



WELLE 维尔利

WELLE Environmental Group Co., Ltd.

2019 Annual Report

April 2020

Section I Important Tips, Contents and Explanations

The board of directors, board of supervisors, directors, supervisors and senior management of the Company shall guarantee the truthfulness, accuracy and completeness of the contents of the annual report, free from false records, misleading statements or major omissions, and shall bear individual and joint legal liabilities.

Li Yuezhong, head of the Company, Zhu Min, head of the accounting department, and He Jian, head of the accounting department (chief accountant), declared that they would ensure the truthfulness, accuracy and completeness of the financial report in the annual report.

All Directors have attended the Board meeting at which this report was considered.

The Company shall comply with the disclosure requirements of "Shenzhen Stock Exchange GEM Industry Information Disclosure Guidelines No.4——Listed Companies Engaged in Energy Saving and Environmental Protection Services"

1. External environment and industry competition risks

At present, affected by multiple factors, the global economic situation is grim, which also means that companies will face more challenges and pressures in their future operations. However, with the continuous promulgation and

implementation of the government's relevant environmental protection policies, it has attracted a large number of competitors such as central companies and state-owned companies with strong strength to enter, resulting in increasingly fierce competition in the environmental protection industry, which will bring certain pressure to the company's business development.

Therefore, the company will continue to attach importance to technological research and development innovation, adhere to the principle that research and development serve production and development, transform practical technology engineering into the main work objective of technology research and development, enhance the continuous leadership and irreplaceability of core technologies, and strive to maintain the leading advantages in capital, technology research and development, engineering experience, talent reserve and brand building. In addition, the Company will also prevent operational risks and enhance the Company's market competitiveness through business model innovation, business layout optimization, management efficiency improvement and other measures in future operations.

2. Financial risks caused by mergers and acquisitions

In recent years, due to the needs of strategic development and business layout, the Company has actively carried out foreign investment mergers and acquisitions, which makes the Company acquire new businesses and new markets, at the same time, it will also increase the corresponding financial risks, and at the same time, it also puts forward higher requirements for the Company's financial

management and risk control. If the operation and profitability of the merged company do not meet expectations, it will affect the profit growth of listed companies, and goodwill generated in the merger will also face pressure to accrue impairment.

In this regard, the company will continue to strengthen the management and integration of mergers and acquisitions of subsidiaries, In particular, it should control its business and finance, prevent its business and financial risks in a timely manner, realize the complementary advantages of all parties in terms of customers, technology and market, make full use of the effective resources of all parties, realize synergy as soon as possible, promote mutual benefit and win-win for all parties, and continuously improve the operating performance of the Company and its subsidiaries.

3. Risk of high balance of accounts receivable

As an environmental protection engineering company, and the number of revenue items recognized by the company increases, the balance scale of the Company's accounts receivable gradually increased at the end of the reporting period. Although most of the Company's customers are government or large environmental protection investment companies, such customers generally have good credit and the aging of the Company's current accounts receivable is relatively short. Due to the large balance of the Company's current accounts receivable, the Company will face the risks of liquidity shortage and bad debt loss if it cannot be recovered in time in the future.

In order to avoid the above risks, the Company will continue to strengthen the management of accounts receivable and the collection of accounts receivable, especially for old projects, formulate a sound collection and management system for accounts receivable, realize the timely recovery of accounts receivable, continuously improve the Company's operating cash flow, and avoid the loss of bad debts.

4. Risk management

In recent years, with the increase of the company's projects and the development of foreign investment and merger and acquisition business, the rapid expansion of the Company's asset scale, personnel scale and business scale, the continuous growth of the number of affiliated subsidiaries, and certain corporate culture differences between the merged subsidiaries and the Company all put forward higher requirements for the Company's comprehensive management level such as governance structure, management mode and management personnel. In order to ensure the healthy and steady development of the Company and the efficient and orderly development of various tasks, the Company continuously innovates and improves the management mechanism, draws lessons from and promotes the management experience suitable for the development of the Company, further formulates and improves various systems for the internal management of the Company, and standardizes and optimizes various business processes.

In the future, the company will gradually improve the collectivization

management mechanism, establish and improve the line management mechanism, strengthen the control and support to the members of the Group from the aspects of human resources, finance and market, coordinate the effective resources of the members of the Group and mobilize the enthusiasm of the members of the Group at the same time, so as to better promote the integration of corporate culture, strive to establish a scientific and effective management system, improve the overall management level of the Company, further prevent management risks and improve the operation efficiency of the Company.

The profit distribution plan approved by the board of directors is: based on 783,784,957, cash dividend 1 yuan (including tax) will be distributed to all shareholders for every 10 shares, bonus shares will be distributed for 0 shares (including tax), and capital accumulation fund will be transferred to all shareholders for every 10 shares to increase by 0 shares.

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Paraphrase

Paraphrase item	Refer to	Paraphrase content
Company, WELLE, Group	Refer to	WELLE Environmental Group Co., Ltd.
China Securities Regulatory Commission, Securities and Futures Commission	Refer to	China Securities Regulatory Commission
Shenzhen Stock Exchange	Refer to	Shenzhen Stock Exchange
Growth Enterprise Market	Refer to	Growth enterprise market of Shenzhen Stock Exchange
Changzhou WELLE	Refer to	Changzhou WELLE Environmental Service Co., Ltd.
ELEX	Refer to	Changzhou ELEX Environmental Protection Technology Co., Ltd.
Beijing Huiheng	Refer to	Beijing Huiheng Environmental Engineering Co., Ltd.
Changzhou Dawei	Refer to	Changzhou Dawei Environmental Technology Co., Ltd.
Changzhou Deze, Controlling Shareholder	Refer to	Changzhou Deze Industrial Investment Co., Ltd.
Reporting period	Refer to	January 1 st , 2019 to December 31 st , 2019
Changzhou Food Waste	Refer to	Changzhou WELLE Food Waste Treatment Co., Ltd.
Renhe Huiming	Refer to	Hunan Renhe Huiming environmental protection technology Co., Ltd
Hainan WELLE	Refer to	Hainan WELLE Environmental Service Co., Ltd.
HEEE	Refer to	Hangzhou Energy and Environmental Engineering Co., Ltd.
Jinyuan Machinery	Refer to	Changzhou Jinyuan Machinery Equipment Co., Ltd.
WELLE Lux.	Refer to	WELLE Environmental (Lux) S.a.r.l
EuRec	Refer	EuRec Environmental Technology GmbH

	to	
HANFENG&TECHNOLOGY	Refer to	Suzhou Hanfeng Technology Development Engineering Co., Ltd.
DOULE REFRIGERATION	Refer to	Nanjing Doule Refrigeration Equipment Co., Ltd.
Tonglu WELLE Water	Refer to	Tonglu WELLE Water Co., Ltd.
Dunhua Zhongneng	Refer to	Dunhua Zhongneng Environmental Protection Power Co., Ltd.
Guangxi Wuming	Refer to	Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.
Guangzhou Yinli	Refer to	Guangzhou Yinli Environmental Service Co., Ltd
Haikou Shenwei	Refer to	Haikou Shenwei Environmental Service Co., Ltd.

Section II Company Profile and Main Financial Indicators

I. Company profile

Stock abbreviation	WELLE	Stock Code	300190
Chinese name	维尔利环保科技集团股份有限公司		
Chinese abbreviation	维尔利		
English name (if any)	WELLE Environmental Group Co., Ltd		
English abbreviation (if any)	WELLE		
Legal representative	Li Yuezhong		
Registered address	No.156 Hanjiang Road, Changzhou City		
Postal code of registered address	213125		
Office address	No.156 Hanjiang Road, Changzhou City		
Postal code of the office address	213125		
Corporate Internet Website	Http://www.wellegroup.com		
E-mail	Info@wellegroup.com		

II. Contact person and contact information

	Secretary of the Board of Directors	Securities Representative
Name	Zhu Min	Shen Juan
Contact Address	No.156 Hanjiang Road, Changzhou City	No.156 Hanjiang Road, Changzhou City
Telephone	0519-89886102	0519-89886102
Fax	0519-85125883	0519-85125883
E-mail	Zhumin@wellegroup.com	Shenjuan@wellegroup.com

III. Location of information disclosure and storage

Name of the information disclosure media selected by the company	"China Securities Journal", "Securities Times" and "Shanghai Securities News"
The website of the website designated by the CSRC that publishes the annual report.	http://www.cninfo.com.cn
Place where the annual report of the Company is prepared	Securities Investment Department of WELLE Environmental Group Co., Ltd., 156 Hanjiang Road, Changzhou City

IV. Other relevant materials

Accounting firm employed by the company

Name of Accounting Firm	ShineWing Accounting Firm (Special General Partnership)
Office Address of Accounting Firm	9/F, Block A, Fuhua Building, No.8 Chaoyangmen North St, Dongcheng District, Beijing
Name of Signed Accountant	Ye Shengping, Yan Wei

Sponsor agencies employed by the Company to perform continuous supervision duties during the reporting period

Applicable Not Applicable

Financial consultants employed by the Company to perform continuous supervision duties during the reporting period

Applicable Not Applicable

V. Main accounting data and financial indicators

Does the company need to retroactively adjust or restate the accounting data of previous years

Yes No

	2019	2018	This year's increase or decrease over the previous year	2017
Operating Income (yuan)	2,730,648,145.74	2,064,843,723.91	32.24%	1,417,765,375.61
Net profit attributable to shareholders of listed companies (yuan)	316,710,725.54	232,366,860.28	36.30%	138,703,129.69
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses (yuan)	298,884,197.12	216,834,636.73	37.84%	145,936,922.75
Net Cash Flow from Operating Activities (yuan)	195,457,194.33	246,095,084.10	-20.58%	65,219,021.22
Basic earnings per share (yuan/share)	0.40	0.29	37.93%	0.17
Diluted earnings per share (yuan/share)	0.40	0.29	37.93%	0.17
Weighted average return on equity	8.44%	6.33%	2.11%	4.27%
	End of 2019	End of 2018	Increase or decrease at the end of this year compared with the end of last year	End of 2017
Total Assets (yuan)	8,104,684,132.40	7,212,673,349.94	12.37%	6,139,644,965.50
Net assets attributable to	3,897,272,802.89	3,618,974,456.09	7.69%	3,609,374,063.94

shareholders of listed companies (yuan)				
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VI. Quarterly main financial indicators

Unit: yuan

	First Quarter	Second quarter	Third quarter	Fourth quarter
Operating income	472,912,720.14	649,179,306.07	629,708,224.91	978,847,894.62
Net profit attributable to shareholders of listed companies	72,884,882.33	83,800,592.64	71,010,526.73	89,014,723.84
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses	65,604,896.56	82,429,317.22	67,857,816.62	82,992,166.72
Net cash flow from operating activities	-57,156,985.17	-113,777,019.88	941,187.41	365,450,011.97

Is there any significant difference between the above financial indicators or their sum and the relevant financial indicators of the Company's disclosed quarterly report and semi-annual report

Yes No

VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences between net profit and net assets in financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards

Applicable Not Applicable

During the reporting period, there was no difference in net profit and net assets between the financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards.

2. Differences between net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards

Applicable Not Applicable

During the reporting period, there was no difference in net profit and net assets between the financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards.

VIII. Non-recurring profit and loss items and amounts

Applicable Not Applicable

Unit: yuan

Project	Amount 2019	Amount 2018	Amount 2017	Description
Profit and loss on disposal of non-current assets (including the write-off part of the accrued asset impairment reserve)	100,054.25	318,787.44	392,576.51	
Government subsidies included in the profits and losses of the current period (except government subsidies that are closely related to the business of companies and enjoy in accordance with the unified national standard quota or quantity)	21,190,400.63	13,786,459.08	10,792,690.38	
In addition to the effective hedging business related to the normal operation of the Company, Profits and losses on changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other creditor's rights investments	6,403.11	6,587.30	4,803.00	
Other non-operating income and expenses other than the above items	-3,955,407.73	-3,410,534.10	-19,997,965.07	
Investment Income from Purchasing Financial Products	690,971.89	7,208,119.93	1,435,215.37	
Minus: Income tax impact	205,191.17	2,135,830.08	-316,773.99	
Impact of Minority Shareholders' Equity (After Tax)	702.56	241,366.02	177,887.24	
Total	17,826,528.42	15,532,223.55	-7,233,793.06	--

For the non-recurring profit and loss items defined by the Company according to the definition of "Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss", as well as defining the non-recurring profit and loss items listed in the Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss as recurring profit and loss items, the reasons shall be explained.

Applicable Not Applicable

During the reporting period of the Company, there was no case where the listed non-recurring profit and loss items were defined as recurring profit and loss items according to the definition of "Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss".

Section III Summary of the Company's Business

I. Major businesses engaged in by the Company during the reporting period

During the reporting period, the Company adhered to the Company's brand image of "organic waste recycling expert" and continued to take "organic and solid waste recycling and harmless" as the Company's main business development direction; Strengthen the business model of "environmental protection technology solution + operation service", and focus on the two major fields of "recycling urban and rural organic wastes" and "comprehensive utilization of industrial wastes"; Relying on the digital transformation and continuous innovation of the enterprise, adhere to the customer-oriented, focus on the main business, strive to provide customers with high cost-effective engineering and technical services, and occupy a leading position in the sub-sections of the company.

1. Main business and mode of the Company

The company's main businesses include leachate treatment, food and kitchen waste treatment, biomass natural gas, industrial energy conservation, oil and gas recovery and VOCs treatment. At present, the main business models of the Company and its subsidiaries include EPC, BOT, EMC, O&M and other models. The details of each business model of the Company are as follows:

(1) EPC mode

EPC mode is the abbreviation of system design, which is the most common project contracting mode in the environmental protection engineering industry. According to the requirements of engineering technology, construction and operation environment and the special requirements of customers, the company provides customers with customized services for the overall design of the project, the manufacture of main equipment, the purchase of ancillary equipment and the overall installation and construction, namely EPC mode, which is commonly referred to as "turn-key" service.

(2) O&M (entrusted operation) mode

The operation & maintenance mode refers to the owner signing the entrustment operation contract to hand over the operation and maintenance work to the company for completion. The Company is responsible for the daily operation of the facilities, and the Owner pays the Company the service cost and entrusted management remuneration.

(3) EMC mode

EMC mode is a contract energy management mode. Energy-saving service companies and energy-using companies agree on the energy-saving objectives of energy-saving projects in the form of contracts. Energy-saving service companies provide necessary services to energy-using companies to achieve the energy-saving objectives. Energy-using companies pay the investment of energy-saving service companies and their reasonable profits with energy-saving benefits.

(4) BOT mode

BOT mode is "construction + operation + transfer" mode. Under this mode, the Owner and the company sign a concession agreement, and the company undertakes the investment, construction, operation and maintenance of environmental protection projects. Within the time limit stipulated in the Agreement, the Company regularly collects fees from the Owner to recover the investment, financing, construction, operation and maintenance costs of the Project and obtain reasonable returns. At the end of the concession period, the Company will hand over the whole set of fixed assets of the Project to the Owner free of charge.

(5) Equipment sales mode

According to the actual situation and different needs of customers, provide targeted and customized scheme design and services for customers based on technology and experience, produce and purchase corresponding energy-saving and environmental protection equipment, sell it to customers, and hand it over to customers after installation, commissioning and operation on the project site to solve relevant problems of customers.

2. Driving factors of current year's performance

The main reasons for the growth of the Company's operating performance this year are:

During the reporting period, the Company seized the strategic opportunity of industry development, actively explored various business markets and steadily promoted the implementation of various projects. With the continuous expansion of the Company's business scale, the amount of new orders in 2018 and 2019 continued to grow, with the total amount of new orders in 2019 exceeding 3.7 billion yuan. During the reporting period, as some newly signed forms of the Company and its subsidiaries reached the revenue recognition node in 2018 and 2019, the Company's revenue and net profit for 2019 increased significantly compared with last year.

3. Industry situation of each business section of the Company, industry position and competitive

advantage of the Company

Environmental protection industry is an industry that is greatly influenced by policies. In recent years, the government's policies and plans on environmental protection have been issued frequently, demonstrating the government's determination to manage the environment and support the development of energy conservation and environmental protection industries. With the gradual implementation of various environmental protection policies, the environmental protection industry is facing new opportunities for strategic development. As a member of the environmental protection company, the company also grasped the opportunity to actively expand various business sections of the company and continuously improve the company's core competitiveness and profitability.

(1) Landfill leachate treatment business section

With the continuous improvement of living standards and the rapid advancement of urbanization, the amount of domestic waste generated in our country is increasing year by year, and the harmless treatment rate of domestic waste is also increasing year by year. China produces 150 million tons of waste every year, with an average annual growth rate of more than 10%. The rapid development of the waste treatment industry will inevitably drive the growth of the landfill leachate market. According to the analysis of "Analysis Report on Market Prospect and Investment Strategic Planning of China's Environmental Service Industry from 2017 to 2022" released by the Prospective Industry Research Institute, the investment scale for leachate treatment and transformation in China during the 13th Five-Year Plan period is about 9 billion yuan, with great potential in the leachate market. In addition, with the promotion and implementation of garbage classification, the demand for biogas slurry disposal brought by wet garbage disposal will also be gradually released. It is estimated that the demand for leachate treatment brought by wet garbage disposal will reach 47.88 billion yuan from 2019 to 2025, which will also bring new development opportunities to the Company's water treatment business.

The Company has been engaged in landfill leachate treatment for more than 10 years and is the editor-in-chief unit of relevant specifications such as "Technical Specifications for Domestic Landfill Leachate Treatment" and "Technical Specifications for Domestic Landfill Leachate Treatment Engineering". It has mature core technologies for leachate treatment such as MBR, anaerobic, ultrafiltration, nanofiltration and reverse osmosis. Up to now, the Company has undertaken more than 200 leachate treatment projects and accumulated many project experiences, leading in the field of

landfill leachate treatment, especially medium and large landfill leachate treatment projects. After years of engineering practice and continuous process optimization and innovation, the company has the competitive advantages of low energy consumption for leachate treatment, small floor space for treatment facilities, high recovery rate of clear liquid, etc. In the future, the company will solve the problem of leachate concentrate through continuous research and development innovation, open up the whole process of leachate treatment, and form an integrated solution of full quantitative treatment. At the same time, the company will also seize the implementation of relevant policies on domestic waste classification and expand the biogas slurry treatment business market. In addition, the Company will actively lay out the industrial wastewater business field, develop the needs of industrial customers, expand the industrial wastewater treatment business orders, further improve the Company's business layout, and enhance the Company's operating performance.

(2) Wet waste disposal business section

With the continuous improvement of China's production level and national consumption level, China's catering industry is developing rapidly and food waste is increasing. However, with the gradual implementation of various systems such as the National Notice on the Pilot Work Plan for the Construction of "Waste-free Cities", the Notice on Accelerating the Classification of Domestic Waste in Some Key Cities, the Implementation Plan for the Classification System of Domestic Waste, and the Guiding Opinions on the Construction of a Modern Environmental Governance System, the process of marketization of garbage classification industry has accelerated rapidly. The demand for wet waste disposal after waste classification is gradually released. China has a large population and is a large waste producer. According to the waste statistics released by the Ministry of Housing and Construction, China produces more than 400 million tons of domestic waste every year. According to the 40% proportion of food waste in domestic waste, the food waste disposal business has huge market space.

