") on October 25, 2023 (Caijing [2023] No. 21, hereinafter referred to as "Interpretation No. 17"), which was issued by the Ministry of Finance of the People's Republic of China.

①On the classification of current and non-current liabilities

Interpretation No. 17 is clear:

- If an enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability should be classified as a current liability.
- With respect to liabilities arising from an enterprise's loan arrangement, the enterprise's right to defer settlement of the liabilities for more than one year after the balance sheet date may depend on the enterprise's compliance with the conditions set forth in the loan arrangement (hereinafter referred to as covenant conditions), and the enterprise, in determining the existence of its substantive right to defer settlement of the liabilities, should consider only the covenant conditions that would have been satisfied at or before the balance sheet date and should not take into account covenant conditions that would have been satisfied at or after the balance sheet date. The enterprise shall only take into account the covenants to be followed on or before the balance sheet date and shall not take into account the covenants to be followed after the balance sheet date.
- The settlement of a liability when classifying the liquidity of the liability means that the enterprise discharges the liability by transferring cash, other economic resources (e.g. goods or services) or the enterprise's own equity instruments to the counterparty. If the terms of the liability result in the enterprise settling the liability by delivering its own equity instruments if the counterparty so chooses, and if the enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with ASBE No. 37 - Presentation of Financial

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Instruments, the terms of the liability does not affect the liquidity classification of the liability.

The interpretation provision is effective from January 1, 2024, and companies should adjust the comparable period information in accordance with the interpretation provision when they implement it for the first time. The Company's implementation of this provision did not have a significant impact on the Company.

②Disclosure of vendor financing arrangements

Interpretation No. 17 requires that when making note disclosures, an enterprise should summarize and disclose information relating to vendor financing arrangements that will assist users of the statements in assessing the impact of those arrangements on the enterprise's liabilities, cash flows, and the enterprise's exposure to liquidity risk. The impact of vendor financing arrangements should also be considered when identifying and disclosing information about liquidity risk. This disclosure requirement applies only to vendor financing arrangements. A supplier financing arrangement is a transaction that has the following characteristics: one or more finance providers provide funds to make payments to an enterprise on behalf of its suppliers, with an agreement that the enterprise will repay the finance providers on or after the date the payments are received by its suppliers, in accordance with the terms and conditions of the arrangement. The supplier finance arrangement extends the payment period for the business, or advances the collection period for the business's suppliers, compared to the original payment due date.

The interpreted provision is effective January 1, 2024, and companies are not required to disclose information related to comparable periods and certain opening information when implementing the interpreted provision for the first time. The implementation of this provision did not have a significant impact on the Company's financial position and results of operations.

③Accounting for sale and leaseback transactions

Interpretation No. 17 provides that a lessee, in subsequently measuring a lease liability arising from a sale and leaseback, shall not determine the lease payments or change the lease payments in a manner that would cause it to recognize a gain or loss related to the right to use the leaseback acquired. When an enterprise first implements

this provision, it should make a retrospective adjustment for sale and leaseback transactions conducted after the date of initial implementation of ASBE No. 21, Leases.

The interpretation is effective January 1, 2024 and allows companies to implement it earlier from the year of issuance. The Company has implemented this provision since January 1, 2024, and the implementation of this provision did not have a significant impact on the Company's financial position and results of operations.

(2) Implementation of the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources

The Ministry of Finance ("MOF") issued the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources ("Interim Provisions on Accounting Treatment Related to Enterprise Data Resources") (Caihui [2023] No. 11) on August 1, 2023, which applies to the data resources that are recognized as assets, such as intangible assets or inventories in compliance with the relevant provisions of the Accounting Standards for Business Enterprises ("ASBE"), as well as data resources legally owned or controlled by an enterprise, and are expected to bring economic benefits to the enterprise, but do not satisfy the conditions for recognition of an asset without recognition of the Relevant accounting treatment and specific requirements for disclosure of data resources.

This regulation is effective from January 1, 2024, and enterprises should adopt the prospective application method. Expenditures related to data resources that have been expensed to profit or loss prior to the implementation of this regulation will not be adjusted. The implementation of this provision did not have a significant impact on the Company's financial position and results of operations.