In terms of food waste disposal, the company has successively constructed more than 20 food waste treatment projects. The Changzhou Food Waste has already passed the acceptance of the "second batch of food waste treatment pilot cities" by the National Development and Reform Commission, becoming the Company's first stable food waste treatment model project, which has played a positive role in promoting food waste technology and expanding food waste treatment business nationwide. On the basis of introducing German technology, the company has innovated and

developed EMBT technology, which can realize recycling, harmless and reduction treatment of domestic waste and food waste after classified collection through mechanical sorting, leaching, anaerobic and other process combinations. Since the second half of 2018, The company is also grasping the opportunity for the state to gradually implement various policies on domestic waste classification. It has successively undertaken the EPC Project of Shanghai Songjiang District Wet Waste Resource Treatment Project, Shanghai Jiading District Wet Waste Resource Treatment Project, Jinshan District Solid Waste Comprehensive Utilization Project Wet Waste Treatment Project. The above projects are all built in Shanghai. As a representative first-tier city, Shanghai has always been in a leading position in the publicity, legislation and implementation of domestic waste classification. In the future, with the successful construction and formal operation of the above-mentioned projects, it will become the Company's technical benchmark and representative project with typical demonstration significance in the field of wet waste treatment, which will help the Company to better continue to promote EMBT technology in other cities across the country in the future and further consolidate the Company's industry position in the field of wet waste treatment business.

(3) Biogas and biomass natural gas business section

In the biogas and biomass natural gas business section where HEEE, a wholly-owned subsidiary of the Company, is located. In recent years, the government has successively issued "Opinions of the General Office of the State Council on Accelerating the Resource Utilization of Livestock and Poultry Breeding Waste Notice of the Ministry of Agriculture" and the "Ministry of Finance on Doing a Good Job in the Implementation of Livestock and Poultry Manure Resource Utilization Project", "Notice of the General Office of the National Development and Reform Commission and the General Office of the Ministry of Agriculture on Promoting the Resource Utilization of Livestock and Poultry Manure in the Whole County" and "Notice of the General Department of the National Energy Administration on the Preparation of Medium-and Long-Term Plans for the Development of Bio-natural Gas" policies on biomass natural gas. On December 19th, 2019, the National Development and Reform Commission, the National Energy Administration, the Ministry of Agriculture and Rural Affairs and other ten ministries jointly issued the Guiding Opinions on Promoting the Industrialization of Bio-natural Gas, which incorporated bio-natural gas into the national energy system and established a distributed production and consumption system, aiming at accelerating the specialized, market-oriented and large-scale development of bio-natural gas. The introduction and

implementation of the above policies will accelerate the pace of bio-natural gas industrialization and bring more development opportunities to companies.

After years of project practice and technical research and development, the overall technology in the field of biogas engineering is at the advanced level in China. It has many core technologies such as high concentration, high ammonia nitrogen and high efficiency anaerobic fermentation technology, special anaerobic bacteria domestication technology, straw bionic hydrolysis technology, biogas washing/membrane purification, etc. It has undertaken many large and medium-sized biogas engineering projects and has strong core competitiveness. In recent years, according to the guidance of the above-mentioned national policy documents and market trends, HEEE adjusted its development and management strategy and research and development direction in time. The biogas treatment of straw, excrement and other multi-component fermentation raw materials and the purification of natural gas from biogas were developed and innovated. It has successively undertaken the 853 straw biogas power generation project in Northeast China of China Resources, the Phase I of the 270,000-square-meter vehicle bio-natural gas project in Hengshui of CGNPC, and the natural gas production project from Tuquan agricultural waste, further consolidating its position in the field of biogas and natural gas engineering.

In the future, HEEE will continue to carry out research and development innovation on multi-component organic waste co-fermentation technology, covering various urban and rural organic wastes such as straw, urban catering food waste and garden waste with anaerobic technology to realize integrated treatment. In addition, HEEE will continue to carry out optimization and innovation work on industrial anaerobic processes, striving to achieve its breakthrough in the industrial anaerobic field as soon as possible, so as to continuously improve its market share and operating performance.

(4) Industrial energy saving and environmental protection section

With the improvement of the government's requirements for environmental protection and energy conservation of industrial companies and the stricter supervision, there is a huge market space in the field of industrial environmental protection.

In the VOCs control field where DOULE REFRIGERATION, a subsidiary of the Company, is located, with the introduction of a series of policies such as the "Three-Year Action Plan to Win the Battle to Defend the Blue Sky", "13th Five-Year Plan for the Prevention and Control of Volatile Organic Compounds Pollution" and "Notice on the Reduction Plan of Volatile Organic Compounds

in Key Industries", various VOCs control indicators follow one after another, and VOCs control is imminent. According to the above plan, it is estimated that by 2030, the emission reduction of VOCs from industrial sources in China will be about 20 million tons, and the investment demand brought about by emission reduction will be about 800 billion yuan. VOCs treatment, as a new industry, has a large market capacity.

DOULE REFRIGERATION, as the participating and drafting unit of "Condensing Oil and Gas Recovery Unit", "Wharf Oil and Gas Recovery" and "General Technical Requirements for Oil and Gas Recovery", After years of operation, It has strong market competitiveness in the field of VOCs gas recovery and treatment for high concentration gas treatment in petroleum and chemical industries in China. At present, it has a number of invention patents and utility model patents including oil and gas recovery systems. The condensation adsorption oil and gas recovery technology developed by itself is at the leading level in the same industry, and its sales of oil and gas recovery equipment are at the leading position in the industry. In the future, DOULE REFRIGERATION will continue to optimize the process, standardize products and superimpose digital equipment control at the same time, so as to improve product quality and operation efficiency and reduce production costs. In addition, DOULE REFRIGERATION will also actively carry out research and development work in sludge drying, oil and gas recovery in oil fields, and catalytic oxidation of low-concentration gases in the pharmaceutical and textile industries, continuously develop new market areas, and strive to continuously develop emerging business markets with new technologies and products on the basis of steadily upgrading existing businesses.

In terms of industrial energy conservation, HANFENG&TECHNOLOGY, a wholly-owned subsidiary of the Company, is a leading industrial energy conservation service company in China. It has successfully operated dozens of energy conservation projects based on contract energy management mode in many high energy consumption industries such as steel, chemical industry, cement and electricity. During the reporting period, HANFENG&TECHNOLOGY, on the basis of its original energy-saving service for high-energy consuming industrial customers, made use of its own customer resources and technological advantages to further develop new demands in the field of comprehensive utilization of industrial wastes and successfully expanded its business to phosphating and coking (coal) industries.

In the future, the Company will also make full use of the platforms of

HANFENG&TECHNOLOGY and DOULE REFRIGERATION, fully integrate and utilize its existing industrial environmental protection customer resources, vigorously develop the industrial environmental protection market, provide them with integrated services of energy conservation and environmental protection, and improve the Company's operating performance.

II. Major changes in major assets

1. Major changes in major assets

Major Assets	Description of Major Changes
Equity assets	During the reporting period, Guangzhou Yinli, Haikou Shenwei, CGN Tuquan and Sino-German yuan (Jingmen) contributed funds.
Fixed assets	During the reporting period, Xi'an Jiangcungou Project and Changchun Project were completed and consolidated.
Intangible assets	During the reporting period, Ningde Food waste and Changzhou Food Waste Phase II were under construction.
Construction in progress	During the reporting period, subsidiaries Dunhua Zhongneng, Guangxi Wuming and Changzhou Dawei increased their investment in EMC projects under construction.

2. Major Overseas Assets

Applicable Not Applicable

III. Analysis of core competitiveness

During the reporting period, the Company's core competitiveness did not change significantly. The analysis of the main core competitiveness is as follows

1. Advantages of technology research and development and innovation

With the increasingly fierce market competition in the environmental protection industry, the tightening of the environmental protection supervision situation and the change of investment and financing modes in the environmental protection industry, technological advantages have become more and more prominent in the market competition in the environmental protection industry, becoming the elements for environmental protection companies to develop business markets and seize market share. Having core technologies and continuous innovation and research capabilities has gradually become an important guarantee for the long-term and stable development of environmental

protection companies, especially private environmental protection companies.

As one of the companies involved in environmental protection earlier, the company has always insisted on taking technology research and development as its core competitiveness in many years of operation. In its daily operation, the company continuously emphasizes the importance of technological innovation, continuously strengthens the construction of research and development teams, increases research and development investment, and attaches importance to the research and development and application of new technologies. At the same time, the Company insists that research and development serve industrialization and market demand, pays attention to the professionalism and economy of technology, takes the engineering transformation of practical technology as the main work objective of technology research and development, and continuously promotes the innovation and optimization of the Company's technology service.

At present, the technical advantages of the Company's respective sub-sections are as follows:

In the leachate treatment business section, the Company has been engaged in landfill leachate treatment business for 17 years and has mature core technologies such as MBR, anaerobic, ultrafiltration, nanofiltration and reverse osmosis. Over the past 10 years, the Company has undertaken more than 200 leachate treatment projects across the country. At present, the company is still continuously combining with engineering practice, According to the characteristics of landfill leachate quality, Improve and optimize the leachate treatment process, accumulate special process parameters needed to deal with projects of different regions, different seasons and different treatment scales. At the same time, the Company also strives to solve the problem of leachate concentrated solution through continuous research and development innovation, forms an integrated solution of full quantitative treatment, and continuously improves the leachate treatment process level of the Company. Through years of unremitting process optimization and improvement, the Company has improved the clear liquid recovery rate of the leachate treatment project, reduced the overall treatment cost of the leachate project, and further enhanced the competitiveness of the Company.

In the treatment of food waste, the food waste treatment technology developed by the company on the basis of the introduction and re-innovation of key technologies solves the problem of adaptability of wet waste with complex components to the treatment system through unique pretreatment and anaerobic digestion technology, and can realize recycling, harmless and reduction treatment of wet waste after classified collection of domestic waste. At present, the company has

undertaken more than 20 food waste treatment projects in Xi'an, Shaoxing, Hangzhou and other regions. It has successively undertaken the EPC Project of Shanghai Songjiang District Wet Waste Resource Treatment Project, Shanghai Jiading District Wet Waste Resource Treatment Project, Jinshan District Solid Waste Comprehensive Utilization Project Wet Waste Treatment Project. The above projects are all built in Shanghai. As a representative first-tier city, Shanghai has always been in a leading position in the publicity, legislation and implementation of domestic waste classification. In the future, with the successful construction and formal operation of the above-mentioned projects, it will become the Company's technical benchmark and representative project with typical demonstration significance in the field of wet waste treatment, further consolidating the Company's industry position in the field of wet waste treatment business.

In the biogas and biomass gas business, Hangneng Environment, a wholly-owned subsidiary of the Company, has accumulated many years of project practice and tackled key problems in technology research and development. It has a mature biogas treatment process and is at the domestic advanced level in the overall technology in the field of biogas engineering. Its core technologies such as high concentration, high ammonia nitrogen, high efficiency anaerobic fermentation technology and straw bionic hydrolysis technology have distinct competitive advantages in the industry. During the reporting period, Hangneng Environment is guided by policies such as "Medium-and Long-Term Plan for Bio-Natural Gas Development" and "Guiding Opinions on Promoting Bio-Natural Gas Industrialization Development". Accurate positioning of the company's future development direction, According to the changes in fermentation raw materials and biogas usage, actively optimize the existing process, develop new technologies, continuously consolidate the existing biogas and natural gas business, and strive to provide favorable support for its breakthrough and expansion in the industrial anaerobic business field, so as to consolidate its leading position in the biogas engineering field and improve its core competitiveness.

In terms of industrial energy conservation, HANFENG&TECHNOLOGY, a wholly-owned subsidiary of the Company, is a leading industrial energy conservation service company in China. It has successfully operated dozens of energy conservation projects based on contract energy management mode in many high energy consumption industries such as steel, chemical industry, cement and electricity. The energy conservation services it provides have the characteristics of high energy conservation efficiency and stable operation. During the reporting period,

HANFENG&TECHNOLOGY actively carried out industrial process improvement and research and development work such as yellow phosphorus tail gas recovery and power generation, desulfurization waste liquid treatment, etc. It made full use of its accumulated project experience and customer resources and successfully expanded its business to phosphating and coking (coal) industries.

After years of accumulation, DOULE REFRIGERATION, a wholly-owned subsidiary of the Company, has strong market competitiveness in the domestic oil and gas recovery field and has participated in the drafting of a number of oil and gas recovery industry standards. Its self-developed condensation adsorption oil and gas recovery technology is at the leading level in the same industry. During the reporting period, DOULE REFRIGERATION optimized and innovated the existing process on the basis of the existing products, developed a small vehicle-mounted VOC disposal system, and further expanded the Company's business. At the same time, DOULE REFRIGERATION is also actively developing research and development in the catalytic oxidation of low-concentration gases in the pharmaceutical, printing and dyeing, textile and spraying industries, striving to apply it to other gas fields.

During the reporting period, the Company, as always, attached great importance to research and development. It set up an industrial research institute at the group level, set up a research and development platform, further improved the research and development management system of the whole group, and strengthened the positioning of the Company as a technology company. In the future, the company will rely on digital transformation to further improve research and development efficiency, enhance the professionalism and economy of the company's technology and technology, and consolidate the company's core competitiveness.

2. High-quality service quality advantages and brand advantages

As one of the professional environmental protection companies that started earlier in China, after years of painstaking management and layout in the garbage treatment industry, the company has become a comprehensive service provider that can provide customers with design consultation, high-end equipment production, project contracting and project operation of waste water treatment, solid waste treatment and waste gas purification solutions. In the practice of more than 100 projects, the company has accumulated rich construction experience and customer resources in garbage disposal projects and a professional technical team and mature engineering operation mode, won a good market reputation, and gradually established brand advantages.

During the reporting period, the Company officially launched the independent service brand of "Sunshine Service" and actively promoted the construction of the digital system of operating projects, striving to provide better service experience for customers. At the same time, during the reporting period, according to the Company's brand management system, the Company continued to promote brand publicity and management, starting from the Company's website, logo, exhibition hall, promotional films and other aspects, further strengthening the Group's brand management and brand marketing software and hardware construction, and continuously improving the Company's brand value and core competitiveness. In the future, the Company will continue to focus on the brand value concept of "customer-oriented, honest and rigorous, continuous innovation, open and win-win", strive to provide customers with better quality services, create a more professional, rigorous, efficient and reliable brand image, improve the Company's brand identification, and continuously consolidate the Company's brand advantages in the industry.

3. Talent advantage

The company has always attached importance to the introduction and training of talents. In the process of rapid expansion of business scale and continuous improvement of investment, operation and management level, the company needs to continuously attract and recruit more professional and technical personnel and management personnel. In recent years, the company has continuously introduced all kinds of high-quality technical and management talents, continuously improved the quality of employees through various forms of training, improved the talent incentive and performance appraisal system, stimulated the enthusiasm of employees, and provided a diversified development platform for employees.

During the reporting period, the Company further improved the system of post qualification, internal title system, rank salary scale, etc., explored and tried the internal lecturer system, provided more abundant internal training activities for employees, continuously improved the professional skills and level of employees, promoted the career development of employees, and also provided talent guarantee for the Company's continuous operation and development.

4. Management advantages

In recent years, in order to promote more standardized and efficient company management, According to the current situation of the industry, development trend and market demand, the Company timely and efficiently formulates development strategies in line with the actual situation of

the Company, and actively tries to explore various management modes, adjust the organizational structure of the Company, formulate various business processes and management systems, and strive to ensure the healthy and steady development of the Company and the efficient and orderly development of various work.

During the reporting period, the company has further improved the collectivization management mechanism. We will improve the Group's basic management system, strengthen the control and support of the Group members from the aspects of human resources, finance and market, strengthen the management output, build an efficient communication channel between the Group headquarters and the Group members, realize full cooperation within the Group, continuously strengthen the Group's control awareness while continuously improving the Group's internal management level, and maximize the synergy among the Group members.

Section IV Discussion and Analysis of Business Situation

I. Introduction

During the reporting period, the Company actively and steadily pushed forward various tasks according to the Company's development strategic plan combined with the Company's actual operating needs and business layout, and in accordance with the annual operating plan. In 2019, the Company realized operating income of 2,730,648,145.74 yuan, up 32.24% from the same period last year. Operating profit reached 365,933,986.68 yuan, up 29.45% over the same period last year. Net profit attributable to shareholders of listed companies was 316,710,725.54 yuan, up 36.30% from the same period last year. Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses was 298,884,197.12 yuan, up 37.84% from the same period last year.

During the reporting period, the Company's main daily operations were reported as follows:

1. Main business expansion

During the reporting period, the Company seized the favorable opportunity for the Government to implement various relevant environmental protection policies and plans, continuously expanded its business in various sections, and consolidated and enhanced the competitive advantages and market share of the Company and its subsidiaries in the above sub-sections.

At the end of the reporting period, the Company and its subsidiaries added 3.713.7584 million yuan of new contracts. Among them, the company won the bid for 185 landfill leachate treatment project and operation project. 1.8406 million yuan, 766.3773 million yuan for urban solid waste treatment projects such as food waste, 290.461 million yuan for new biogas and biomass natural gas projects signed by HEEE, a wholly-owned subsidiary of the Company, 654.21 million yuan for industrial energy conservation and environmental protection orders such as motor energy conservation and yellow phosphorus tail gas recovery, and 150.8695 million yuan for sales contracts for oil and gas recovery and VOCs treatment equipment signed by DOULE REFRIGERATION.

In terms of leachate treatment business, in 2019, the Company will intensify its efforts to develop incineration customers and expand the leachate business of incineration plants. At the same time, the Company will actively develop small leachate integration equipment, further expand the Company's

small landfill leachate and village leachate business, and increase the Company's market share in the leachate treatment business. In addition, the company's water treatment team has also initially tried industrial wastewater treatment projects, laying a foundation for the subsequent expansion of industrial wastewater treatment business. In terms of food waste treatment, the Company has grasped the great opportunity to push forward the implementation of relevant policies on domestic waste classification. Taking the Company's existing food waste projects as an example, the Company has actively optimized and promoted the Company's food waste and food waste treatment process and strives to seize the first opportunity. During the reporting period, the Company successively undertook the Shanghai Jinshan Wet Waste Disposal Project and the Shanghai Jiading Wet Waste Disposal Project, further consolidating the Company's market position in the wet waste disposal industry, which is conducive to the continuous expansion of the Company's subsequent food waste disposal business in other cities across the country.

2. Perfect the group management system and continuously improve the group management level.

In March 2019, the Company was officially renamed as "WELLE Environmental Group Co., Ltd." WELLE Group was formally established, which also means that the Company has officially entered a new era of group control. During the reporting period, the Company continued to improve its group management system and tried to establish a line management mechanism, thus improving the Company's operation and management efficiency. In the Group headquarters, the Company has promoted the professional construction of human resources, finance and other sections, and continuously improved the professional ability and management level of the functional departments of the headquarters. At the same time, the Group headquarters strengthened the management and coordination of the Group members from various sections such as human resources, finance, market and procurement, and further strengthened the control of subsidiaries through measures such as system sorting and output, regular meeting reporting and information system construction. In addition, the Group headquarters also provides a more efficient platform for internal cooperation among various business sections. While strengthening the strategic management and professional control capabilities of the headquarters, the Group headquarters comprehensively optimizes the allocation of resources and realizes synergy benefits.

3. Continue to strengthen the implementation of the collection of funds and continuously improve the operating cash flow.

During the reporting period, the Company continued to push forward the implementation of the collection work, especially for old projects, continuously improving the Company's operating cash flow and providing strong support for the Company's performance improvement. The Company has incorporated the annual collection index into the operating responsibility index of each division and subsidiary, requiring each division and subsidiary to formulate an annual collection work plan, break down the collection plan into months or even weeks, specify the specific nodes and responsible persons for collection, and urge the implementation of relevant collection work. Among them, the Company pays special attention to the collection of old projects of various divisions and subsidiaries. At the beginning of the year, all divisions and subsidiaries were required to formulate annual collection targets for old projects, separately prepare annual collection plans for old projects, and report the completion of the plans to the Group headquarters every month. Relevant functional departments of the Group followed up and urged their relevant work to avoid the loss of bad debts and further prevent relevant financial risks.

In 2019, the Company realized a total of 2.545 billion yuan in cash receipts, up 60.33% from the same period last year, and the net cash flow from the Company's operating activities was 195 million yuan.

4. Optimize the management and control of the project to reduce the project cost.

During the reporting period, the Company continued to optimize all aspects of procurement, project construction and operation, continued to strengthen control over project implementation and operation, and further reduced project costs. The Company has further refined the budget preparation requirements for the project implementation of various divisions and subsidiaries, strictly controlled the budget implementation of various projects, strengthened the rigidity of budget implementation, realized the comparison and risk warning between the budget and the actual implementation cost by using the information management system, and improved the budget implementation management level. In terms of procurement, the Group's procurement department has integrated the procurement needs and supplier resources of various subsidiaries, realizing the sharing of high-quality suppliers within the Group, giving full play to the Group's procurement advantages, realizing the procurement of some material groups and reducing the procurement cost. In addition, the company has also promoted the construction of the operation project management information system. Through the Internet platform, relevant data of operating projects are collected and gathered to provide more

detailed and scientific data analysis support for cost reduction and efficiency improvement, which is conducive to the Company to adopt more targeted cost reduction and efficiency improvement measures and continuously improve the gross profit margin of the Project and the Company's operating performance.

5. Build the Group's R&D platform and continue to strengthen R&D innovation.

During the reporting period, according to the plan made at the beginning of the year, the Company formally established the Group-level Industrial Research Institute, formulated the Group's relevant research and development management formulation, and clarified the functions and division of labor between the Industrial Research Institute and the research and development departments of various divisions and subsidiaries. All divisions and subsidiaries of the Company have formulated clear and feasible annual research and development plans according to the existing technological advantages combined with the changing trends of the industry and the effective needs of customers, and have increased the recruitment of full-time research and development personnel. A full-time research and development team has been set up to continuously optimize the existing technology and process, provide guarantee and support for the company's subsequent business extension, and continuously enhance the company's core competitiveness.

6. Strengthen sales management and improve sales level

During the reporting period, the Company's various divisions and subsidiaries continued to expand their sales teams, improve their sales policies, integrate sales resources in various ways, and continuously improve their sales work such as project information tracking and collection, customer relationship management, etc. to improve their sales level. At the same time, the company also focuses on the brand value concept of "customer-oriented, honest and rigorous, continuous innovation, open and win-win". The independent service brand of "Sunshine Service" will be officially launched. Relying on the existing after-sales team, the after-sales management will be strengthened, and the customer service system of WELLE Group will be gradually established to provide customers with better service while increasing customer stickiness, thus consolidating WELLE Group's core competitive advantage of "technology + service".

7. Planning and implementing public issuance of convertible bonds

During the reporting period, the Company planned and implemented the public issuance of convertible bonds according to the Company's operating strategy and actual operating needs. Up to

now, the issuance of convertible bonds for this public issuance has been basically completed. The funds raised from the convertible bonds issued by the Company are mainly used for projects related to the main business and the long-term development of the Company. The investment and construction of the above-mentioned projects will further improve the Company's income scale and profit level. In particular, the three projects of Industrial Research Institute Construction Project, Environmental Protection Intelligent Cloud Platform Construction Project, Marketing Service Network and Exhibition Center Construction Project will further improve the Company's research and development, management and sales capabilities and provide strong guarantee and support for the Company's long-term development and sustainable operation.

II. Analysis of main business

1. Introduction

Please refer to the relevant contents of "I. Introduction" in "Discussion and Analysis of Business Situation".

2. Revenue and cost

(1) Composition of operating income

Overall operating income

Unit: yuan

	2019		2018		Year-on-year increase or decrease
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating income	2,730,648,145.74	100%	2,064,843,723.91	100%	32.24%
Sub-industry					
Environmental protection industry	2,730,648,145.74	100.00%	2,064,843,723.91	100.00%	32.24%
Sub-product					
Environmental protection project	1,700,828,868.56	62.29%	1,105,914,891.59	53.56%	53.79%
Environmental protection equipment	458,096,396.23	16.78%	565,916,282.06	27.41%	-19.05%
Operational Services	242,601,976.60	8.88%	149,552,814.59	7.24%	62.22%
BOT Project Operation	204,535,348.40	7.49%	124,240,629.86	6.02%	64.63%

Energy saving service	116,146,898.52	4.25%	100,372,421.35	4.86%	15.72%
Design Technical Service	8,438,657.43	0.31%	18,846,684.46	0.91%	-55.22%
Sub-region					
Northeast China	188,606,666.99	6.91%	186,727,268.41	9.04%	1.01%
North China	487,339,877.56	17.85%	155,914,034.73	7.55%	212.57%
East China	941,273,593.32	34.47%	838,455,460.57	40.61%	12.26%
Central China	223,093,028.86	8.17%	81,266,863.54	3.94%	174.52%
South China	332,271,455.44	12.17%	362,389,922.45	17.55%	-8.31%
Northwest	100,210,771.15	3.67%	287,805,775.16	13.94%	-65.18%
Southwest	242,661,783.00	8.88%	74,181,933.11	3.59%	227.12%
Overseas	215,190,969.42	7.88%	78,102,465.94	3.78%	175.52%

(2) The situation of industries, products or regions that account for more than 10% of the Company's operating income or operating profit

√ Applicable □ Not Applicable

Unit: yuan

	Operating income	Operating cost	Gross profit margin	Operating income increased or decreased over the same period last year.	Operating costs increased or decreased over the same period last year.	Gross profit margin increased or decreased over the same period last year.
Sub-industry						
Environmental protection industry	2,730,648,145.74	1,897,502,365.03	30.51%	32.24%	36.25%	-2.04%
Sub-product						
Environmental protection project	1,700,828,868.56	1,215,923,765.01	28.51%	53.79%	51.21%	1.22%
Environmental protection equipment	458,096,396.23	265,089,902.01	42.13%	-19.05%	-22.75%	2.77%
Sub-region						
East China	941,273,593.32	632,722,387.98	32.78%	12.26%	6.33%	3.75%
North China	487,339,877.56	320,633,744.44	34.21%	212.57%	243.79%	-5.97%
South China	332,271,455.44	243,485,665.48	26.72%	-8.31%	-5.67%	-2.05%

If the statistical caliber of the Company's main business data is adjusted during the reporting period, the Company's main business data adjusted according to the caliber at the end of the reporting period in the latest year

□ Applicable √ Not Applicable

(3) Whether the Company's physical sales income is greater than the labor service income

□Yes √ No

(4) Performance of major sales contracts signed by the Company up to the reporting period

√ Applicable □ Not Applicable

The Company shall comply with the disclosure requirements of "Shenzhen Stock Exchange GEM Industry Information Disclosure Guidelines No.4—Listed Companies Engaged in Energy Conservation and Environmental Protection Services":

New orders for energy-saving and environmental protection projects and their implementation during the reporting period														
Business Type	New Order						Revenue Recognition		Order		Order in hand at the end of the period			
	Quantity	Amount (10,000 yuan)	Contract signed		Contract not yet signed		Quantity	Revenue Confirmed Amount (10,000 yuan)	Quantity	Unrecognized Income Amount (10,000 yuan)				
			Quantity	Amount (10,000 yuan)	Quantity	Amount (10,000 yuan)								
EPC	97	239,640.53	96	232,190.53	1	7,450	97	163,163.72	167	183,292.98				
Total	97	239,640.53	96	232,190.53	1	7,450	97	163,163.72	167	183,292.98				
Implementation of major orders for energy-saving and environmental protection projects during the reporting period (the order amount accounts for more than 30% of the Company's audited operating income in the latest fiscal year and exceeds 50 million yuan)														
Not applicable														
New orders for energy conservation and environmental protection franchise and their implementation during the reporting period														
Business Type	New Order						Order not executed		Orders in Construction Period				Orders in Operation Period	
	Quantity	Investment Amount (10,000 yuan)	Contract signed		Contract not yet signed		Quantity	Investment Amount (10,000 yuan)	Quantity	Investment Amount Completed in Current Period (10,000 yuan)	Revenue recognized for current period (10,000 yuan)	Uncompleted Investment Amount (10,000 yuan)	Quantity	Operating Income (10,000 yuan)
			Quantity	Investment Amount (10,000 yuan)	Quantity	Investment Amount (10,000 yuan)								
EMC	1	7,000	1	7,000	0	0	0	0	1	1,998.63	0	5,001.37	14	14,469.63
BOT	2	35,821	2	35,821	0	0	0	0	4	8,792.94	6,919.17	33,927.08	11	15,383.39

O&M	1	12,400	1	12,400	0	0	0	0	0	0	0	0	1	4,425.45
BOO	0	0	0	0	0	0	0	0	3	9,751.93	0	17,071.18	0	0
TOT	0	0	0	0	0	0	0	0	0	0	0	0	2	3,476.39
PPP	0	0	0	0	0	0	0	0	1	0	0	2,252.65	1	4,391.1
Total	4	55,221	4	55,221					9	20,543.57	6,319.17	58,252.28	29	42,145.96
During the reporting period, the implementation of major orders for energy conservation and environmental protection franchise during the construction period (the investment amount accounted for more than 30% of the Company's audited net assets in the latest fiscal year and exceeded 50 million yuan)														
Not applicable														

(5) Composition of operating costs

Industry Classification

Industry Classification

Unit: yuan

Industry Classification	Project	2019		2018		Year-on-year increase or decrease
		Amount	Proportion of operating costs	Amount	Proportion of operating costs	
Environmental protection industry	Raw materials	906,859,910.91	47.78%	680,504,347.63	48.86%	33.26%
Environmental protection industry	Subcontracting of other supporting projects	76,637,854.84	4.04%	86,639,593.53	6.22%	-11.54%
Environmental protection industry	Installation and processing subcontracting	266,859,907.45	14.06%	202,068,698.71	14.51%	32.06%
Environmental protection industry	Civil engineering subcontracting	183,024,494.44	9.65%	143,968,156.86	10.34%	27.13%
Environmental protection industry	Design fee	15,474,942.74	0.82%	10,686,278.16	0.77%	44.81%
Environmental protection industry	Labor Cost	137,381,038.07	7.24%	79,511,727.73	5.71%	72.78%

Environmental protection industry	Depreciation	167,568,139.62	8.83%	88,004,459.19	6.32%	90.41%
Environmental protection industry	Energy	60,632,963.77	3.20%	54,268,095.89	3.90%	11.73%
Environmental protection industry	Other	83,063,113.19	4.38%	46,988,524.50	3.37%	76.77%
Environmental protection industry	Total	1,897,502,365.03	100.00%	1,392,639,882.20	100.00%	

Description

(6) Whether the scope of consolidation has changed during the reporting period

Yes No

This year, three new subsidiaries, Quanzhou WELLE Environmental Service Co., Ltd., Changzhou Weizhong New Energy Co., Ltd. And Xi'an WELLE Environmental Service Co., Ltd., were established due to development projects. This year, a total of one secondary subsidiary and two tertiary subsidiaries were added.

(7) Major changes or adjustments of the Company's business, products or services during the reporting period

Applicable Not Applicable

(8) Main sales customers and main suppliers

Main Sales Customers of the Company

Total Sales Amount of Top Five Customers (yuan)	851,096,443.69
The total sales amount of the top five customers accounts for the proportion of the total annual sales amount.	31.16%
Among the top five customers, the sales of related parties account for the proportion of the total annual sales.	6.42%

Top 5 Customer Information of the Company

No.	Customer Name	Sales (yuan)	Proportion of total annual sales
1	Customer 1	257,622,625.36	9.43%
2	Customer 2	175,277,045.17	6.42%
3	Customer 3	170,528,150.28	6.24%

4	Customer 4	137,070,386.97	5.02%
5	Customer 5	11,598,235.91	4.05%
Total	--	851,096,443.69	31.16%

Other Information Description of Major Customers

Applicable Not Applicable

Main Suppliers of the Company

Total Purchase Amount of Top Five Suppliers (yuan)	330,766,374.56
Proportion of total purchase amount of top five suppliers to total annual purchase amount	17.43%
Among the top five suppliers, the proportion of related party purchases to the total annual purchases.	0.00%

Information on Top 5 Suppliers of the Company

No.	Supplier Name	Purchase Amount (yuan)	Proportion of Total Annual Purchases
1	Supplier 1	114,639,942.43	6.04%
2	Supplier 2	68,232,971.76	3.60%
3	Supplier 3	57,197,084.44	3.01%
4	Supplier 4	49,240,769.84	2.60%
5	Supplier 5	41,455,606.09	2.18%
Total	--	330,766,374.56	17.43%

Other Information Description of Major Suppliers

Applicable Not Applicable

3. Expenses

Unit: yuan

	2019	2018	Year-on-year increase or decrease	Description of material changes
Sales expenses	115,445,327.46	104,646,413.59	10.32%	The increase of the company's personnel leads to the increase of employees' salaries and office expenses.
Administrative expenses	166,811,721.15	131,683,560.55	26.68%	The increase of the company's personnel leads to the increase of employees' salaries and office expenses.
Financial expenses	50,058,175.11	36,483,784.08	37.21%	The increase in corporate bank borrowing leads to an increase in interest charges.
Research and	90,054,094.27	67,234,115.39	33.94%	During the reporting period, the

Development Expenses				Company increased its investment in research and development.
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4. Investment in R&D

√ Applicable □ Not Applicable

In 2019, the Company's total investment in research and development was 90.541 million yuan, an increase of 22.82 million yuan over 2018, accounting for 3.30% of the Company's operating income, an increase of 0.04% over the same period last year. At present, the Company's research and development expenses have not been capitalized. The Company's research and development projects are as follows:

No.	Item Name	Project Purpose	Project Progress	Objectives to be achieved	Impact on the Company's Future
1	Low Temperature Evaporation Technology and Equipment for Anti-scaling and Low Energy Consumption Leachate	In view of the high salt content of RO or DTRO leachate, a set of low temperature evaporation technology and complete set of equipment with full quantitative treatment capacity of DTRO/RO leachate are developed to solve the technical problems at the tail end of our company's leachate treatment process.	Test and commissioning stage	A complete set of low-temperature evaporation equipment is formed, and the structure and parameters are optimized according to the operating conditions, so that the evaporation clear liquid can be discharged up to the standard, and the evaporation mother liquor can be harmless and fully quantified.	Research and development of applicable evaporation technology and equipment with low energy consumption, low investment, anti-scaling and anti-pollution has important strategic significance for the company's water treatment business section to further enhance market competitiveness.
2	Technical Equipment for Whole Process Treatment of Concentrated Liquid Water in Concentrated Liquid Multistage Material Membrane Separation Process	Aiming at the problem of secondary concentrated (medium concentrated wastewater) of nanofiltration concentrated solution reduction integrated equipment left over from MBR treatment process of landfill leachate in our company, through independent research and development and design, a technical scheme of "advanced oxidation + biochemical" full quantitative process technology to solve	Debug run phase	The advanced oxidation technology is used to carry out chain-breaking and epoxidation reaction on organic pollutant molecules in that medium-concentrated wastewater, so that the toxicity of pollutants in the medium-concentrated wastewater to microorganisms is reduced and the biodegradability of the medium-concentrated wastewater is improved, the biochemical section is deeply decarbonized and denitrified, and the full quantitative treatment of the	The project can not only promote the improvement of landfill leachate treatment process, It can also be used in coal chemical industry "zero emission" industry, pharmaceutical wastewater treatment industry, mine water treatment industry and other high salt and high concentration organic wastewater treatment fields to reduce organic pollutants in wastewater, which has significant research significance and engineering application value, and at the same time improves the market competitiveness of our company's water treatment

		medium concentrated wastewater is proposed to provide technical support for leachate treatment process.		medium-concentrated wastewater is realized	section.
3	Research and Development of Composting Technology and Equipment for Food waste Pretreatment	This project plans to develop a set of food waste pretreatment solid slag composting technology and equipment, carry out efficient aerobic composting on the pretreatment solid slag to produce high-quality organic fertilizer, further improve our existing food waste treatment technology, and seek a way out for the in-depth disposal and resource utilization of the pretreatment solid slag in current and future food waste projects.	Complete	To develop and form a perfect and complete set of pretreatment solid slag composting scheme, and to carry out overall promotion and application in the industry together with the existing food waste treatment process, to form industrialized and batch products, and to form an efficient pretreatment solid slag composting technology and equipment within the field of food waste independent intellectual property rights, which can reach the domestic leading level.	Pretreatment solid slag contains rich organic matter, and direct landfill or incineration has the phenomena of secondary environmental pollution and incomplete and inadequate utilization of resources. Aerobic composting of pretreatment solid slag can realize further resource utilization of food waste. Therefore, through the development of this project, the company's core competitiveness and equipment within the field of food waste treatment can be improved in two aspects: saving costs, increasing income generation and supplementing, and extending the existing process chain.
4	Integration and Comprehensive Demonstration of Sludge and Waste Disposal and Resource Utilization Technologies	Aiming at effectively reducing pollution load, safe disposal and recycling through independent research and development, an integrated scheme of efficient collection, comprehensive disposal and recycling of sludge and waste in Taihu Lake Basin is proposed to provide a comprehensive demonstration for ecological management of the basin.	The research and development was basically completed, and the demonstration project entered the stage of third-party monitoring.	Aiming at the problem of high pollution load intensity of sludge and other organic wastes in Wujin Yunnan District, Research and development of sewage treatment plant sludge, landfill leachate, food waste, fruit and vegetable garden waste, food waste and river dredging sediment and other fields of waste treatment and recycling technology and complete sets of equipment, the establishment of corresponding information platforms, to achieve efficient collection and comprehensive utilization of	This project is one of the sub-projects of the National Science and Technology Major Project of Water Pollution Control and Treatment, Through the implementation of this project, the company's scientific and technological research strength can be greatly strengthened, various technologies for solid waste treatment in the basin can be fully grasped, the major livelihood problem of pollution treatment in Taihu Lake Basin can be solved, the corporate image can be enhanced, and a solid foundation can be laid for the expansion of the business chain of the company.