(3) Implementation of ASBE Interpretation No. 18, "Accounting for Guarantee-form Quality Assurance that is not a Single Performance Obligation"

The Ministry of Finance issued Interpretation No. 18 of the Accounting Standards for Business Enterprises ("ASBE") on December 6, 2024 (Caijing [2024] No. 24, hereinafter referred to as "Interpretation No. 18"), which is effective from the date of issuance and allows enterprises to implement it in advance from the year of issuance.

Interpretation No. 18 stipulates that when accounting for projected liabilities arising from guarantee quality assurance that is not a single performance obligation, the amount of projected liabilities shall be determined in accordance with the relevant provisions of "ASBE No. 13 - Contingencies" and debited to the accounts of "Costs of main business" and "Costs of other business", and credited to the account of "Projected liabilities" accordingly in the income statement under "Cost of business" and the balance sheet. The amount of the estimated liability shall be debited to the accounts of "Cost of main business" and "Other business costs" and credited to the account of "Estimated liabilities", and shall be recorded in the accounts of "Operating costs" in the income statement and "Other current liabilities" in the asset and liability statement accordingly. They are credited to "projected liabilities" and shown in "operating costs" in the income statement and "other current liabilities", "non-current liabilities due within one year" and "projected liabilities" in the balance sheet accordingly.

When implementing this interpretation for the first time, companies should make retrospective adjustments in accordance with the change in accounting policy if the original provision for warranty-form quality assurance was included in "selling expenses". The Company's implementation of this regulation from fiscal year 2024 did not have a significant impact on the Company's financial position and results of operations.

2. Changes in Significant Accounting Estimates

There were no significant accounting changes during the year.

3. Correction of Prior Period Errors

Retrospective restatement method.

Elements of the correction of accounting errors	Name of statement line affected for each comparative period	Cumulative impacts
Impact of reversal of bad debt provision on accounts receivable on deferred tax assets	Deferred tax assets	175,000.00
Loss of prior years' invoices for back income tax	Income tax expense	4,200.00

4、Taxes

（1）Main tax forms and tax rates

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Tax forms	Tax basis	Tax rate (%)
value-added tax (VAT)	Calculate output tax based on the income from the sale of goods and taxable services in accordance with the provisions of the tax law, and after deducting the input tax allowed for deduction in the current period, the difference will be the value-added tax payable.	13.00 9.00 6.00
Urban maintenance and construction tax	Based on actual VAT and excise taxes paid	7.00
Education surcharge	Amount of turnover tax payable	3.00
corporate income tax	Based on taxable income	25.00

Disclosure of the existence of taxable entities with different corporate income tax rates

Name of taxable entity	Income tax rate (%)
Purac AB	20.6

（2）Tax incentives

On December 1, 2022, the Company was approved by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Bureau of Finance and the Beijing Municipal Bureau of Taxation of the State Administration of Taxation, and the Company was recognized as a high and new technology enterprise, with the certificate of high and new technology enterprise No. GR202211004795, which is valid for three years, and is subject to a reduced enterprise income tax rate of 15%.

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5、Notes to the consolidated financial statements

（1）Monetary funds

Project	Closing balance	Last year's year-end balance
Inventory cash	20,333.15	21,742.56
Bank deposit	60,667,097.41	67,552,179.29
Other monetary funds	8,421,781.23	11,056,123.41
Total	69,109,211.79	78,630,045.26

The details of the restricted monetary funds are as follows:

Project	Closing balance	Last year's year-end balance
Guarantee deposits	8,421,781.23	8,363,116.22
Futures deposits		2,693,007.19
Total	8,421,781.23	11,056,123.41

（2）Trading financial assets

Project	Closing balance	Last year's year-end balance
Financial assets at fair value through profit or loss	149,406,511.21	24,805,416.73
Total	149,406,511.21	24,805,416.73

（3）Notes receivable

Project	Closing balance	Last year's year-end balance
Bank acceptance bill	11,268,592.56	8,000,000.00
Total	11,268,592.56	8,000,000.00