				sludge and waste in the basin.	
5	Research and Development of Food Waste Resource Treatment Technology and Complete Equipment	According to the characteristics of food waste in China, research and development of food waste resource utilization and harmless treatment technology and complete sets of equipment suitable for China's national conditions and taking anaerobic digestion as the main process are carried out.	Complete	The energy utilization process and related complete sets of equipment for food waste treatment products are formed, and the structure and parameters are optimized according to the operation conditions to meet the requirements of small organic loss rate, high oil extraction rate and biogas yield, etc. Experience is summarized to guide engineering practice.	The Company actively develops the development of food waste resource utilization and harmless treatment technology. Under the promotion of the national green energy and energy conservation and emission reduction policies, the food waste treatment business is expected to become the Company's new business growth point, expand the Company's business section and enhance the Company's overall strength.
6	Research and Application of Treatment Technology for Black and Odor Water Body	Relying on the implementation of Xuejiashui Environmental Treatment Project, On-site validation of key technologies in systematic solutions, So as to obtain the actual engineering parameters of relevant technologies and provide support for the later application of technologies. Then, from numerous technologies, advanced and mature technologies conforming to the systematic technical route are selected, and then the mechanical technologies are optimized and combined with the verification of the project, so as to strive for the black and smelly water body solution of the project to reach the domestic advanced technical level.	Complete	It is planned to examine the whole process technology of black and smelly water treatment from a systematic perspective, and develop a set of systematic solutions for different customers in combination with the company's existing reserves. Combined with the parameters of engineering application, the optimized technical route is proposed to meet different customer needs.	To develop a set of systematic solutions, which must include different aspects such as sewage interception, sediment treatment, section strengthening, water ecological restoration, etc., and select appropriate technologies for technology combination optimization, so as to provide customers with different types of technical solutions. Through the research and development and verification of this systematic technical scheme, the company's river regulation technical route will mature and meet the technical needs of different customers.
7	Dry fermentation	A pilot plant for anaerobic	Complete	(1) Complete the design and	Promote companies to master

	process and equipment	dry fermentation of refractory organic wastes such as straw was developed, Aiming at the problems that may be encountered in the engineering application of dry fermentation technology, Systematically carry out optimization research to obtain various core parameters of dry fermentation technology, improve the stability and gas production efficiency of anaerobic dry fermentation biogas production system, provide research basis for engineering application of dry fermentation technology, and provide theoretical basis and process data parameters for engineering practice.		processing of the dry anaerobic fermentation treatment pilot plant and stirring equipment with a treatment volume of 10kg/d; (2) Optimize and establish the operating parameters of dry fermentation process to realize dry anaerobic fermentation of pure straw. The TS gas production rates of corn straw and rice straw reach 350 m ³ /t and 300 m ³ /t respectively, and the corresponding volume gas production rates reach 2.5 m ³ /(m ³ • d) and 2.0 m ³ /(m ³ • d) respectively.	core technologies, nationalize key equipment, reduce dependence on imported suppliers, reduce investment in engineering construction, improve market competitiveness of companies, and enhance their position in the industry.
8	Pretreatment Technology of Dry Yellow Straw	Combined with the difficulties and pains of straw biogas production in practical projects, through the comparative study of different straw pretreatment methods, the optimal technical route and operation parameters are obtained, which provides reliable theoretical basis and data support for the promotion and application of this technology.	Complete	(1) Through the optimization of various parameters of mechanical biological pretreatment, the gas production rate is increased by 5%-15%; (2) Developing a set of mechanical biological pretreatment pilot plant with a treatment capacity of 15kg/Tiangan yellow straw; (3) Guiding the engineering application with test parameters to form an engineering solution.	To further strengthen the Company's core technological advantages, quickly realize the transformation of achievements, reduce the Company's engineering construction investment and operating costs, improve the Company's market competitiveness, and enhance the Company's position in the industry.
9	Research and Development of Ballistic Screens Technology and Equipment	The ballistic sorting machine of the project solves the technical problems existing in the prior art and provides a	Complete	A prototype is developed to meet the expected design requirements. It can separate three-dimensional heavy substances, two-	Ballistic screen is a key equipment in the domestic waste treatment process. We are going to introduce advanced German technology, digest its technical

		thorough sorting, reduces inclusions and improves sorting efficiency, thus improving the effective resource utilization rate.		dimensional light substances and fine particles and fall into their respective next-level equipment, laying a foundation for separate treatment of garbage with different physical properties.	difficulties, make it the core equipment produced by our company, and improve our domestic waste treatment technology.
10	Mobile integrated membrane cleaning and regeneration integrated device	The purchase cost of membrane components is an important part of the operating cost of the operating project. In order to reduce the project operation cost, it is urgent to develop a set of waste membrane element cleaning and regeneration device to restore the membrane performance of waste membrane elements, so as to achieve the purpose of reducing the project operation cost of our company.	Design and Assembly Completed	A set of mobile integrated membrane cleaning and regeneration integrated device was designed to restore the membrane performance of waste membrane elements on the operation site. Relevant cleaning liquid parameters and equipment operation control parameters were explored in the cleaning process to complete the restoration of the membrane flux of waste membrane elements to more than 80% of the original.	The integrated equipment mainly serves the leachate operation and commissioning project of our company, cleaning membrane pollutants on the surface of nanofiltration/reverse osmosis membrane elements and restoring the performance of the original membrane elements. As a mobile membrane cleaning equipment, the equipment can effectively reduce the operation cost of our leachate project and conform to the management concept of increasing the overall profit of our company.
11	New Modular Container	In view of the leachate treatment project of small volume transfer station and emergency leachate treatment project, a modular and engineering product-based leachate treatment integrated equipment is developed, which modularizes and produces the engineering concept and can solve the defects of long construction period and large occupied area of traditional leachate treatment engineering mode.	Complete the production and assembly of 100m ³ /d modular equipment	The CJR high-efficiency reactor and external ultrafiltration integrated technology are combined to innovate and form a double-stage loop aeration leachate integrated treatment on the combined mode.	In view of the leachate treatment project of small volume transfer station and emergency leachate treatment project, a modular and engineering product-based leachate treatment integrated equipment is developed, which modularizes and produces the engineering concept and can solve the defects of long construction period and large occupied area of traditional leachate treatment engineering mode.

The Company's R&D Investment Amount and Its Proportion in Operating Income in Recent Three Years

	2019	2018	2017
Number of R&D personnel (person)	230	217	201
Proportion of R&D Personnel	10.40%	11.64%	13.94%
Amount of R&D Investment (yuan)	90,054,094.27	67,234,115.39	49,371,085.97
Proportion of R&D Investment to Operating Income	3.30%	3.26%	3.48%
Capitalized amount of R&D expenditure (yuan)	0.00	0.00	0.00
Ratio of capitalized R&D expenditure to R&D investment	0.00%	0.00%	0.00%
Capitalized R&D Expenditure as Proportion of Current Net Profit	0.00%	0.00%	0.00%

The reason why the proportion of total R&D investment in operating income has changed significantly compared with the previous year.

Applicable Not Applicable

Reasons and Rationality Explanation for Large Changes in Capitalization Rate of R&D Investment

Applicable Not Applicable

5. Cash flow

Unit: yuan

Project	2019	2018	Year-on-year increase or decrease
Subtotal of cash inflows from operating activities	2,670,761,718.56	1,711,965,993.40	56.01%
Subtotal of cash outflows from operating activities	2,475,304,524.23	1,465,870,909.30	68.86%
Net cash flow from operating activities	195,457,194.33	246,095,084.10	-20.58%
Subtotal of cash inflows from investing activities	96,878,044.22	616,475,808.31	-84.29%
Subtotal of cash outflows from investing activities	627,574,711.41	869,275,009.75	-27.80%
Net cash flow from investing activities	-530,696,667.19	-252,799,201.44	-109.93%
Subtotal cash inflows from	1,354,904,871.89	940,211,993.68	44.11%

financing activities			
Subtotal of cash outflows from financing activities	1,185,907,427.99	1,109,582,757.09	6.88%
Net cash flow from fund-raising activities	168,997,443.90	-169,370,763.41	199.78%
Net increase in cash and cash equivalents	-165,290,868.40	-175,368,479.81	5.75%

Description of the Main Influencing Factors of Major Changes in Relevant Data over the same period of last year

Applicable Not Applicable

The net increase in the Company's cash and cash equivalents in 2019 was -165,290,868.40 yuan, an increase of 5.75% over the same period in 2018, mainly due to:

1. Cash inflow from operating activities during the reporting period was 2,670,761,718.56 yuan, up 56.01% from the previous year. The main reason was that the Company strengthened its collection efforts during the reporting period. The amount of project collection increased significantly from the same period last year. The amount of tax refund received by the Company during the reporting period increased from the same period last year.

2. Cash outflow from operating activities during the reporting period was 2,475,304,524.23 yuan, up 68.86% from the previous year. The main reason was that during the reporting period, the Company's procurement expenditure increased significantly from the same period of last year, the taxes paid due to the increase in income increased from the same period of last year, and the increase in the number of employees led to the increase in employee salaries and office expenses paid.

3. Cash inflow from investment activities during the reporting period was 96,878,044.22 yuan, down 84.29% from the previous year, mainly due to the maturity of wealth management products during the reporting period of the previous year.

4. Cash inflow from fund-raising activities during the reporting period was 1,354,904,871.89 yuan, up 44.11% from the same period last year, mainly due to the increase in bank loans of the Company during the reporting period. The bank deposit returned when the acceptance of the guarantee expires increases.

Explanation of the reasons for the significant difference between the net cash flow generated from the Company's operating activities and the net profit of the current year during the reporting period

Applicable Not Applicable

During the reporting period, the net cash flow from the Company's operating activities was

195.4572 million yuan, and the net profit for the current year was 321.346 million yuan, with a difference of 125.8474 million yuan. Excluding asset impairment reserve, depreciation of fixed assets, amortization of intangible assets, investment income, deferred income tax and financial expenses, the impact amount of subjects that did not affect the cash flow from operating activities was 322.0314 million yuan, with a difference amount of 447.8788 million yuan. The difference was due to an increase of 428.9764 million yuan in inventory at the end of the period, which was due to an increase in new construction projects during the reporting period, resulting in an increase in the cost of outstanding projects.

III. Non-main business

Applicable Not Applicable

IV. Status of assets and liabilities

1. Major changes in asset composition

For the first time since 2019, the Company implemented the new financial instrument standards, new income standards or new lease standards, and adjusted and implemented the relevant items in the financial statements at the beginning of the year.

Applicable Not Applicable

Unit: yuan

	End of 2019		Early 2019		Increase or decrease in proportion	Description of material changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary fund	819,021,987.68	10.11%	1,103,290,132.70	15.15%	-5.04%	New construction projects increased, procurement and subcontracting expenditures increased, and investment expenditures increased.
Accounts Receivable	1,306,608,615.41	16.12%	1,067,203,723.73	14.66%	1.46%	Compared with the same period last year, there were more new projects in this reporting period, and the large amount of project settlement confirmed according to the completion progress of the projects led to an increase in accounts receivable.
Inventory	1,608,812,146.	19.85%	1,179,835,774.	16.20%	3.65%	The year-end balance of inventory

	08		04			increased compared with the year-beginning balance, mainly due to more new projects this year and the increase in the balance of completed and unsettled assets formed by construction contracts.
Long-term equity investment	169,849,654.67	2.10%	101,662,154.66	1.40%	0.70%	During the reporting period, Guangzhou Yinli, Haikou Shenwei, CGN Tuquan and Sino-German yuan (Jingmen) invested in
Fixed assets	657,761,854.72	8.12%	558,875,328.97	7.68%	0.44%	During the reporting period, Xi'an Jiangcungou Project and Changchun Project were completed and consolidated.
Construction in progress	422,860,008.14	5.22%	311,633,566.38	4.28%	0.94%	During the reporting period, subsidiaries Dunhua Zhongneng, Guangxi Wuming and Changzhou Dawei increased their investment in EMC projects under construction.
Short-term borrowing	585,374,469.54	7.22%	535,092,658.65	7.35%	-0.13%	
Long-term borrowing	585,304,890.22	7.22%	921,480,260.15	12.66%	-5.44%	

2. Assets and liabilities measured at fair value

Applicable Not Applicable

3. Restricted asset rights as of the end of the reporting period

Item	Book Value at Year-end (yuan)	Reason for Restriction
Monetary fund	216,716,979.70	Guarantee, bank acceptance bill and deposit of letter of credit, etc.
Bills Receivable	19,904,481.44	Deposit for bank acceptance bill
Fixed assets	35,316,967.05	Bank loan mortgage
Intangible assets	76,991,917.71	Bank loan mortgage

V. Analysis of investment status

1. General Situation

√ Applicable □ Not Applicable

Investment in the Reporting Period (yuan)	Investment in the same period last year (yuan)	Range of variation
80,020,000.00	262,937,751.26	-69.57%

2. Major equity investments acquired during the reporting period

√ Applicable □ Not Applicable

Unit: yuan

Name of invested company	Main Business	Investment mode	Amount of investment	Shareholding ratio	Sources of funds	Partner	Investment Term	Product Type	Estimated Revenue	Profit and Loss of Investment in Current Period	Whether to be involved in litigation	Date of Disclosure (if any)	Disclosure Index (if any)
Guangzhou Yinli Environmental Service Co., Ltd.	Environmental Protection Engineering Construction and Service	Capital increase	15,400,000.00	35.00%	Own funds	Guangzhou Qiaoyin Environmental Investment Co., Ltd.	Long term	Sewage treatment		-427,873.00	No		
Zhongguanghe Tuquan Bioenergy Co., Ltd.	Manufacturing of chemical raw materials and chemicals	New	16,800,000.00	30.00%	Own funds	CGN Energy Saving Industry Development Co., Ltd.	Long term	Gas production		0.00	No		
Haikou Shenwei Environmental Service Co., Ltd.	BOT Project Construction and Operation	Capital increase	11,250,000.00	30.00%	Own funds	Haikou Shenwei Environmental Protection Industry Holding	21	Leachate treatment		-852,754.99	No		

						Co., Ltd.							
Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	BOT Project Construction and Operation	Capital increase	26,130,000.00	30.00%	Own funds	CNNC Construction Group Co., Ltd.	30	Food waste treatment		0.00	No		
Total	--	--	69,580,000.00	--	--	--	--	--	0.00	-1,280,627.99	--	--	--

3. Major ongoing non-equity investments during the reporting period

Applicable Not Applicable

4. Financial assets measured at fair value

Applicable Not Applicable

5. Use of raised funds

Applicable Not Applicable

(1) Overall use of raised funds

Applicable Not Applicable

Unit: 10,000 yuan

Year of Raising	Raising method	Total amount of funds raised	Total amount of funds used in the current period	The total amount of funds raised has been used cumulatively.	Total amount of funds raised for change of purpose during the reporting period	Total amount of funds raised for cumulative change of purpose	Proportion of the total amount of funds raised for cumulative change of purpose	Total amount of unused raised funds	Use and destination of unused raised funds	Amount of funds raised idle for more than two years
2016	Non-public issuance	112,256.62	8,103.53	112,204.95	0	97,256.62	86.64%	51.67	Will be used for committed projects	0
Total	--	112,256.62	8,103.53	112,204.95	0	97,256.62	86.64%	51.67	--	0
Description of the General Use of Raised Funds										

(a) the amount of funds raised and the time of arrival: Approved by the China Securities Regulatory Commission on March 16, 2016 "Securities Regulatory Permit No.527, 2016" and "Reply on Approving Jiangsu WELLE Environmental Protection Technology Co., Ltd. to Issue Non-Public Shares", The Company issued 60 million yuan common shares (A shares) in private, each with a par value of 1 yuan. The actual issue price was 19.00 yuan per share, and the total amount of raised funds was 1,140,000,000.00 yuan. After deducting the issue fee of 17,433,800.00 yuan, the actual net raised funds were 1,122,566,200.00 yuan. All the above funds were in place on May 9th, 2016. The availability of the raised funds has been verified by ShineWing Accounting Firm (Special General Partnership) and the Capital Verification Report XYZH/2016SHA10153 has been issued.

(2) Upon the resolution of the second meeting of the third board of directors of the Company on July 12th, 2016, the self-raised funds of 199,000,000.00 yuan that have been invested in the investment projects with the raised funds in 2016 will be replaced with the raised funds in 2016.

(3) Upon the resolution of the 15th Meeting of the Third Board of Directors of the Company on May 23rd, 2017, deliberating and passing the Proposal on Changing Some Investment Projects: The company originally planned to invest 97% of the raised funds. 2.5662 million yuan, Jiangsu Jintan Zhonghe Investment Co., Ltd. (hereinafter referred to as "Jintan Zhonghe") and Changzhou Jintan Construction Industry Group Co., Ltd. (hereinafter referred to as "Jintan Construction") jointly constructed and operated the Jintan Water Supply and Pipe Network Renovation Project. Now that the project has raised and introduced sufficient external funds through relevant financing channels, after consideration and friendly negotiation by all parties, an agreement was reached on the cancellation of the cooperation in the water supply and pipe network renovation project in Jintan City. It is unanimously agreed that the Company and Jintan Construction, Jintan District Public Assets Management Committee Office (hereinafter referred to as "Jintan Public Assets Office") and Changzhou Jintan Jinsha Tap Water Co., Ltd. (hereinafter referred to as "Jintan Jinsha") will sign the Termination Agreement on the Cooperation Agreement of Changzhou Jintan Jinsha Tap Water Co., Ltd., Agree that the Company will terminate its rights and obligations to continue to invest under the Cooperation Agreement on Jintan Jinsha Tap Water Co., Ltd. signed on September 9th, 2015; It was unanimously agreed that the Company signed the Equity Transfer Agreement on Changzhou Jintan Jinsha Tap Water Co., Ltd. with Jintan Zhonghe, Jintan Construction and Jintan Jinsha, agreeing that the Company would transfer all 49% of its equity in Jintan Jinsha to Jintan Zhonghe for a consideration of 49 million yuan. At the same time, the Company changed the use of the raised funds for the raised investment project, including 150 million yuan in cash consideration for the Company's issuance of shares and cash purchase of 100% equity of Suzhou Hanfeng Technology Development Engineering Co., Ltd. (hereinafter referred to as "HANFENG&TECHNOLOGY") and 100% equity of Nanjing Doule Refrigeration Equipment Co., Ltd. (hereinafter referred to as "DOULE REFRIGERATION"); After the transfer of 100% equity of HANFENG&TECHNOLOGY and 100% equity of DOULE REFRIGERATION was completed, according to the requirements of relevant transaction documents, the Company increased the capital of HANFENG&TECHNOLOGY by 200 million yuan and paid 50.1 million yuan of registered capital subscribed by its original 19 shareholders but not actually contributed by DOULE REFRIGERATION. In June 2017, the Company recovered the above-mentioned transfer of Jintan Jinsha's equity of 49 million yuan and used the raised funds to pay HANFENG&TECHNOLOGY's equity cash consideration of 150 million yuan. In July 2017, the Company used the raised funds to pay HANFENG&TECHNOLOGY's capital increase of 200 million yuan and paid the registered capital subscribed by the original 19 shareholders of DOULE REFRIGERATION but not actually contributed 50.1 million yuan.