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（4）Accounts receivable

1. Accounts receivable disclosed by aging

Aging of accounts	Closing balance	Last year's year-end balance
Within 1 year	194,229,570.26	244,159,272.13
1-2 years		2,579,507.80
2-3 years		926,162.00
Subtotal	194,229,570.26	247,664,941.93
Less: Bad debt provision		700,000.00
Total	194,229,570.26	246,964,941.93

2. Disclosure of accounts receivable classified by bad debt provision method

Form	Closing balance					Last year's year-end balance				
	Book balance		Bad debt provision		book value	Book balance		Bad debt provision		book value
	sum of money	Proportion (%)	sum of money	Accrual ratio (%)		sum of money	Proportion (%)	sum of money	Accrual ratio (%)	
Provision for bad debts on an individual basis										
Provision for bad debts by combination of credit risk characteristics	194,229,570.26	100.00			194,229,570.26	247,664,941.93	100.00	700,000.00	0.28	246,964,941.93
Among them:										
Other combinations	194,229,570.26	100.00			194,229,570.26	247,664,941.93	100.00	700,000.00	0.28	246,964,941.93
Total	194,229,570.26	100.00			194,229,570.26	247,664,941.93	100.00	700,000.00		246,964,941.93

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3.Provision for bad debts made, reversed or recovered during the period

Form	Last year's year-end balance	Amount of change during the period				Closing balance
		make provision for (capital requirements)	Recovery or reversal	Write-offs or write-offs	Other changes	
Provision for bad debts on accounts receivable	700,000.00		700,000.00			
Total	700,000.00		700,000.00			

（5）Prepayments

Age of accounts	Closing balance		Last year's year-end balance	
	sum of money	Proportion (%)	sum of money	Proportion (%)
1less than one year	3,969,935.25	100.00	4,460,113.75	100.00
Total	3,969,935.25	100.00	4,460,113.75	100.00

（6）Other receivables

Project	Closing balance	Last year's year-end balance
Interest receivable		
Dividends receivable		
Other receivables	6,237,063.97	10,241,944.60
Total	6,237,063.97	10,241,944.60

Other receivables

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(1) Breakdown of other receivables by nature of payment

Nature of payment	Closing book balance	Carrying amount at the end of the previous year
Deposits and Guarantees	1,014,565.20	2,722,398.20
reserve fund	402,600.00	508,300.00
Others	4,819,898.77	7,011,246.40
Total	6,237,063.97	10,241,944.60

（7）Inventory

	Closing balance			Last year's year-end balance		
Form	Carrying amount	Provision for decline in value of inventories/impairment of contractual performance costs	book value	Carrying amount	Provision for decline in value of inventories/impairment of contractual performance costs	book value
raw materials	720,721.86		720,721.86	782,624.26		782,624.26
semi-manufactured goods	6,071,307.37		6,071,307.37	20,463.50		20,463.50
Total	6,792,029.23		6,792,029.23	803,087.76		803,087.76

（8）Contractual assets

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Project	Closing balance			Last year's year-end balance		
	Carrying amount	provision for impairment	book value	Carrying amount	provision for impairment	book value
payment for work	21,643,410.17		21,643,410.17	55,440,697.07		55,440,697.07
Total	21,643,410.17		21,643,410.17	55,440,697.07		55,440,697.07

（9）Other current assets

Project	Closing balance	Last year's year-end balance
Input tax to be offset	1,370,976.80	1,096,227.27
Total	1,370,976.80	1,096,227.27

（10）Long-term receivables

Project	Closing balance			Last year's year-end balance		
	Carrying amount	provision for bad debts	book value	Carrying amount	provision for bad debts	book value
Others	907,439.25		907,439.25	799,640.37		799,640.37
Total	907,439.25		907,439.25	799,640.37		799,640.37

（11）Investments in other equity instruments

Investments in other equity instruments

Project name	Closing balance	Last year's year-end balance	Profit recognized in other comprehensive income for the period	Loss for the period charged to other comprehensive income	Profit accumulated in other comprehensive income at the end of the period	Losses accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Investments in unlisted equity instruments	1,592,569.21	2,296,148.90		703,579.69				
Total	1,592,569.21	2,296,148.90		703,579.69				