(4) Upon the resolution of the 22nd Meeting of the Third Board of Directors of the Company on November 3rd, 2017, deliberating and passing the "Proposal on Changing Some Raised Investment Projects" and the "Proposal on Using Idle Raised Funds to Purchase Capital Preservation Financial Products": According to the actual operating needs of the Company, the Company plans to use part of the raised funds totaling 134.3901.45 million yuan for franchise and engineering projects related to the Company's main businesses such as food waste treatment and leachate treatment, of which 84.3901.45 million yuan is expected to be used for franchise projects and 50 million yuan for engineering projects. Specifically, the franchise project Shenyang Daxin Domestic Waste Sanitary Landfill Leachate Treatment PPP Project plans to use the raised funds to invest 36.3901.45 million yuan, Taizhou Urban Organic Recycling Center Project plans to use the raised funds to invest 38 million yuan, Tonglu County Food waste Resource Utilization and Harmless Treatment BOT Project plans to use the raised funds to invest 10 million yuan; Engineering projects Changshu No.2 Domestic Waste

Incineration Power Plant Expansion Project Landfill Leachate Treatment System Reconstruction and Expansion Project and Accompanying Service Project are to use the raised funds to invest 16.3 million yuan, while Qingdao Xiaojianxi Domestic Waste Leachate Treatment Reconstruction and Expansion Project is to use the raised funds to invest 33.7 million yuan. In addition, as the franchise projects are all undertaken by Changzhou WELLE Food Waste Treatment Co., Ltd. (hereinafter referred to as "Changzhou Food Waste") and Changzhou WELLE Environmental Service Co., Ltd. (hereinafter referred to as "Changzhou WELLE"), which are wholly-owned subsidiaries of the Company, The Company will first increase the capital of Changzhou Food Waste and Changzhou WELLE, and then Changzhou Food Waste and Changzhou WELLE will raise funds to invest in the above projects. The Company plans to use idle raised funds with a maximum amount of not more than 300 million yuan to purchase capital-guaranteed financial products with high safety and good liquidity issued by financial institutions, so as to improve the investment income of raised funds. The Company has used the raised funds in November 2017, 9 million yuan to increase the capital of Changzhou WELLE, In November and December 2017, the raised funds of 500,000 yuan and 3 million yuan were used to increase the capital of Changzhou Food Waste respectively. In November and December 2017, the raised funds of 1.698 million yuan and 3.5852 million yuan were used to pay for the purchase of materials and subcontracting of engineering projects respectively. In November and December 2017, the raised funds of 100 million yuan and 180 million yuan were used to purchase short-term financial products respectively.

(5) At the 25th meeting of the third board of directors of the Company on March 29th, 2018, having deliberated and passed the Proposal on Repayment of Corporate Bonds and Bank Loans with Part of the Raised Funds, the Company plans to use a total of 307.6 million yuan of the raised funds from this non-public offering of shares to repay the Company's non-public bonds and bank loans, of which 212.6 million yuan will be used to repay the Company's non-public bonds and 95 million yuan will be used to repay some of the Company's bank loans. The Company has used the raised funds of 212.6 million yuan to repay private debt in April 2018, 40 million yuan to repay bank loans in May 2018, 30 million yuan to repay bank loans in September 2018 and 25 million yuan to repay loans in October 2018.

(6) At the 26th meeting of the third board of directors of the Company on April 16th, 2018, deliberating and passing the Proposal on Increasing Special Accounts for Raising Funds, the Company plans to open a special account for raising funds in Changzhou Zhonglou Sub-branch of Bank of Jiangsu Co., Ltd. and replace part of the raised funds of 1 million yuan originally stored in the special account for raising funds of Changzhou Branch of Everbright Bank Co., Ltd. with Changzhou Zhonglou Sub-branch of Bank of Jiangsu Co., Ltd. For special account storage. The change of the special account for raised funds does not involve the change of the use of raised funds. At the same time, the Company will promptly sign a new tripartite supervision agreement on raised funds with Changzhou Zhonglou Sub-branch of Jiangsu Bank Co., Ltd. and sponsor Debang Securities Co., Ltd., the newly opened special account bank for raised funds.

(7) The Company has used the raised capital of 22.7 million yuan to increase the capital of Changzhou Food Waste in 2018 and the raised capital of 7.3901.45 million yuan to increase the capital of Changzhou WELLE in December 2018. In 2018, the Company will use the raised funds of 108.5309 million yuan to pay for the purchase of materials and subcontracting of engineering projects. It has expired in 2018 to redeem 280 million yuan of wealth management products purchased with the raised funds in 2017, 100 million yuan of the raised funds to purchase short-term wealth management products in June 2018, and will expire in September 2018 to redeem.

(8) In 2019, the Company will use the raised funds of 81.0353 million yuan to pay for the purchase of materials and subcontracting of engineering projects. In 2019, a total of 443 million yuan of raised funds will be used to purchase structured deposits on a rolling basis, with a single purchase amount not exceeding 65 million yuan and a period of one month. Of this amount, 413 million yuan has expired in 2019 and 30 million yuan has expired in January 2020. In the current period, bank deposit interest income after deducting bank handling fees is 2.0736 million yuan.

(9) As of December 31st, 2019, the Company has used a total of 1,122,049,544.93 yuan to raise funds from the non-public offering of shares to specific investors, and the balance of raised funds in the raised funds account is 55,639,680.23 yuan (including 55,123,025.16 yuan of interest income from bank deposits of raised funds after deducting bank handling fees).

(2) Promised projects of raised funds

√ Applicable □ Not Applicable

Unit: 10,000 yuan

Promised Investment Projects and over-raised Funds	Whether the item has been changed (including partial changes)	Total Committed Investment of Raised Funds	Adjusted Total Investment (1)	Amount invested during the reporting period	Cumulative Investment Amount Up to the End of Period (2)	Investment progress as of the end of the period (3)	Date when the project reaches its scheduled serviceable status	Benefits realized during the reporting period	Accumulated benefits realized by the end of the reporting period	Whether the expected benefits have been achieved	Is there any significant change in the feasibility of the project
Promised Investment Projects											
BOT Project of Tonglu County Sewage Treatment Grade I A Bid Upgrading and Reconstruction Project	No	6,000	6,000	0	6,000	100.00%	December 31 st , 2016	252.78	734.4	Yes	No
BOT Franchise Project of Wenling Landfill Leachate Treatment Plant Reconstruction and Extension Phase II Project	No	3,000	3,000	0	3,000	100.00%	June 1 st , 2016	297.76	641.22	Yes	No
Qililong Sewage Treatment Plant (Phase I TOT, Phase I Bid Raising and Phase II BOT) Project, Fuchunjiang Town, Tonglu County	No	6,000	6,000	0	6,000	100.00%	December 31 st , 2016	9.33	61.25	Yes	No
Jintan City Water Supply and Pipe Network Reconstruction Project	Yes	97,256.62	0	0	0					Not applicable	Yes
Investment in HANFENG&TECHNOLOGY	Yes	0	35,000	0	35,000	100.00%	May 31 st , 2017	11,026.7	24,027.45	No	No
Investment in DOULE REFRIGERATION	Yes	0	5,001	0	5,001	100.00%	May 31 st , 2017	4,856.67	10,403.53	Yes	No
PPP Project for Leachate Treatment of Shenyang Daxin Domestic Waste	Yes	0	3,639.01	0	3,639.01	100.00%	December 31 st , 2018	2,062.04	3,300.33	Yes	No

Sanitary Landfill Site											
Taizhou Urban Organic Recycling Center Project	Yes	0	3,800	0	2,320	61.05%	December 31 st , 2020			Not applicable	No
BOT Project for Resource Utilization and Harmless Treatment of Food waste in Tonglu County	Yes	0	1,000	0	1,000	100.00%	December 31 st , 2019	34.76	34.76	Yes	No
Renovation and Expansion Project of Landfill Leachate Treatment System and Accompanying Service Project of Changshu No.2 Domestic Waste Incineration Power Plant Expansion Project	Yes	0	1,630	616.83	1,517.16	93.08%	June 30 th , 2020		426.26	Yes	No
Qingdao Xiaojianxi Domestic Landfill Leachate Treatment Reconstruction and Expansion Project	Yes	0	3,370	357.07	3,166.38	93.96%	December 31 st , 2018		1,097.28	No	No
Equipment Procurement Project of Leachate Reconstruction and Expansion Project of Shaoxing Dawuao Landfill Site	Yes	0	1,000	309.05	999.87	99.99%	December 31 st , 2018	4.66	1,180.44	Yes	No
Xi'an Food waste Resource Utilization and Harmless Treatment Project (Phase I) Process System Engineering	Yes	0	3,000	897.1	2,981.54	99.38%	December 31 st , 2018	21.92	2,365.52	Yes	No
Shaoxing Circular Ecological Industrial Park (Phase I) Food waste Treatment Plant Construction Project Process System Equipment Procurement Project	Yes	0	2,300	379.5	1,612.65	70.12%	December 31 st , 2019	159.86	1,434.18	Yes	No
Complete Equipment	Yes	0	2,500	450.05	2,223.27	88.93%	September	758.24	758.24	Not	No

Supply Project for Leachate Treatment System (Biochemical Treatment Part) of Eastern Environmental Protection Power Plant							er 30 th , 2020			applicab le	
ONOUT Solid Waste Treatment Center Community Waste Treatment Project	Yes	0	7,500	5,093.93	6,984.08	93.12%	Decembe r 31 st , 2019	5,738.47	5,738.47	Yes	No
Repayment of Private Corporate Bonds	Yes	0	21,260	0	21,260	100.00%				Not applicab le	No
Repayment of part of the company's bank loan	Yes	0	9,500	0	9,500	100.00%				Not applicab le	No
Subtotal of committed investment projects	--	112,256.62	115,500.01	8,103.53	112,204.96	--	--	25,223.19	52,203.33	--	--
Investment of over-raised funds											
None	No										
Total	--	112,256.62	115,500.01	8,103.53	112,204.96	--	--	25,223.19	52,203.33	--	--
The situation and reasons for not reaching the planned progress or expected income (divided into specific projects)	None										
Description of Major Changes in Project Feasibility	Jintan City Water Supply and Pipe Network Reconstruction Project: The company originally planned to invest 97% of the raised funds. 256.62 yuan, together with Jintan Zhonghe and Jintan Construction, will jointly build and operate the water supply and pipe network renovation project in Jintan City. Now that the project has raised and introduced sufficient external funds through relevant financing channels, after consideration and friendly negotiation by all parties, an agreement was reached on the cancellation of the cooperation in the water supply and pipe network renovation project in Jintan City. It was unanimously agreed that the Company and Jintan Construction, Jintan Public Capital Office and Jintan Sands signed the Termination Agreement on the Cooperation Agreement of Changzhou Jintan Sands Tap Water Co., Ltd., agreeing that the Company will terminate its rights and obligations to continue investment under the Cooperation Agreement on Jintan Sands Tap Water Co., Ltd. signed on September 9 th , 2015. It was unanimously agreed that the Company signed the Equity Transfer Agreement on Changzhou Jintan Jinsha Tap Water Co., Ltd. with Jintan Zhonghe, Jintan Construction and Jintan Jinsha, agreeing that the Company would transfer all 49% of its equity in Jintan Jinsha to Jintan Zhonghe for a consideration of 49 million yuan.										
The amount, purpose and	Not applicable										

progress of over-raised funds	
Change of Implementation	Not applicable
Location of Investment	
Projects with Raised Funds	
Adjustment of Implementation Mode of Investment Projects with Raised Funds	Not applicable
Advance Investment and Replacement of Investment Projects with Raised Funds	Applicable The projects in which the Company has raised investment and replacement in advance are "BOT Project of Tonglu County Sewage Treatment Grade I A Bid Upgrading and Reconstruction Project", "BOT Franchise Project of Wenling City Landfill Leachate Treatment Plant Reconstruction and Expansion Phase II Project", "Qililong Sewage Treatment Plant (Phase I TOT, Phase I Bid Raising and Phase II BOT) Project "and" Jintan Water Supply and Pipe Network Renovation Project ". Since January 2015, the Company has used self-raised funds to make some early investment in the Project. As of May 9, 2016, the self-raised funds invested in the Project are 202.6824 million yuan. According to the resolution of the second meeting of the third board of directors of the Company on July 12, 2016, the raised funds will be used to replace the self-raised funds of 199 million yuan that have been previously invested in the raised funds investment projects.
Temporary Replenishment of Working Capital with Idle Raised Funds	Not applicable
Amount and Reasons of Raised Funds Balance in Project Implementation	Not applicable
Use and destination of unused raised funds	As of December 31 st , 2019, the remaining 55,639,680.23 yuan of raised funds will be gradually used for the above-mentioned promised investment projects; In addition, for the remaining raised funds of Jintan Water Supply and Pipe Network Renovation Project, the Company will select new investment projects related to the Company's main business as soon as possible, scientifically and reasonably, so as to effectively ensure the rational use of the surplus raised funds.
Problems or other circumstances existing in the use and disclosure of raised funds	None

(3) Changes in the project of raised funds

√ Applicable □ Not Applicable

Unit: 10,000 yuan

Changed Items	Correspondin	Total	Actual	Actual	Investme	Date	Benefits	Whether	Is there
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	original commitment items	amount of funds to be invested and raised for the changed project (1)	Investment Amount in the Reporting Period	Accumulated Investment Amount Up to the End of Period (2)	Investment progress as of the end of the period (3) = (2)/(1)	when the project reaches its scheduled serviceable status	realized during the reporting period	the expected benefits have been achieved	any significant change in the feasibility of the changed project
Invest in HANFENG&TECHNOLOGY	Jintan City Water Supply and Pipe Network Reconstruction Project	35,000	0	35,000	100.00%	May 31 st , 2017	11,026.7	No	No
Investment in DOULE REFRIGERATION	Jintan City Water Supply and Pipe Network Reconstruction Project	5,001	0	5,001	100.00%	May 31 st , 2017	4,856.67	Yes	No
PPP Project for Leachate Treatment of Shenyang Daxin Domestic Waste Sanitary Landfill Site	Jintan City Water Supply and Pipe Network Reconstruction Project	3,639.01	0	3,639.01	100.00%	December 31 st , 2018	2,062.04	Yes	No
Taizhou Urban Organic Recycling Center Project	Jintan City Water Supply and Pipe Network Reconstruction Project	3,800	0	2,320	61.05%	December 31 st , 2020		Not applicable	No
Tonglu County Food waste Resource Utilization and Harmless Treatment BOT Project	Jintan City Water Supply and Pipe Network Reconstruction Project	1,000	0	1,000	100.00%	December 31 st , 2019	34.76	Not applicable	No
Renovation and Expansion Project of Landfill Leachate Treatment System and Accompanying Service	Jintan City Water Supply and Pipe Network	1,630	616.83	1,517.16	93.08%	June 30 th , 2020		Under construction of the project	No

Project of Changshu No.2 Domestic Waste Incineration Power Plant Expansion Project	Reconstruction Project								
Qingdao Xiaojianxi Domestic Landfill Leachate Treatment Reconstruction and Expansion Project	Jintan City Water Supply and Pipe Network Reconstruction Project	3,370	357.07	3,166.38	93.96%	December 31 st , 2018		No	No
Equipment Procurement Project of Leachate Reconstruction and Expansion Project of Shaoxing Dawuao Landfill Site	Jintan City Water Supply and Pipe Network Reconstruction Project	1,000	309.05	999.87	99.99%	December 31 st , 2018	4.66	Yes	No
Complete Equipment Supply Project for Leachate Treatment System (Biochemical Treatment Part) of Eastern Environmental Protection Power Plant	Jintan City Water Supply and Pipe Network Reconstruction Project	2,500	450.05	2,223.27	88.93%	September 30 th , 2020	758.24	Under construction of the project	No
Xi'an Food waste Resource Utilization and Harmless Treatment Project (Phase I) Process System Engineering	Jintan City Water Supply and Pipe Network Reconstruction Project	3,000	897.11	2,981.54	99.38%	December 31 st , 2018	21.92	Yes	No
ONOUT Solid Waste Treatment Center Waste Treatment Project	Jintan City Water Supply and Pipe Network Reconstruction Project	7,500	5,093.93	6,984.08	93.12%	December 31 st , 2019	5,738.47	Yes	No
Shaoxing Circular Ecological Industrial Park (Phase I) Food waste Treatment Plant Construction Project Process System Equipment Procurement Project	Jintan City Water Supply and Pipe Network Reconstruction Project	2,300	379.5	1,612.65	70.12%	December 31 st , 2019	159.86	Yes	No

Repayment of Private Corporate Bonds	Jintan City Water Supply and Pipe Network Reconstruction Project	21,260	0	21,260	100.00%			Not applicable	No
Repayment of part of the company's bank loan	Jintan City Water Supply and Pipe Network Reconstruction Project	9,500	0	9,500	100.00%			Not applicable	No
Total	--	100,500.01	8,103.54	97,204.96	--	--	24,663.32	--	--
Description of reasons for change, decision-making procedures and information disclosure (by specific items)									

Upon the resolution of the 15th Meeting of the Third Board of Directors of the Company on May 23, 2017, Deliberating and passing the Proposal on Changing Some Investment Projects: The company originally planned to invest 97% of the raised funds. 2.5662 million yuan, Jiangsu Jintan Zhonghe Investment Co., Ltd. (hereinafter referred to as "Jintan Zhonghe") and Changzhou Jintan Construction Industry Group Co., Ltd. (hereinafter referred to as "Jintan Construction") jointly constructed and operated the Jintan Water Supply and Pipe Network Renovation Project. Now that the project has raised and introduced sufficient external funds through relevant financing channels, after consideration and friendly negotiation by all parties, an agreement was reached on the cancellation of the cooperation in the water supply and pipe network renovation project in Jintan City. It is unanimously agreed that the Company and Jintan Construction, Jintan District Public Assets Management Committee Office (hereinafter referred to as "Jintan Public Assets Office") and Changzhou Jintan Jinsha Tap Water Co., Ltd. (hereinafter referred to as "Jintan Jinsha") will sign the Termination Agreement on the Cooperation Agreement of Changzhou Jintan Jinsha Tap Water Co., Ltd., agree that the Company will terminate its rights and obligations to continue to invest under the Cooperation Agreement on Jintan Jinsha Tap Water Co., Ltd. signed on September 9th, 2015; It was unanimously agreed that the Company signed the Equity Transfer Agreement on Changzhou Jintan Jinsha Tap Water Co., Ltd. with Jintan Zhonghe, Jintan Construction and Jintan Jinsha, agreeing that the Company would transfer all 49% of its equity in Jintan Jinsha to Jintan Zhonghe for a consideration of 49 million yuan. At the same time, the Company changed the use of the raised funds for the raised investment project, including 150 million yuan in cash consideration for the Company's issuance of shares and cash purchase of 100% equity of Suzhou Hanfeng Technology Development Engineering Co., Ltd. (hereinafter referred to as "HANFENG&TECHNOLOGY") and 100% equity of Nanjing Doule Refrigeration Equipment Co., Ltd. (hereinafter referred to as "DOULE REFRIGERATION"); After the transfer of 100% equity of HANFENG&TECHNOLOGY and 100% equity of DOULE REFRIGERATION was completed, according to the requirements of relevant transaction documents, the Company increased the capital of HANFENG&TECHNOLOGY by 200 million yuan and paid 50.1 million yuan of registered capital subscribed by its original 19 shareholders but not actually contributed by DOULE REFRIGERATION. In June 2017, the Company recovered the above-mentioned transfer of Jintan Jinsha's equity of 49 million yuan and used the raised funds to pay HANFENG&TECHNOLOGY's equity cash consideration of 150 million yuan. In July 2017, the Company used the raised funds to pay HANFENG&TECHNOLOGY's capital increase of 200 million yuan and paid the registered capital subscribed by the original 19 shareholders of DOULE REFRIGERATION but not actually contributed 50.1 million yuan.