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（12）Fixed assets

1.Fixed assets and fixed assets liquidation

Project	Closing balance	Last year's year-end balance
fixed assets	14,979,630.09	16,870,859.09
Liquidation of fixed assets		
Total	14,979,630.09	16,870,859.09

2.Fixed assets

Project	Houses and buildings	machinery and equipment	Transportation equipment	electronic equipment	office equipment	Total
1The Original book value						
(1) Last year's year-end balance	1,015,143.42	8,941,158.01	14,085,922.39	3,196,426.89	1,009,958.72	28,248,609.43
(2) Increase during the period	68,380.00	1,404,568.26	9,396.78	250,386.97	178,362.20	1,911,094.21
-Acquisition	68,380.00	1,404,568.26	9,396.78	250,386.97	178,362.20	1,911,094.21
-Transfer from construction in progress						
-Increase in business combinations						
-Other						
(3) Decrease during the period	80,543.38	676,324.20	1,030,653.44	202,468.93		1,989,989.95
-Disposal or scrapping						
-Other	80,543.38	676,324.20	1,030,653.44	202,468.93		1,989,989.95
(4) Closing balance	1,002,980.04	9,669,402.07	13,064,665.73	3,244,344.93	1,188,320.92	28,169,713.69
2The Accumulated depreciation						
(1) Last year's year-end balance	619,879.22	6,553,304.08	1,730,117.05	2,469,313.14	648,943.95	12,021,557.44
(2) Increase during the period	208,776.67	761,605.95	468,779.88	344,270.21	118,666.56	1,902,099.27
-Accounting for	208,776.67	761,605.95	468,779.88	344,270.21	118,666.56	1,902,099.27
-Other						

PURAC Environmental System (Beijing) Co.Ltd
Notes to Financial Statements
For the Year Ended December 31, 2024
(English Translation for Reference Only)

Project	Houses and buildings	machinery and equipment	Transportation equipment	electronic equipment	office equipment	Total
(3) Decrease during the period	55,850.55	490,221.90	124,293.55	163,374.43		833,740.43
-Disposal or scrapping						
-Other	55,850.55	490,221.90	124,293.55	163,374.43		833,740.43
(4) Closing balance	772,805.34	6,824,688.13	2,074,603.38	2,650,208.92	767,610.51	13,089,916.28
3The Provision for impairment						
(1) Last year's year-end balance		-643,807.10				-643,807.10
(2) Increase during the period						
-Accounting for						
-Other						
(3) Decrease during the period		-743,974.42				-743,974.42
-Disposal or scrapping		-723,510.31				-723,510.31
-Other		-20,464.11				-20,464.11
(4) Closing balance		100,167.32				100,167.32
4The Carrying value						
(1) Closing book value	230,174.70	2,744,546.62	10,990,062.35	594,136.01	420,710.41	14,979,630.09
(2) Carrying value at the end of the previous year	395,264.20	3,031,661.03	12,355,805.34	727,113.75	361,014.77	16,870,859.09

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（13）Right of use assets

Project	Houses and buildings	Total
1The Original book value		
(1) Last year's year-end balance	9,685,367.73	9,685,367.73
(2) Increase during the period		
-Additional leases		
-Increase in business combinations		
-Revaluation adjustments		
-Other		
(3) Decrease during the period		
-Transfer to fixed assets		
-Disposal		
-Other		
(4) Closing balance	9,685,367.73	9,685,367.73
2The Accumulated depreciation		
(1) Last year's year-end balance	1,614,227.95	1,614,227.95
(2) Increase during the period	3,228,455.91	3,228,455.91
-Accounting for	3,228,455.91	3,228,455.91
-Other		
(3) Decrease during the period		
-Transfer to fixed assets		
-Disposal		
-Other		
(4) Closing balance	4,842,683.86	4,842,683.86
3The Provision for impairment		
(1) Last year's year-end balance		
(2) Increase during the period		
-Accounting for		
-Other		
(3) Decrease during the period		
-Transfer to fixed assets		