Upon the resolution of the 22nd Meeting of the Third Board of Directors of the Company on November 3rd, 2017, deliberating

and passing the "Proposal on Changing Some Raised Investment Projects" and the "Proposal on Using Idle Raised Funds to Purchase Capital Preservation Financial Products": According to the actual operating needs of the Company, the Company plans to use part of the raised funds totaling 134.3901.45 million yuan for franchise and engineering projects related to the Company's main businesses such as food waste treatment and leachate treatment, of which 84.3901.45 million yuan is expected to be used for franchise projects and 50 million yuan for engineering projects. Specifically, the franchise project Shenyang Daxin Domestic Waste Sanitary Landfill Leachate Treatment PPP Project plans to use the raised funds to invest 36.3901.45 million yuan, Taizhou Urban Organic Recycling Center Project plans to use the raised funds to invest 38 million yuan, Tonglu County Food waste Resource Utilization and Harmless Treatment BOT Project plans to use the raised funds to invest 10 million yuan; Engineering projects Changshu No.2 Domestic Waste Incineration Power Plant Expansion Project Landfill Leachate Treatment System Reconstruction and Expansion Project and Accompanying Service Project are to use the raised funds to invest 16.3 million yuan, while Qingdao Xiaojianxi Domestic Waste Leachate Treatment Reconstruction and Expansion Project is to use the raised funds to invest 33.7 million yuan. In addition, as the franchise projects are all undertaken by Changzhou WELLE Food Waste Treatment Co., Ltd. (hereinafter referred to as "Changzhou Food Waste") and Changzhou WELLE Environmental Service Co., Ltd. (hereinafter referred to as "Changzhou WELLE"), which are wholly-owned subsidiaries of the Company. The Company will first increase the capital of Changzhou Food Waste and Changzhou WELLE, and then Changzhou Food Waste and Changzhou WELLE will raise funds to invest in the above projects. The Company plans to use idle raised funds with a maximum amount of not more than 300 million yuan to purchase capital-guaranteed financial products with high safety and good liquidity issued by financial institutions, so as to improve the investment income of raised funds. The Company has used the raised funds in November 2017, 9 million yuan to increase the capital of Changzhou WELLE, In November and December 2017, the raised funds of 500,000 yuan and 3 million yuan were used to increase the capital of Changzhou Food Waste respectively. In November and December 2017, the raised funds of 1.698 million yuan and 3.5852 million yuan were used to pay for the purchase of materials and subcontracting of engineering projects respectively. In November and December 2017, the raised funds of 100 million yuan and 180 million yuan were used to purchase short-term financial products respectively.

At the 25th meeting of the third board of directors of the Company on March 29th, 2018, having deliberated and passed the Proposal on Repayment of Corporate Bonds and Bank Loans with Part of the Raised Funds. The Company plans to use a total of 307.6 million yuan of the raised funds from this non-public offering of shares to repay the Company's non-public bonds and bank loans, of which 212.6 million yuan will be used to repay the Company's non-public bonds and 95 million yuan will be used to repay some of the Company's bank loans. The Company has used the raised funds of 212.6 million yuan to repay private debt in April 2018, 40 million yuan to repay bank loans in May 2018, 30 million yuan to repay bank loans in September 2018 and 25 million yuan to repay loans in October 2018. At the 26th meeting of the third board of directors of the Company on April 16th, 2018, deliberating and passing the Proposal on Increasing Special Accounts for Raising Funds. The Company plans to open a special account for raising funds in Changzhou Zhonglou Sub-branch of Bank of Jiangsu Co., Ltd. and replace part of the raised funds of 1 million yuan originally stored in the special account for raising funds of Changzhou Branch of Everbright Bank Co., Ltd. with Changzhou Zhonglou Sub-branch of Bank of Jiangsu Co., Ltd. For special account storage. The change of the special account for raised funds does not involve the change of the use of raised funds. At the same time, the Company will sign a new tripartite supervision agreement on raised funds in a timely manner with Changzhou Zhonglou Sub-branch of Jiangsu Bank Co., Ltd. and sponsor Debang Securities Co., Ltd., the newly opened special bank for raised funds. The Company has used the raised capital of 22.7 million yuan to increase the capital of Changzhou Food Waste in 2018 and the raised capital of 7.3901.45 million yuan to increase the capital of Changzhou WELLE in December 2018. In 2018, the Company will use the raised funds of 108.5309 million yuan to pay for the purchase of materials and subcontracting of engineering projects. It has expired in 2018 to redeem 280 million yuan of wealth management products purchased with the raised funds in 2017, 100 million yuan of the raised funds to purchase short-term wealth management products in June 2018, and will expire in September 2018 to redeem.

In 2019, the Company will use the raised funds of 81.0353 million yuan to pay for the purchase of materials and subcontracting of engineering projects. In 2019, a total of 443 million yuan of raised funds were used to purchase short-term wealth management products,

of which 413 million yuan expired in 2019 and 30 million yuan expired in January 2020. In the current period, interest income from bank deposits after deducting bank handling fees was 2.0736 million yuan.

The situation and reasons for not reaching the planned progress or expected income (divided into specific projects)

The actual cost of Qingdao Xiaojianxi Municipal Solid Waste Leachate Treatment Reconstruction and Expansion Project is greater than the expected cost and has not achieved the expected benefits.

As of December 31, 2019, HANFENG&TECHNOLOGY's cumulative profit from 2016 to 2019 was 268,588,248.67 yuan, 4,411,751.33 yuan less than Chen Weizu, Xu Yankai and Zhang Qunhui's cumulative profit forecast commitments, and did not achieve the expected benefits.

Description of significant changes in the feasibility of the changed project Not applicable

VI. Sale of major assets and equity

1. Sale of major assets

Applicable Not Applicable

The Company did not sell any major assets during the reporting period.

2. Sale of major shares

Applicable Not Applicable

VII. Analysis of major holding and equity participation companies

Applicable Not Applicable

Major subsidiaries and equity-holding companies with an impact of more than 10% on the company's net profit

Unit: yuan

Company Name	Company Type	Main Business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hangzhou Energy and Environmental Engineering Co., Ltd.	Subsidiary Company	General Contracting for Biogas Project Design and Construction and Manufacturing and Sales of Complete Equipment	50000000	608,880,072.37	277,827,767.31	260,597,371.43	48,904,815.40	42,655,206.09

Nanjing Doule Refrigeration Equipment Co., Ltd.	Subsidiary Company	Manufacturing and Sales of Oil and Gas Recovery Equipment	60010000	318,848,708.23	182,271,787.77	233,624,209.33	53,252,513.43	48,566,700.81
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	Subsidiary Company	Energy saving service	22000000	954,361,630.04	544,075,753.74	429,796,085.39	125,542,505.07	11,266,983.27

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

Description of Major Holding and Equity Participation Companies

VIII. Structured subjects controlled by the company

Applicable Not Applicable

IX. Prospect of the company's future development

1. Industry structure and trend

With the intensive introduction of environmental protection policies and increasingly strict environmental protection supervision, China's environmental protection market is in strong demand and showing a rapid growth trend, attracting a large number of potential competitors such as central companies and state-owned companies to enter, resulting in increasingly fierce competition in the environmental protection industry. In the past, most environmental protection projects were mainly invested, operated and supervised by the government. Government investment, operation and supervision are integrated, while environmental protection companies mainly play the role of engineering construction units, which leads to relatively low entry barriers for the environmental protection industry, numerous participants in environmental protection engineering companies, less prominent advantages of technical environmental protection companies in industry competition, and low concentration of environmental protection industry.

In recent years, with the implementation of relevant policies by the government to vigorously guide and encourage social capital to enter the investment field of municipal environmental protection facilities, PPP mode is vigorously implemented in the environmental protection industry. At present,

all investment environmental protection projects are invested by social capital with its own or self-raised funds. The investment and operation are integrated. In the future, social capital will recover the investment and obtain returns through the standard operation of the projects. The government will assume the role of purchasing service providers and is also the environmental protection supervision department. However, with the tightening of environmental protection supervision, social capital investors will pay more and more attention to the economy and long-term stability of the technology process. When selecting the technology service provider, they will consider more factors such as the company's industry status, technology research and development capability, engineering experience, professionalism and economy of the process, etc. The above changes all mean that technology will gradually become the core competitive factor for environmental protection technology companies to obtain environmental protection projects. Environmental protection companies that pay attention to technological innovation, have core competitiveness and can effectively solve environmental pollution problems can still stand out, the entry threshold for environmental protection industry will continue to increase, and the industrial concentration will also rapidly increase.

As an environmental protection technology company, the company has always insisted on taking technology as its core competitiveness, continuously carrying out technological innovation, continuously strengthening the business model of "environmental protection technology solutions + operational services" and striving to create a differentiated competitive advantage of "technology + services". In the future, the company will continue to give full play to its advantages in technological research and development, We will always combine research and development innovation with industrial layout and engineering practice around customer needs to provide more professional and accurate technical solutions and better after-sales value-added services for relevant environmental protection investment operators and industrial customers, so as to further improve the company's competitiveness and enhance the company's operating performance.

In addition, the Company will continue to strengthen cooperation with strategic partners with strong strength such as central companies and local state-owned assets platforms in business development, foster strengths and avoid weaknesses, make full use of the advantages of all parties, integrate resources, capital, technology and other resources, continuously expand various core businesses, and enhance the competitiveness of the Company.

2. Business plan of the company for 2020

(1) Continue to focus on the main business and achieve breakthroughs in new business areas,

In 2020, the Company and its subsidiaries will seize the favorable opportunity for the government to implement various relevant environmental protection policies and plans, focus on the two major fields of "urban and rural organic waste recycling" and "comprehensive utilization of industrial waste", and combine the Company's existing business resources and competitive advantages to continue to deepen the main business and improve the Company's operating performance.

In the water treatment business section, in addition to continuing to expand the landfill leachate business, the Company will seize the opportunity of landing relevant policies on domestic waste classification and intensify efforts to develop the biogas slurry disposal business market. The company will also try to expand the industrial wastewater business field and further improve the company's business layout. In the food waste disposal section, the company will seize the opportunity of 46 waste classification pilot cities to start the construction of waste classification and treatment systems first, Constantly optimize the existing process, do a good job in the construction and operation of the existing wet waste disposal project, and turn it into a model project for the Company's food waste disposal, so as to better promote the Company's food waste disposal process nationwide in the future and continuously expand the wet waste disposal business section. HEEE will continue to carry out research and development innovation on multi-component organic waste co-fermentation technology, covering various urban and rural organic wastes such as straw, urban catering food waste and garden waste with anaerobic technology to realize integrated treatment. It will also actively lay out relevant industrial anaerobic business fields and strive to achieve its breakthrough in the industrial anaerobic field this year. HANFENG&TECHNOLOGY and DOULE REFRIGERATION will also seize the opportunity of the continuous release of industrial environmental protection needs, expand their existing businesses, fully tap other environmental protection needs of existing industrial customers, and realize business extension.

In addition, the Company will continue to strengthen cooperation with strategic partners such as central companies and local state-owned assets platforms in business development, explore and try new business cooperation modes and new business modes, integrate external resources, continuously expand the Group's core businesses, and continuously enhance the market position of various sub-sections.

(2) Fully promote digital transformation

In 2020, the company will comprehensively promote the digital transformation. Based on the company's development strategy, the company will formulate the overall plan for digital transformation, determine the key assessment indicators for digital transformation, and build the overall framework of the digital system. The company will establish a complete group data center, big data cloud platform, and intelligent system. It is applied to the construction of intelligent and information-based projects such as leachate treatment and food waste treatment to enable it to undertake the Company's strategic development direction and business model upward, plan and guide the rationalization of the Company's various business sections downward, improve the efficiency of resource allocation, further optimize the Company's business processes, achieve cost reduction and efficiency improvement, continuously improve the Company's technology and services, and then improve the Company's management level and core competitiveness. In 2020, the Company will strive to build and complete three major software platforms, namely, the company management software platform, the water treatment business and solid waste treatment business operation service management platform, and the information security cloud platform, and put them into actual use.

(3) Continuously strengthen the management output of the Group and improve the management level of the Group.

In 2020, the Company will continue to improve the group management system, strengthen the management output to subsidiaries, promote the improvement of line management, and improve the efficiency of operation and management. The Company will comprehensively strengthen the Group's output of basic management systems and management tools to each subsidiary, follow up and supervise the implementation of standardization of subsidiary engineering construction and product design, strengthen real-time guidance to subsidiary operations, gradually improve the standardized operation level of subsidiaries, and prevent the operational risks of subsidiaries. The Group headquarters will continue to promote the line management of human resources, finance, procurement and other sections, strengthen the management, control and coordination of Group members, fully mobilize the enthusiasm of Group members, and strengthen the headquarters' strategic management and professional control capabilities. In terms of human resources line management, the Group will provide subsidiaries with a complete basic human resources management system and supervise their implementation, assist subsidiaries to complete the formulation and implementation of personalized

human resources demand solutions, provide them with a Group-wide online learning platform and knowledge base, and comprehensively enhance their professional capabilities. In terms of purchasing line management, the Company will try to establish a centralized purchasing list, implement a centralized purchasing system for key materials, and at the same time implement a quarterly or monthly purchasing report system in subsidiaries. On the basis of this, the Company will issue a timely internal purchasing analysis report of the Group, effectively improve the efficiency and level of the Group's purchasing management, and comprehensively optimize the allocation of resources.

(4) Continue to strengthen research and development innovation

As an environmental protection technology company, the company will not forget to insist on technological research and development and technological innovation at the beginning. In 2020, the Company will continue to focus on the implementation and promotion of research and development work of various divisions and subsidiaries, including the construction of its full-time research and development team, the progress and implementation of annual research and development projects, and the transformation of research and development results. With the help of the platform of the Group Industry Research Institute, the Company will further improve the research and development management system, sort out the research and development process, coordinate the allocation of the Group's research and development resources, coordinate the research and development cooperation of all members of the Group, and improve the research and development efficiency. In addition, the Group will also explore and implement the incentive policy for research and development achievements within the Group, fully mobilize the enthusiasm of all research and development teams, increase the attention of all employees to research and development work, and further improve the conversion rate and economic rate of return of research and development achievements, so as to consolidate and enhance the Company's technological competitive position and enhance the Company's core competitiveness.

(5) Continue to attach importance to strengthening the collection of funds

In 2020, the Company will continue to strengthen the implementation of the repayment work, continuously improve the Company's operating cash flow, and provide strong support for the Company's performance improvement. The Company continues to attach great importance to the collection of accounts receivable from various business units within the Group, strictly assesses the completion of the annual collection indicators of various divisions and subsidiaries, and urges the

implementation of relevant collection work. The Company will continue to pay more attention to the collection of old projects of various divisions and subsidiaries. All divisions and subsidiaries are required to separately prepare the annual collection plan for old projects, put forward the annual collection target for old projects, decompose the relevant collection tasks quarterly, report the completion of the plan monthly, and actively take relevant recovery measures for the receivables of old projects that cannot be recovered, so as to further prevent relevant financial risks and improve the Company's operating performance.

(6) Continuously carry out the work of talent introduction, training and retention

In 2020, the Company will continue to carry out the work of talent introduction, training and retention, continuously introduce excellent management and technical talents, improve the talent training mechanism, carry out various on-the-job training and learning, provide more opportunities and platforms for the Company's employees, and prevent the loss of core talents. At the same time, the Company will adjust and perfect the employee incentive system according to the needs of the Company's business development, fully mobilize the enthusiasm of the Company's employees to participate in the Company's business development, stimulate the vitality and enthusiasm of the employees, and comprehensively enhance the sense of belonging and identity of the employees. In addition, the Company will explore and try to implement long-term incentive policies for its senior management and core employees in some subsidiaries to further ensure the stability of its core operation and technical team and provide guarantee for its sustained and stable operation.

X. Reception research, communication, interview and other activities registration form

1. Registration form for reception, investigation, communication, interview and other activities during the reporting period

Applicable Not Applicable

Reception time	Reception mode	Reception object type	Basic Information Index of Investigation
July 04, 2019	Field investigation	Organization	Record Form of Investor Relations Activities of WELLE Environmental Group Co., Ltd. No.: 2019-001

Section V Important Matters

I. Profit distribution of common shares of the Company and conversion of capital accumulation fund to share capital

The formulation, implementation or adjustment of common stock profit distribution policies, especially cash dividend policies, during the reporting period

Applicable Not Applicable

During the reporting period, the Company has been strictly implementing cash dividends in accordance with the cash dividend policy in the Articles of Association and the resolutions of the shareholders' meeting on the profit distribution plan. The Company's profit distribution plan for 2018 is: based on the Company's current total share capital of 783,784,957 shares, 0.50 yuan in cash (including tax) will be distributed to all shareholders for every 10 shares, with a total cash dividend of 39,189,247.85 yuan.

On June 18th, 2019, the Company implemented and completed the 2018 equity allocation plan.

Special Notes on Cash Dividend Policy	
Whether it meets the requirements of the articles of association of the company or the resolutions of the shareholders' meeting:	The 2018 profit distribution plan is strictly implemented in accordance with the cash dividend policy in the Articles of Association of the Company, and has been reviewed and approved by the 2018 Annual General Meeting of Shareholders and completed within the specified time.
Whether the dividend standard and proportion are clear and clear:	The Articles of Association of the Company clearly stipulate the principles, conditions, decision-making procedures, dividend ratio and the supervision and restraint mechanism for improving the company's dividend policy, which meet the latest requirements of the China Securities Regulatory Commission and other relevant regulatory agencies for the dividend distribution policy of listed companies. The dividend standard and ratio are clear and clear.
Are the relevant decision-making procedures and mechanisms complete:	The Company's 2018 profit distribution plan has been reviewed and approved by the board of directors, the board of supervisors and the shareholders' meeting, and relevant decision-making procedures have been implemented. The implementation of equity distribution was completed in June 2019.
Whether the independent directors have performed their duties conscientiously and played their due roles:	Independent directors expressed independent opinions on the 2018 profit distribution plan: the distribution plan put forward by the board of directors based on the actual situation of the Company is in line with the interests of shareholders of the Company, meets the needs of development, and does not harm the interests of investors.
Whether small and medium shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	The Company's profit distribution decision-making procedures and mechanisms are complete, effectively safeguarding the interests of all shareholders.

Whether the conditions and procedures are compliant and transparent when the cash dividend policy is adjusted or changed:	The Company strictly abides by the China Securities Regulatory Commission's Decision on Amending Several Provisions on Cash Dividends of Listed Companies, the Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies, the Regulatory Guidelines for Listed Companies No.3-Cash Dividends of Listed Companies, and the Shenzhen Stock Exchange's GEM Information Disclosure Memorandum No.6: The provisions and requirements of the relevant systems such as "matters related to profit distribution and capital reserve conversion to share capital" are stipulated in the Articles of Association of the Company.
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The Company's profit distribution plan and capital accumulation fund conversion plan for the reporting period are consistent with the relevant provisions of the Company's Articles of Association and dividend management measures, etc.

Yes No Not Applicable

During the reporting period, the Company's profit distribution plan and the capital accumulation fund conversion plan comply with the relevant provisions of the Company's Articles of Association.

Profit Distribution and Capital Accumulation Fund Conversion to Share Capital for the Year

Number of Red Shares per 10 Shares (Shares)	0
Dividends per 10 shares (yuan) (including tax)	1
Increase per 10 shares (shares)	0
Capital Base (Shares) of Distribution Plan	783,784,957
Cash Dividend Amount (yuan) (Including Tax)	78,378,495.70
Amount of cash dividends in other ways (such as share repurchase) (yuan)	0.00
Total cash dividends (including other methods) (yuan)	78,378,495.70
Distributable Profit (yuan)	371,644,321.92
Proportion of total cash dividends (including other methods) to total profit distribution	100.00%
Current Cash Dividends	
If the development stage of the Company is not easy to distinguish but there are significant capital expenditure arrangements, when making profit distribution, the proportion of cash dividends in this profit distribution shall reach a minimum of 20%	
Details of the plan for profit distribution or capital accumulation fund transfer and increase	
According to the audit of ShineWing the Accounting Firm, the net profit attributable to the shareholders of the listed company in the 2019 consolidated statement of the Company is 316,710,725.54 yuan, and the net profit of the parent company is 117,936,489.40 yuan. In accordance with the relevant provisions of the Company Law and the Articles of Association of the Company, 10% of the statutory surplus reserve fund is 11,793,648.95 yuan. Add the undistributed profit of 304,690,729.32 yuan at the beginning of the year, minus the distributed profit of 2018, and the profit available for shareholders to distribute this time is 371,644,321.92 yuan. Profit Distribution Plan for 2019: Based on 783,784,957 shares, a cash dividend of 1 yuan (including tax) will be distributed to all	

shareholders for every 10 shares, totaling 78,378,495.70 yuan.
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The Company's common stock dividend distribution plan (plan) and capital accumulation fund conversion plan (plan) in the past 3 years (including this reporting period)

1. Profit Distribution Plan for 2017: Based on 452,284,906 shares of the Company's total share capital, a cash dividend of 1 yuan (including tax) will be distributed to all shareholders for every 10 shares to be increased by 8 shares, totaling 45,228,490.60 yuan. At the same time, the capital reserve will be converted to share capital, and the total share capital at the end of 2017 will be 452,284,906 as the base to be converted to 8 shares for every 10 shares of all shareholders, totaling 361,827,924 shares. Upon completion of the conversion, the total shares of the Company will increase to 814,112,830 shares.

2. The profit distribution plan for 2018 is: Based on 783,784,957 shares, a cash dividend of 0.5 yuan (including tax) will be distributed to all shareholders for every 10 shares, totaling 39,189,247.85 yuan.

3. The profit distribution plan for 2019 is: Based on 783,784,957 shares, a cash dividend of 1 yuan (including tax) will be distributed to all shareholders for every 10 shares, totaling 78,378,495.70 yuan

Statement of Cash Dividends of Common Shares of the Company in Recent Three Years (Including This Reporting Period)

Unit: yuan

Dividend Year	Cash dividend amount (including tax)	Net profit attributable to common shareholders of listed companies in the annual consolidated statement of dividends.	The ratio of the amount of cash dividends to the net profit attributable to the common shareholders of the listed company in the consolidated statement.	Amount of cash dividends in other ways (e.g. Share repurchase)	The proportion of cash dividends in other ways to the net profit attributable to the common shareholders of the listed company in the consolidated statement.	Total cash dividends (including other methods)	The ratio of the total cash dividends (including other methods) to the net profit attributable to the common shareholders of the listed company in the consolidated statement.
2019	78,378,495.70	316,710,725.54	24.75%	0.00	0.00%	78,378,495.70	24.75%
2018	39,189,247.85	232,366,860.28	16.87%	155,405,878.11	66.87%	194,595,125.96	83.74%
2017	45,227,796.82	138,703,129.69	32.61%	0.00	0.00%	45,227,796.82	32.61%

During the reporting period, the Company made profits and the profits available to ordinary shareholders of the parent company were positive, but no plan for distributing cash dividends of ordinary shares was put forward.

□Applicable √ Not Applicable

II. Implementation of commitments

1. The actual controllers, shareholders, related parties, purchasers and other related parties of the Company have fulfilled their commitments during the reporting period and have not yet fulfilled their commitments by the end of the reporting period.

√ Applicable □ Not Applicable

Commitment Source	Commitment Party	Commitment Type	Content of commitment	Commitment Time	Commitment Period	Implementation
Commitments made in the Acquisition Report or Equity Change Report						
Commitments made during asset restructuring	Cai Changda, Cai Zhuoning	Other	Signing the "Labor Contract" approved by WELLE with Hangzhou Energy and Environment Engineering Co., Ltd. And the term of continuous service in Hangzhou Energy and Environment Co., Ltd. Shall not be less than five natural years since signing the "Labor Contract" approved by WELLE with Hangzhou Energy and Environment Engineering Co., Ltd. And the term of continuous service in Hangzhou Energy and Environment Co., Ltd. Shall not be less than five natural years; After leaving office at the expiration of the aforesaid term of office, he promises not to engage in any business that competes or may compete with WELLE or Hangneng Environment in the Mainland of the People's Republic of China or hold any position in any company engaged in such competitive business within two natural years. In case of violation of the aforesaid	March 8 th , 2014	Long-term effective	Strict performance

			commitment of continuous employment or non-competition, it shall pay liquidated damages to Party a within 10 days after the occurrence of the relevant violation, and the amount of liquidated damages shall be 20% of the total cash consideration obtained in this transaction.			
Cai Changda, Cai Zhuoning	Commitment to avoid competition among peers		Commitment to avoid competition among peers	March 8 th , 2014	Long-term effective	Strict performance
Cai Changda, Cai Zhuoning	Standardize Related Party Transaction Commitment		Commitment to reduce and regulate related party transactions: 1. During their time as related parties of WELLE, Cai Changda and Cai Zhuoning will ensure that related parties such as companies under their control will minimize and avoid related party transactions with WELLE and its holding companies; For related party transactions that are really necessary and unavoidable, All of them are carried out in accordance with the principles of fairness, fairness and compensation for equal value. The transaction price is determined according to the reasonable price recognized by the market, and agreements are signed in accordance with the law. The related party transaction approval procedures and information disclosure obligations are strictly performed in accordance with the provisions of relevant laws, regulations and normative documents, so as to effectively protect the interests of WELLE and its small and medium shareholders.	March 8 th , 2014	Long-term effective	Strict performance
Chen Weizu; Chen	Promise to		If the Target Shares are registered	December	June 27 th ,	Strict

	Zhengchang; Dalihua; Huang Baolan; Huang Meiru; Lei Xueyun; Li Weimin; Lin Jian; Miao Zhihua; Sun Gang; Xu Yankai; Xue Wenbo; Yang Wenjie; Yin Jiushun; Zeng Hongbing; Zhang Bingyun; Zhang Guide; Zhang Jianxia; Zhang Lin; Zhang Qunhui; Zhu Guofu; Zhu Zhiping	restrict the sale of shares	under its name for less than 12 months, the Target Shares subscribed for in this non-public offering will not be transferred within 36 months from the date when the Target Shares are registered under its name; If the Target Shares hold HANFENG&TECHNOLOGY Shares for 12 months or more on the date when the Target Shares are registered under its name, the Target Shares subscribed by the Target Shares in this non-public offering will not be transferred within 12 months from the date when the Target Shares are registered under its name.	14 th , 2016	2017 to June 27 th , 2021	performance
	Chen Weizu; Xu Yankai; Zhang Qunhui	Performance Pledges and Compensation Arrangements	After WELLE increased HANFENG&TECHNOLOGY's capital by 200 million yuan after the completion of this transaction, HANFENG&TECHNOLOGY's net profits for 2016, 2017, 2018 and 2019 (i.e. Net profits after deducting non-recurring gains and losses attributable to shareholders of the parent company) shall not be less than 25 million yuan, 50 million yuan, 80 million yuan and 118 million yuan respectively.	December 14 th , 2016	January 1 st , 2016 to December 31 st , 2019	Strict performance
	Chen Zhengchang; Dalihua; Huang Baolan; Huang Meiru; Lei Xueyun; Li Weimin; Lin Jian; Miao Zhihua; Sun Gang; Xue Wenbo; Yang Wenjie; Yin Jiushun; Zeng Hongbing; Zhang Bingyun; Zhang	Performance Pledges and Compensation Arrangements	After WELLE has paid DOULE REFRIGERATION 50.1 million yuan of registered capital after the completion of this transaction, DOULE REFRIGERATION's net profit for 2016, 2017, 2018 and 2019 (i.e. Net profit after deducting non-recurring gains and losses attributable to shareholders of the parent company) shall not be less than 10 million yuan, 20 million yuan, 31 million yuan and 44	December 14 th , 2016	January 1 st , 2016 to December 31 st , 2019	Strict performance

	Guide; Zhang Jianxia; Zhang Lin; Zhu Guofu; Zhu Zhiping		million yuan respectively.			
	Bao Yuzhong; Chen Weizu; Monoaromatic; Du Jinhua; Gu Xiaohong; Guo yuanyuan; Jilinhong; Li Chonggang; Qian Jianfeng; Tang Liangfen; Xia Yongyi; Xu Yankai; Xu Yan; Xu Ying; Yang Meng; Ye Chao; Yu Bing; Zhang Juhui; Zhang Qunhui and Chen Zhengchang; Dalihua; Huang Baolan; Huang Meiru; Lei Xueyun; Li Weimin; Lin Jian; Miao Zhihua; Sun Gang; Xue Wenbo; Yang Wenjie; Yin Jiushun; Zeng Hongbing; Zhang Bingyun; Zhang Guide; Zhang Jianxia; Zhang Lin; Zhu Guofu; Zhu Zhiping	Commitment on Inter-bank Competition, Related Party Transactions and Capital Occupation	A commitment to avoid competition among peers	December 14 th , 2016	Long-term effective	Strict performance
	Changzhou Deze Industrial Investment Co., Ltd.; Li Yuezong	Commitment on Inter-bank Competition, Related Party Transactions and Capital	The commitment to avoid competition among peers and to reduce and standardize the commitment to related party transactions.	December 14 th , 2016	Long-term effective	Strict performance

		Occupation				
Commitments made at the time of initial public offering or refinancing	Changzhou Deze Industrial Investment Co., Ltd., Li Yuezhong	Commitment on Inter-bank Competition, Related Party Transactions and Capital Occupation	Promise to avoid competition among peers and non-operating occupation of company funds	March 4 th , 2011	Long-term effective	Strict performance
Equity incentive commitment						
Other commitments made to small and medium shareholders of the Company						
Is the promise fulfilled on time	Yes					
If the commitment has not been fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail.	Not applicable					

2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain the original profit forecast for the assets or projects and the reasons therefor

√ Applicable □ Not Applicable

Profit Forecast Asset or Item Name	Forecast Start Time	Forecast End Time	Forecast Performance for the Current Period (10,000)	Actual Performance for the Current Period (10,000)	Reasons for not meeting the forecast (if applicable)	Original Forecast Disclosure Date	Original Forecast Disclosure Index

			yuan)	yuan)			
HANFENG&TECHNOLOGY	January 1 st , 2016	December 31 st , 2019	27,300	26,858.82	The progress of some projects is not up to expectations.	October 28 th , 2016	http://www.cninfo.com.cn
DOULE REFRIGERATION	January 1 st , 2016	December 31 st , 2019	10,500	11,271.83	Not applicable	October 28 th , 2016	http://www.cninfo.com.cn

Commitments made by shareholders and counterparties of the Company to the annual operating results of the Company or related assets

√ Applicable □ Not Applicable

According to the Profit Forecast Compensation Agreement signed by the Company with HANFENG&TECHNOLOGY and DOULE REFRIGERATION Performance Pledgers, The audited net profits of HANFENG&TECHNOLOGY in 2016, 2017, 2018 and 2019 are not less than 25 million yuan, 50 million yuan, 80 million yuan and 118 million yuan respectively (net profit refers to the net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses), and the audited net profits of DOULE REFRIGERATION in 2016, 2017, 2018 and 2019 are not less than 10 million yuan, 20 million yuan, 31 million yuan and 44 million yuan respectively. If the actual net profit in 2016 exceeds the promised net profit, the excess can offset part of the promised net profit in 2017, 2018 or 2019; If the actual net profit in 2017 exceeds the promised net profit, the excess can offset part of the promised net profit in 2018 or 2019; If the actual net profit in 2018 exceeds the promised net profit, the excess can offset part of the promised net profit in 2019.

HANFENG&TECHNOLOGY's profit realization in 2019 is 109.684 million yuan, and its cumulative profit realization from 2016 to 2019 is 268.5882 million yuan. Its performance promise has not been fulfilled. DOULE REFRIGERATION's profit realization in 2019 is 105 million yuan, and its cumulative profit realization from 2016 to 2019 is 112.7183 million yuan, which is higher than its cumulative profit forecast, and its performance commitment is completed.

The Completion of Performance Commitment and Its Impact on Goodwill Impairment Test

(1) The Company's appraisal scope based on the appraisal base date is an asset group related to goodwill formed by the Company's acquisition of Suzhou Hanfeng Technology Development Engineering Co., Ltd. It is an asset group including goodwill. HANFENG&TECHNOLOGY's assets and liabilities divided into asset groups include operating assets, fixed assets, intangible assets and operating liabilities. The estimated

recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. On April 22, 2020 (No.0072, 2020 "Asset Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in the Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. To Acquire Shares in Suzhou HANFENG&TECHNOLOGY Co., Ltd." According to the comprehensive analysis of the long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend and reasons for change, macro-economic situation, influence of industry development trend on the overall change trend of future operating income and future company development direction signed by HANFENG&TECHNOLOGY, Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 1,114,000,000.00 yuan, with a discount rate of 11.40%.

HANFENG&TECHNOLOGY's performance in 2016-2019 is lower than its performance commitment by 4.412 million yuan, and its performance commitment in 2016-2019 has not been fully realized.

After testing, the goodwill formed by the Company's acquisition of HANFENG&TECHNOLOGY needs to be provided with impairment reserve of 19,642,966.09 yuan in the current period.

(2) Based on the appraisal scope of the appraisal base date, the Company is an asset group related to goodwill formed by the Company's acquisition of Nanjing Doule Refrigeration Equipment Co., Ltd. It is an asset group including goodwill. The assets and liabilities of Nanjing Doule (consolidated statement) divided into asset groups include operating assets, fixed assets, construction in progress, intangible assets and operating liabilities. The estimated recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. On April 21st, 2020 (No.0070, 2020 "Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. to Acquire Equity of Nanjing Doule Refrigeration Equipment Co., Ltd." According to the comprehensive analysis of the long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend and reasons for change, macro-economic situation, influence of industry development trend on the overall change trend of future operating income and future company development direction signed by Nanjing Doule, Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and

development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 419,000,000.00 yuan, with a discount rate of 10.80%.

Nanjing Doule's performance achievement in 2016-2019 is higher than its performance commitment, and its performance commitment in 2016-2019 has been realized.

After testing, there is no impairment of goodwill formed by the Company's acquisition of Nanjing Doule.

III. Non-operating funds occupied by controlling shareholders and their related parties to listed companies

Applicable Not Applicable

During the reporting period of the Company, there was no non-operating occupation of funds by controlling shareholders and their related parties to listed companies.

IV. Explanation of the Board of Directors on the relevant information of the latest Non-Standard Audit Report

Applicable Not Applicable

V. Explanations of the Board of Directors, the Board of Supervisors and Independent Directors (if any) on the Non-Standard Audit Report of the Accounting Firm for the Reporting Period

Applicable Not Applicable

VI. Explanations of the Board of Directors on changes in accounting policies, accounting estimates or corrections of major accounting errors during the reporting period

Applicable Not Applicable

VII. Description of changes in the scope of the consolidated statement compared with the financial report of the previous year

Applicable Not Applicable

This year, three new subsidiaries, Quanzhou WELLE Environmental Service Co., Ltd., Changzhou Weizhong New Energy Co., Ltd. And Xi'an WELLE Environmental Service Co., Ltd., were established due to development projects. This year, a total of one secondary subsidiary and two tertiary subsidiaries were added.

VIII. Appointment and dismissal of accounting firms

The accounting firm currently employed

Name of Domestic Accounting Firm	ShineWing Accounting Firm (Special General Partnership)
Remuneration of Domestic Accounting Firms (10,000 yuan)	135
Continuous Period of Audit Service of Domestic Accounting Firms	9
Name of Certified Public Accountant of Domestic Accounting Firm	Ye Shengping, Yan Wei
Continuous Years of Auditing Service of Certified Public Accountants in Domestic Accounting Firms	5
Name of overseas accounting firm (if any)	None
Remuneration of overseas accounting firms (10,000 yuan) (if any)	0
Continuous years of audit service of overseas accounting firms (if any)	None
Name of Certified Public Accountant of Overseas Accounting Firm (if any)	None
Continuous Years of Auditing Service of Certified Public Accountants in Overseas Accounting Firms (if any)	0

Whether to hire an accounting firm

Yes No

Information on hiring internal control audit accounting firms, financial consultants or sponsors

Applicable Not Applicable

IX. Annual report after the disclosure of the face of suspension of listing and termination of listing

Applicable Not Applicable

X. Matters related to bankruptcy reorganization

Applicable Not Applicable

No bankruptcy reorganization related matters occurred during the reporting period of the Company.

XI. Major litigation and arbitration matters

Applicable Not Applicable

This year, the Company has no major litigation or arbitration matters.

XII. Punishment and rectification

Applicable Not Applicable

There was no punishment or rectification during the reporting period of the Company.

XIII. Integrity of the Company, its controlling shareholders and actual controllers

Applicable Not Applicable

XIV. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not Applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

XV. Major related party transactions

1. Related party transactions related to daily operations

Applicable Not Applicable

Related party	Relation	Related Party Transaction Type	Contents of related party transactions	Pricing Principles for Related Party Transactions	Related Party Transaction price	Related Party Transaction Amount (10,000 yuan)	Proportion of similar transaction amount	Approved Transaction Limit (10,000 yuan)	Is the approved limit exceeded	Related party transaction settlement method	Available market price for similar transactions	Date of Disclosure	Disclosure Index
Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	A subsidiary company in which a director of the Company is a director.	Construction of Works	Jingmen Venous Industrial Park Project (Phase I) Urban Organic Waste Treatment System Project	The project shall be reasonably determined according to the scope and scale of the project stipulate	21,070.12	17,527.7	100.00%	21,070.12	No	Settlement according to project progress	Not applicable	June 7 th , 2019	http://www.cninfo.com.cn

				d in the contract, and the winning bidder shall be determined through the public bidding procedure for this project.									
Total				--	--	17,527.7	--	21,070.12	--	--	--	--	--
Details of Large Sales Return				Not applicable									
The actual performance (if any) during the reporting period if the total amount of daily related party transactions to occur in the current period is estimated by category.				Not applicable									
Reasons for the large difference between the transaction price and the market reference price (if applicable)				Not applicable									

2. Related party transactions arising from the acquisition or sale of assets or equity

Applicable Not Applicable

During the reporting period, the Company did not have any related transactions related to the acquisition or sale of assets or equity.

3. Related Party Transactions of Joint Foreign Investment

Applicable Not Applicable

During the reporting period, there was no related party transaction of joint foreign investment.

4. Related creditor's rights and debts

Applicable Not Applicable

During the reporting period, there was no related creditor's rights and debts.