Project	Houses and buildings	Total
-Disposal		
-Other		
(4) Closing balance		
4The Carrying value		
(1) Closing book value	4,842,683.87	4,842,683.87
(2) Carrying value at the end of the previous year	8,071,139.78	8,071,139.78

（14）Intangible assets

Project	hardware	Others	Total
1. Original book value			
(1) Last year's year-end balance	17,390,634.92	213,300.00	17,603,934.92
(2) Increase during the period	852,573.32	478,660.00	1,331,233.32
-Acquisition	852,573.32	478,660.00	1,331,233.32
-Internal R&D			
-Increase in business combinations			
-Other			
(3) Decrease during the period	1,303,065.55	35,460.00	1,338,525.55
-Disposal			
-Lapsed and derecognized portion			
-Other	1,303,065.55	35,460.00	1,338,525.55
(4) Closing balance	16,940,142.69	656,500.00	17,596,642.69
2. Accumulated amortization			
(1) Last year's year-end balance	16,557,777.36	35,550.00	16,593,327.36
(2) Increase during the period	223,454.87	92,882.80	316,337.67
-Accounting for	223,454.87	92,882.80	316,337.67
-Other			
(3) Decrease during the period	1,218,447.80	6,433.24	1,224,881.04
-Disposal			
-Lapsed and derecognized portion			

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Project	hardware	Others	Total
-Other	1,218,447.80	6,433.24	1,224,881.04
(4) Closing balance	15,562,784.43	121,999.56	15,684,783.99
3. Provision for impairment			
(1) Last year's year-end balance			
(2) Increase during the period			
-Accounting for			
-Other			
(3) Decrease during the period			
-Disposal			
-Lapsed and derecognized portion			
-Other			
(4) Closing balance			
4. Carrying value			
(1) Closing book value	1,377,358.26	534,500.44	1,911,858.70
(2) Carrying value at the end of the previous year	832,857.56	177,750.00	1,010,607.56

（15）Long-term amortized expenses

Project	Last year's year-end balance	Increase during the period	Amortization for the period	Other decreases	Closing balance
renovation cost	1,039,861.59		346,620.60		693,240.99
Total	1,039,861.59		346,620.60		693,240.99

（16）Deferred tax assets and deferred tax liabilities

1.Deferred tax assets not offset

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Project	Closing balance		Last year's year-end balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for credit impairment			1,166,666.67	175,000.00
Deductible losses	265,633,971.75	54,720,598.18	303,239,583.40	62,467,354.18
Total	265,633,971.75	54,720,598.18	304,406,250.07	62,642,354.18

2.Deferred tax assets or liabilities, net of offsets

Project	end of term		Prior year end	
	Deferred tax assets and liabilities offset amounts	Balance of deferred tax assets or liabilities after offsetting	Deferred tax assets and liabilities offset amounts	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets		54,720,598.18		62,642,354.18
Deferred income tax liabilities				

（17）Short term loan

kind	Closing balance	Last year's year-end balance
credit loan		7,155,504.00
Total		7,155,504.00

（18）Notes payable

kind	Closing balance	Last year's year-end balance
ICBC E-Credit	481,044.40	

kind	Closing balance	Last year's year-end balance
Total	481,044.40	

（19）Accounts payable

Age of accounts	Closing balance	Last year's year-end balance
1less than one year	72,524,319.88	103,092,737.36
Total	72,524,319.88	103,092,737.36

（20）Contractual liabilities

Project	Closing balance	Last year's year-end balance
Payment for equipment engineering services	109,308,151.18	75,219,477.76
Total	109,308,151.18	75,219,477.76

（21）Employee remuneration payable

1.Presentation of employee compensation payable

Project	Last year's year-end balance	Increase during the period	Decrease during the period	Closing balance
short-term compensation	16,477,854.60	123,625,241.71	124,901,703.72	15,201,392.59
Post-employment benefits -- defined contribution plans	2,689,451.35	2,376,346.00	2,999,325.74	2,066,471.61
Total	19,167,305.95	126,001,587.71	127,901,029.46	17,267,864.20

2.Presentation of short-term remuneration

Project	Last year's year-end balance	Increase during the period	Decrease during the period	Closing balance
(1) Wages, bonuses, allowances and subsidies	6,510,133.20	85,499,058.70	86,420,944.27	5,588,247.63
(2) Employee benefit costs	5,243,307.19	9,777,213.14	9,648,245.71	5,372,274.62
(3) Social security contributions	4,624,756.13	27,966,160.15	28,441,016.94	4,149,899.34
(4) Labor Union and Employee Education Funds	99,658.08	382,809.72	391,496.80	90,971.00
Total	16,477,854.60	123,625,241.71	124,901,703.72	15,201,392.59

3.Presentation of the defined benefit plan

Project	Last year's year-end balance	Increase during the period	Decrease during the period	Closing balance
Basic pension insurance	2,689,451.35	2,376,346.00	2,999,325.74	2,066,471.61
Total	2,689,451.35	2,376,346.00	2,999,325.74	2,066,471.61

（22）Taxes payable

Tax items	Closing balance	Last year's year-end balance
value-added tax (VAT)	14,396,141.33	3,291,480.07
corporate income tax	683,287.51	1,180,086.23
personal income tax	1,701,563.56	1,999,783.21
Urban maintenance and construction tax	432,281.94	189,450.65
Education surcharge	308,772.83	135,321.90
Total	17,522,047.17	6,796,122.06

（23）Other accounts payable

Project	Closing balance	Last year's year-end balance
interest due		
dividend payable		
Other accounts payable	71,149,850.77	77,210,964.24
Total	71,149,850.77	77,210,964.24

Other accounts payable

Other accounts payable by nature of payment

Project	Closing balance	Last year's year-end balance
accruals	44,065,192.27	48,642,992.48
Unit transactions	71,279.56	80,413.30
Others	27,013,378.94	28,487,558.46
Total	71,149,850.77	77,210,964.24

（24）Non-current liabilities due within one year

Project	Closing balance	Last year's year-end balance
Lease liabilities due within one year	3,332,163.87	3,173,140.12
Total	3,332,163.87	3,173,140.12

（25）Other current liabilities

Project	Closing balance	Last year's year-end balance
Sales tax to be transferred	3,852.99	1,824,608.79
Total	3,852.99	1,824,608.79

（26）Lease liabilities

Project	Closing balance	Last year's year-end balance
Net lease liability	1,767,549.08	5,099,712.94

Project	Closing balance	Last year's year-end balance
Total	1,767,549.08	5,099,712.94

（27）Long-term accounts payable

Project	Closing balance	Last year's year-end balance
Long-term accounts payable	2,849,405.24	2,908,201.45
Total	2,849,405.24	2,908,201.45

（28）Long-term employee compensation payable

Project	Closing balance	Last year's year-end balance
I. Post-employment benefits -- net defined benefit plan liability	16,174,156.75	17,025,565.54
Total	16,174,156.75	17,025,565.54

（29）Paid-up capital

Project	Last year's year-end balance	Increase during the period	Decrease during the period	Closing balance
Luxembourg Investment Company Limited No. 115	154,703,285.00			154,703,285.00
Beijing-Tianjin-Hebei Industry Cooperative Development Investment Fund (Limited Partnership)	37,422,604.00			37,422,604.00
SDIC & Beijing Drainage Investment Fund (Limited Partnership)	12,481,021.00			12,481,021.00
Total	204,606,910.00			204,606,910.00

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（30）Other comprehensive income

Project	Last year's year-end balance	Amount for the period						Closing balance
		Occurrence before income tax for the period	Less: Transfer to profit or loss for the period from prior period to other comprehensive income	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	Less: Transfer to retained earnings from other comprehensive income for the period	
1The Other comprehensive income that cannot be reclassified to profit or loss								
Of which: remeasurement of changes in defined benefit plans								
Other comprehensive income not transferable to profit or loss under the equity method								
Changes in fair value of investments in other equity instruments								
Changes in fair value of the enterprise's own credit risk								

PURAC Environmental System (Beijing) Co.Ltd
Notes to Financial Statements
For the Year Ended December 31, 2024
(English Translation for Reference Only)

Project	Last year's year-end balance	Amount for the period						Closing balance
		Occurrence before income tax for the period	*Less: Transfer to* profit or loss for the period from prior period to other comprehensive income	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	*Less:* Transfer to retained earnings from other comprehensive income for the period	
2The Other comprehensive income to be reclassified to profit or loss	22,901,427.02	-4,758,740.59			-4,758,740.59			18,142,686.43
Of which: Other comprehensive income available for transfer to profit or loss under the equity method								
Changes in fair value of other debt investments								
Amounts reclassified from financial assets to other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Translation differences on foreign currency financial statements	22,901,427.02	-4,758,741.10			-4,758,741.10			18,142,685.92

PURAC Environmental System (Beijing) Co.Ltd
Notes to Financial Statements
For the Year Ended December 31, 2024
(English Translation for Reference Only)

Project	Last year's year-end balance	Amount for the period						Closing balance
		Occurrence before income tax for the period	Less: Transfer to profit or loss for the period from prior period to other comprehensive income	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	Less: Transfer to retained earnings from other comprehensive income for the period	
Total other comprehensive income	22,901,427.02	-4,758,741.10			-4,758,741.10			18,142,685.92

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（31）Surplus reserves

Project	Last year's year-end balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus surplus	8,386,775.04	2,363,273.94		10,750,048.98
Total	8,386,775.04	2,363,273.94		10,750,048.98

（32）Retained earnings

Project	Amount for the period	Prior period amount
Undistributed profit at the end of the previous year before adjustment	-31,395,366.43	-39,875,531.25
Adjustments to the total unappropriated profits at the beginning of the year (increase+ , decrease -)	-179,199.79	-7,740.75
Adjusted unallocated profit at the beginning of the year	-31,574,566.22	-39,883,272.00
Add: Net profit attributable to owners of the parent company for the period	33,233,111.26	12,027,368.29
Less: Withdrawal of legal reserve	2,363,273.94	2,039,462.72
Withdrawal of surplus at will		
Dividends payable on ordinary shares	1,500,000.00	1,500,000.00
Dividends on ordinary shares transferred to equity		
Others		
Undistributed profit at the end of the period	-2,204,728.90	-31,395,366.43

（33）Operating income and operating costs

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Project	Amount for the period		Prior period amount	
	incomes	(manufacturing, production etc) costs	incomes	(manufacturing, production etc) costs
Main business	813,763,517.67	619,658,729.45	692,798,953.20	520,222,946.73
Other business	346,576.43			
Total	814,110,094.10	619,658,729.45	692,798,953.20	520,222,946.73

（34）Taxes and surcharges

Project	Amount for the period	Prior period amount
Urban maintenance and construction tax	1,295,110.13	1,003,731.82
Education surcharge	927,717.89	716,951.31
non-residential property	81,722.17	122,448.08
Total	2,304,550.19	1,843,131.21

（35）Sales expense

Project	Amount for the period	Prior period amount
remuneration of employees	76,416,255.86	75,785,791.84
vehicle costs	3,560,800.97	
travel costs	1,866,984.61	1,410,001.66
Amortization of low value consumables	1,407,810.18	
Information systems fees	1,127,818.69	
Operating expenses	1,095,173.12	982,393.59
office expenses	444,339.28	17,127.08
Utilities and energy costs	437,702.16	573,800.37
advertising cost	410,855.40	787,981.86
consultancy fee	117,050.15	
sales service fee	106,196.88	89,489.85
repair cost	86,425.71	2,055.00
brokerage	77,312.48	

Project	Amount for the period	Prior period amount
post and telecommunications costs	31,140.16	35,238.21
rental fee	30,771.52	14,677.64
transportation cost	25,400.81	
conference fee	18,867.92	100,000.00
Others	1,127,731.76	18,561,605.47
Total	88,388,637.66	98,360,162.57

（36）Management expenses

Project	Amount for the period	Prior period amount
remuneration of employees	27,143,761.17	24,344,018.31
rental fee	7,953,604.96	7,123,113.84
Fees for consultancy services	5,494,089.51	
Agency fees	1,593,436.53	873,026.52
depreciation	1,067,434.89	868,576.99
Information systems fees	1,023,842.12	
insurance premium	1,021,782.56	803,511.78
office expenses	761,932.27	590,321.16
travel costs	627,686.61	438,610.55
vehicle costs	359,476.58	
Amortization of long-term amortized expenses	346,620.60	
property cost	328,644.12	285,626.28
Business hospitality	206,681.04	90,356.20
Amortization of low value consumables	182,493.23	
post and telecommunications costs	145,766.43	141,600.94
advertising cost	114,496.84	
repair cost	70,525.57	54,838.08
labor cost	63,889.45	54,558.30
conference fee	38,338.33	16,981.13
utilities	34,508.49	24,715.83

Project	Amount for the period	Prior period amount
Amortization of intangible assets	4,579.82	11,962.54
Others	4,017,379.64	10,124,750.91
Total	52,600,970.76	45,846,569.36

（37）R&D costs

Project	Amount for the period	Prior period amount
remuneration of employees	7,742,478.55	7,857,610.32
direct input cost	3,591,862.02	2,242,509.22
Patent Application Fee	28,241.80	
office expenses	673.54	
travel costs	4,345.98	3,073.00
Others		25,790.91
Total	11,367,601.89	10,128,983.45

（38）Financial cost

Project	Amount for the period	Prior period amount
interest expense	1,705,728.77	1,451,117.08
Of which: Interest expense on lease liabilities	320,304.00	230,896.64
Less: interest income	705,547.28	1,320,874.85
Currency exchange gains and losses	2,041,994.60	2,354,605.77
Handling fees and others	1,430,551.69	925,962.14
Total	4,472,727.78	3,410,810.14

（39）Other income

Project	Amount for the period	Prior period amount
government grant	12,760.00	13,920.00
Personal Tax Fee Refunds	59,427.57	

Project	Amount for the period	Prior period amount
Total	72,187.57	13,920.00

（40）Investment income

Project	Amount for the period	Prior period amount
Investment income from trading financial assets during the holding period	1,841,368.19	1,319,089.81
Investment income from disposal of derivative financial assets	-34,110.00	-329,810.00
Total	1,807,258.19	989,279.81

（41）Credit impairment losses

Project	Amount for the period	Prior period amount
Bad debt losses on accounts receivable	-700,000.00	
Total	-700,000.00	

（42）Non-operating income

Project	Amount for the period	Prior period amount
Gains on destruction and retirement of non-current assets		3,546.02
Income from fines	1,800.50	
Liquidated damages income	13,000.00	23,505.06
Others		12,101.89
Total	14,800.50	39,152.97

（43）Non-operating expenses

Project	Amount for the period	Prior period amount
Expenditure on fines	6,852.00	
Others	91,809.72	33,004.62
Total	98,661.72	33,004.62

（44）Income tax expense

Project	Amount for the period	Prior period amount
Current income tax expense	4,579,349.65	1,968,329.61
Total	4,579,349.65	1,968,329.61

6、Related parties and related transactions

1.Information on the Company's parent company

Parent company name	registered office	Nature of business	Registered capital (EUR 10,000)	Parent company's shareholding in the Company (%)	Parent company's share of voting rights in the Company (%)
Luxembourg Investment Company Limited No. 115	Luxemburg	managerial	1.25	75.61	75.61

2.Other related parties

Name of other related parties	Relationship between other related parties and the Company
Lund Investment Group AB	subsidiary company
Purac AB	subsidiary company

7、Commitments and contingencies

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1.Important commitments

As of December 31, 2024, the Company has no material commitments to disclose.

2.Contingency

As of December 31, 2024, the Company has no contingencies to disclose.

8、Events after the balance sheet date

As at the date of approval for reporting, there were no non-adjusting events after the balance sheet date that required disclosure.

9、Other important matters

None.

10、Additional information

None.

PURAC Environmental System（Beijing）Co., Ltd

(Stamped)

June 5, 2025