5. Other material related party transactions

Applicable Not Applicable

On August 23rd, 2019, the Company held the second meeting of the fourth board of directors and deliberated and passed the "Proposal on Providing Related Guarantee for the Company's Equity Participation Subsidiaries to Apply to Banks for Issuing Performance Guarantee". The related directors avoided voting. At present, Guangzhou Yinli plans to apply to the bank for a performance guarantee of 25 million yuan for a period of one year due to business needs. The Company intends to guarantee the performance guarantee issued by Guangzhou Yinli in this application according to the 35% equity ratio. That is, 8.75 million yuan will be guaranteed, and the rest will be guaranteed by Guangzhou Overseas Chinese Bank Environmental Investment Co., Ltd., another shareholder of Guangzhou Yinli, i.e. The Company and Guangzhou Overseas Chinese Bank Environmental Investment Co., Ltd. Will provide guarantee for the performance guarantee that Guangzhou Yinli applies to the bank according to the proportion of their respective shares in Guangzhou Yinli. This guarantee has been reviewed by the Company's third extraordinary shareholders' meeting in 2019.

Relevant Inquiries on the Interim Report Disclosure Website of Major Related Party Transactions

Name of Temporary Announcement	Disclosure Date of Interim Announcement	Temporary Announcement Discloses Website Name
Announcement on Providing Related Guarantee for Subsidiaries with Shares of the Company to Apply to Banks for Issuing Performance Guarantee	August 27 th , 2019	http://www.cninfo.com.cn

XVI. Major contracts and their performance

1. Trusteeship, contract and lease matters

(1) Trusteeship

Applicable Not Applicable

There was no custody during the reporting period of the Company.

(2) Contract

Applicable Not Applicable

There was no contract during the reporting period of the Company.

(3) Lease

Applicable Not Applicable

There was no lease during the reporting period.

2. Material guarantee

√ Applicable □ Not Applicable

(1) Guarantee

Unit: 10,000 yuan

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Name of Guarantee Object	Disclosure Date of Relevant Announcement on Guarantee Limit	Guarantee Amount	Actual date of occurrence	Actual Guarantee Amount	Guarantee Type	Warranty Period	Has the performance been completed	Whether it is guaranteed by related parties
The Company's Guarantee to Subsidiaries								
Name of Guarantee Object	Disclosure Date of Relevant Announcement on Guarantee Limit	Guarantee Amount	Actual date of occurrence	Actual Guarantee Amount	Guarantee Type	Warranty Period	Has the performance been completed	Whether it is guaranteed by related parties
Guangzhou Yinli Environmental Service Co., Ltd.	July 20 th , 2017	11,900	July 22 nd , 2017	8,575	Joint and several liability guarantee	15	No	Yes
Shaoxing WELLE Food Waste Recycling Co., Ltd.	March 12 th , 2018	8,000	March 26 th , 2018	7,840	Joint and several liability guarantee	15	No	Yes
Changzhou WELLE Food Waste Treatment Co., Ltd.	April 20 th , 2015	4,500	April 27 th , 2015	3,300	Joint and several liability guarantee	8	No	Yes
Changzhou Dawei Environmental Technology Co., Ltd.	July 4 th , 2017	5,000	July 13 th , 2017	3,950	Joint and several liability guarantee	8	No	Yes
Hangzhou Energy and	December	5,000	December 10 th ,	228.82	Joint and	1	No	Yes

Environmental Engineering Co., Ltd.	3 rd =, 2018		2018		several liability guarantee			
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	August 1 st , 2018	3,000	August 8 th , 2018	1,979.64	Joint and several liability guarantee	3	No	Yes
Zongyang WELLE Environmental Services Co., Ltd.	July 4 th , 2017	1,300	July 28 th , 2017	750	Joint and several liability guarantee	5	No	Yes
Haikou Shenwei Environmental Service Co., Ltd.	September 29 th , 2017	1,710	September 30 th , 2017	1,590	Joint and several liability guarantee	10	No	Yes
Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	November 19 th , 2018	5,000	January 14 th , 2019	5,000	Joint and several liability guarantee	9	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	January 15 th , 2019	4,000	January 15 th , 2019	3,000	Joint and several liability guarantee	1	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	January 15 th , 2019	3,000	January 18 th , 2019	3,000	Joint and several liability guarantee	1	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	May 14 th , 2019	5,000	May 21 st , 2019	1,617	Joint and several liability guarantee	1	No	Yes
Shaoxing WELLE Food waste Recycling Co., Ltd.	May 14 th =, 2019	5,000	June 20 th , 2019	4,941.29	Joint and several liability guarantee	15	No	Yes
Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.	June 21 st , 2019	4,800	June 21 st , 2019	992	Joint and several liability guarantee	13	No	Yes
Nanjing Doule	June 21 st , 2019	2,000	June 21 st , 2019	630	Joint and	1	No	Yes

Refrigeration Equipment Co., Ltd.	2019				several liability guarantee			
Guangzhou Yinli Environmental Service Co., Ltd.	August 27 th , 2019	875	August 27 th , 2019	875	Joint and several liability guarantee	1	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	August 27 th , 2019	4,950	August 27 th , 2019	1,229.56	Joint and several liability guarantee	3	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	August 27 th , 2019	3,000	December 13 th , 2019	3,000	Joint and several liability guarantee	1	No	Yes
Hangzhou Energy and Environmental Engineering Co., Ltd.	August 27 th , 2019	8,000	August 2019	1,000	Joint and several liability guarantee	1	No	Yes
Hangzhou Energy and Environmental Engineering Co., Ltd.	August 27 th , 2019	8,000	August 2019	2,851.25	Joint and several liability guarantee	1	No	Yes
Shenyang WELLE Environmental Service Co., Ltd.	August 27 th , 2019	7,900	August 2019	7,900	Joint and several liability guarantee	10	No	Yes
Changzhou Jinyuan Machinery Equipment Co., Ltd.	October 15 th , 2019	700	October 2019	254.71	Joint and several liability guarantee	1	No	Yes
Ningde Weili Environmental Protection Technology Co., Ltd.	October 15 th , 2019	4,000	October 2019	4,000	Joint and several liability guarantee	1	No	Yes
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	November 22 nd , 2019	5,000	December 25 th , 2019	2,629.95	Joint and several liability guarantee	1	No	Yes
Asset Pool	November 22 nd , 2020	15000						

Total amount of guarantee for subsidiaries approved during the reporting period (B1)	81,225	Total actual amount of guarantee to subsidiaries during the reporting period (B2)	42,920.76					
Total amount of approved guarantee for subsidiaries at the end of the reporting period (B3)	126,635	Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)	71,134.22					
Subsidiary Guarantee to Subsidiary								
Name of Guarantee Object	Disclosure Date of Relevant Announcement on Guarantee Limit	Guarantee Amount	Actual date of occurrence	Actual Guarantee Amount	Guarantee Type	Warranty Period	Has the performance been completed	Whether it is guaranteed by related parties
Total guarantee amount of the Company (i.e. The total of the first three items)								
Total amount of guarantee approved during the reporting period (A1+B1+C1)	81,225	Total actual amount of guarantee during the reporting period (A2+B2+C2)	42,920.76					
Total approved guarantee amount at the end of the reporting period (A3+B3+C3)	126,635	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	71,134.22					
Proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the Company's net assets		18.25%						
Of which:								

Description of the Specific Situation of Adopting Compound Guarantee

(2) Illegal external guarantee

Applicable Not Applicable

During the reporting period, the Company had no illegal external guarantee.

3. Entrusting others to manage cash assets

(1) Entrusted financial management

Applicable Not Applicable

There was no entrusted financial management during the reporting period of the Company.

(2) Entrusted loans

Applicable Not Applicable

There was no entrusted loan during the reporting period of the Company.

4. Other major contracts

Applicable Not Applicable

There were no other major contracts during the reporting period.

XVII. Social responsibility**1. Fulfillment of social responsibility**

Not applicable

2. Fulfilling the social responsibility of accurate poverty alleviation

The Company has not carried out precise poverty alleviation work yet in the reporting year, and there is no follow-up precise poverty alleviation plan for the time being.

3. Environmental protection related information

Whether the listed company and its subsidiaries belong to the key sewage disposal units announced by the environmental protection department

Yes

Name of Company or Subsidiary	Names of major pollutants and characteristic pollutants	Discharge mode	Number of discharge ports	Distribution of discharge outlets	Emission Concentration	Pollutant discharge standards implemented	Total emissions	Total approved emissions	Excessive emission
Tonglu WELLE Water	COD	Direct discharge	1	Northwest corner of plant area	≤ 50	Level A Standard	304.42 t	1095t/a	None
Tonglu WELLE Water	Ammonia nitrogen	Direct discharge	1	Northwest corner of plant area	≤ 5 (8)	Level A Standard	7.77 t	146t/a	None
Tonglu WELLE Water	Total Phosphorus	Direct discharge	1	Northwest corner of plant area	≤ 0.5	Level A Standard	4.77 t	10.95 t/a	None
Tonglu WELLE	Total nitrogen	Direct discharge	1	Northwest corner of	≤ 15	Level A Standard	210.56 t	328.5 t/a	None

Water				plant area					
Tonglu WELLE Water	SS	Direct discharge	1	Northwest corner of plant area	≤ 10	Level Standard A	46.92 t	219t/a	None
Tonglu WELLE Water	BOD	Direct discharge	1	Northwest corner of plant area	≤ 10	Level Standard A	57.79 t	219t/a	None
Tonglu WELLE Water	Fecal coliform group	Direct discharge	1	Northwest corner of plant area	1000	Level Standard A	/	/	None
Tonglu WELLE Water	Anionic surfactant	Direct discharge	1	Northwest corner of plant area	≤ 0.5	Level Standard A	/	10.95 t/a	None
Tonglu WELLE Water	Total mercury	Direct discharge	1	Northwest corner of plant area	≤ 0.001	Level Standard A	/	0.0219 t/a	None
Tonglu WELLE Water	Alkyl mercury	Direct discharge	1	Northwest corner of plant area	Not to be detected	Level Standard A	/	/	None
Tonglu WELLE Water	Total cadmium	Direct discharge	1	Northwest corner of plant area	≤ 0.01	Level Standard A	/	0.219 t/a	None
Tonglu WELLE Water	Total chromium	Direct discharge	1	Northwest corner of plant area	≤ 0.1	Level Standard A	/	2.19 t/a	None
Tonglu WELLE Water	Hexavalent chromium	Direct discharge	1	Northwest corner of plant area	≤ 0.05	Level Standard A	/	1.095 t/a	None
Tonglu WELLE Water	Total arsenic	Direct discharge	1	Northwest corner of plant area	≤ 0.1	Level Standard A	/	2.19 t/a	None
Tonglu WELLE Water	Total Lead	Direct discharge	1	Northwest corner of plant area	≤ 0.1	Level Standard A	/	2.19 t/a	None
Tonglu WELLE Water	Petroleum	Direct discharge	1	Northwest corner of plant area	≤ 1	Level Standard A	/	21.9 t/a	None
Tonglu WELLE Water	Animal and vegetable oils	Direct discharge	1	Northwest corner of plant area	≤ 1	Level Standard A	/	21.9 t/a	None

Tonglu WELLE Water	Chromaticity	Direct discharge	1	Northwest corner of plant area	≤ 30	Level A Standard	/	/	None
Tonglu WELLE Water	PH	Direct discharge	1	Northwest corner of plant area	6-9	Level A Standard	/	/	None
Renhe Huiming	COD	Direct discharge	1	The rear gate of the factory area	≤ 50	GB16889-2008 Table 2 Standard	6.6 t	13.2 t/a	None
Renhe Huiming	Ammonia nitrogen	Direct discharge	1	The rear gate of the factory area	≤ 10	GB16889-2008 Table 2 Standard	1.32 t	3.3 t/a	None
Renhe Huiming	Total Phosphorus	Direct discharge	1	The rear gate of the factory area	≤ 0.5	GB16889-2008 Table 2 Standard	0.066 t	0.396 t/a	None
Renhe Huiming	Total nitrogen	Direct discharge	1	The rear gate of the factory area	≤ 30	GB16889-2008 Table 2 Standard	3.96 t	5.28 t/a	None
Renhe Huiming	SS	Direct discharge	1	The rear gate of the factory area	≤ 1	GB16889-2008 Table 2 Standard	0.132 t	3.96 t/a	None
Renhe Huiming	BOD	Direct discharge	1	The rear gate of the factory area	≤ 1	GB16889-2008 Table 2 Standard	0.132 t	3.3 t/a	None
Renhe Huiming	Chromaticity	Direct discharge	1	The rear gate of the factory area	≤ 30	GB16889-2008 Table 2 Standard	/	/	None
Renhe Huiming	PH	Direct discharge	1	The rear gate of the factory area	6-9	GB16889-2008 Table 2 Standard	/	/	None

Construction and Operation of Pollution Prevention and Control Facilities

1. Tonglu WELLE Water

According to the approval of the environmental protection administrative department on the environmental impact report, the Company has fully implemented it, and all environmental protection facilities are operating normally and continuously with good treatment effect.

Wastewater: This project has been built to treat domestic wastewater from the whole county town and industrial wastewater from the economic development zone. After the sewage is treated by the treatment system, the wastewater is subjected to advanced treatment. The advanced treatment

wastewater enters the reclaimed water system. The reclaimed water is reused for production water, sludge dewaterer water, plant greening, etc. The reuse rate is about 15%, and the rest of the wastewater is discharged to Fuchun River up to standard. The main sewage treatment units include collection tank, pretreatment comprehensive tank, SBR tank, buffer tank and lifting pump room, high-efficiency sedimentation tank, denitrification deep bed filter, chlorination disinfection tank, Babbitt metering tank, etc. The treated wastewater reaches the first-class A standard of urban sewage treatment plants.

Solid waste: The waste isolated by the grid is transported to the waste incineration plant for incineration, and the sludge is entrusted to the disposal unit for harmless treatment.

No.	Pollutant prevention and control facilities	Facility Scale	Construction Situation	Usage
1	Coarse grille	Two in Phase I	Constructed in 2003	Normal
		3 in Phase II	Constructed in 2008	Normal
2	Pretreatment integrated tank	One set with a scale of 60,000 tons/day	Constructed in 2015	Normal
3	SBR biological reaction tank	There are 4 in the Phase I, with a scale of 20,000 tons/day.	Constructed in 2003	Normal
		There are 8 in the Phase II, with a scale of 40,000 tons/day.	Constructed in 2008	Normal
4	Buffer pool	One set with a scale of 60,000 tons/day	Constructed in 2015	Normal
5	High-efficiency sedimentation tank	One set with a scale of 60,000 tons/day	Constructed in 2015	Normal
6	Denitrification deep bed filter	One set with a scale of 60,000 tons/day	Constructed in 2015	Normal
7	Sterilization tank	One set with a scale of 60,000 tons/day	Constructed in 2015	Normal

2. Renhe Huiming

According to the approval of the environmental protection administrative department on the environmental impact report, it has been fully implemented, and all environmental protection facilities are operating normally and continuously with good treatment effect.

Wastewater: This project has been built to treat domestic sewage from the whole county seat

and landfill wastewater from the economic development zone. After the sewage is treated by the treatment system, the wastewater is subjected to advanced treatment. The wastewater after advanced treatment is discharged to the river up to standard. The main sewage treatment units include regulating tank, equalizing tank, front denitrification tank, CIR tank, degassing tank, rear denitrification tank, buffer tank, ultrafiltration membrane module, nanofiltration membrane module, reverse osmosis membrane, combined tank clear liquid tank, etc. The treated wastewater meets the standard of Table 2 of GB16889-2008.

No.	Pollutant prevention and control facilities	Facility Scale	Construction Situation	Usage
1	MBR biological reaction tank	One set with a scale of 400 tons/day	Construction in 2015	Normal
2	Ultrafiltration	One set with a scale of 600 tons/day	Construction in 2015	Normal
3	Nanofiltration + Reverse Osmosis	One set with a scale of 400 tons/day	Construction in 2015	Normal

Environmental Impact Assessment of Construction Projects and Other Environmental Protection Administrative Permits

1. Tonglu WELLE Water

Tonglu WELLE Water has submitted the "Environmental Impact Report of Tonglu County Sewage Treatment Level I A Bid Upgrading Project" to the local environmental protection department in 2014, and has obtained the relevant approval from Tonglu County Environmental Protection Bureau.

2. Renhe Huiming

Renhe Huiming has obtained the relevant approval from Hunan Environmental Protection Department in 2014.

Emergency Plan for Environmental Emergencies

1. Tonglu WELLE Water

Tonglu WELLE Water has prepared the "Emergency Plan for Environmental Emergencies of Tonglu WELLE Water Co., Ltd." For the project in October 2016 and submitted it to the local environmental protection department for filing.

2. Renhe Huiming

Renhe Huiming has prepared the "Emergency Plan for Environmental Emergencies in Liuyang

Municipal Solid Waste Site" for the project in 2016 and submitted it to the local environmental protection department for the record.

Environmental self-monitoring programme

1. Tonglu WELLE Water

Tonglu WELLE Water has formulated the "Pollution Source Self-monitoring Plan of Tonglu WELLE Water Co., Ltd." At present, it monitors in strict accordance with the plan and filing requirements.

2. Renhe Huiming

Renhe Huiming has formulated the "Pollution Source Self-monitoring Plan of Hunan Renhe Huiming Environmental Protection Technology Co., Ltd." At present, it is strictly monitoring in accordance with the plan and filing requirements.

Other environmental information that should be disclosed

1. Tonglu WELLE Water

Relevant information of the project, such as pollution discharge information, construction and operation of pollution prevention and control facilities, emergency plans for environmental emergencies, and environmental self-monitoring plans, have been registered on the environmental information disclosure platform of Hangzhou companies and institutions, and relevant environmental protection departments have carried out online monitoring of their pollution discharge.

2. Renhe Huiming

Relevant information of the project, such as pollution discharge information and environmental self-monitoring plan, have been registered on the environmental information disclosure platform of companies and institutions, and relevant environmental protection departments have carried out online monitoring of their pollution discharge.

Other environmental protection related information

None

XVIII. Other major issues of the description

√ Applicable □ Not Applicable

1. Matters concerning the Company's Public Issuance of Convertible Corporate Bonds

On May 10th, 2019, the 41st Meeting of the Third Board of Directors convened by the Company deliberated and passed the "Proposal on the Company's Plan for Public Issuance of Convertible

Corporate Bonds" and disclosed the "Plan for Public Issuance of Convertible Corporate Bonds" on May 14th, 2019 on <http://www.cninfo.com.cn>.

On June 3rd, 2019, the 2018 Annual General Meeting of Shareholders convened by the Company deliberated and passed the Proposal on the Company's Plan for Public Issuance of Convertible Corporate Bonds.

On July 2nd, 2019, the Company received the "China Securities Regulatory Commission Administrative License Application Acceptance Form" (Acceptance No.: 191755) issued by the China Securities Regulatory Commission, and disclosed the "Announcement on Receiving the" China Securities Regulatory Commission Administrative License Application Acceptance Form "on <http://www.cninfo.com.cn>.

On August 13th, 2019, the Company received the "Notice of Feedback on Review of Administrative Licensing Items of the China Securities Regulatory Commission" (Notice No 191755) issued by the China Securities Regulatory Commission. The Company carefully checked and implemented the relevant issues involved in the feedback with the sponsor CITIC Securities Co., Ltd. And other relevant intermediary agencies, and submitted the relevant materials of the feedback reply to the China Securities Regulatory Commission on September 6, 2019.

On October 15th, 2019, the Company disclosed the Announcement on Adjusting the Plan for Public Issuance of Convertible Corporate Bonds on <http://www.cninfo.com.cn>. The Company reduced the total amount of funds raised from the issuance from no more than 1.2 million yuan (including 1.2 million yuan) to no more than 917.2387 million yuan (including 917.2387 million yuan), and adjusted the specific use of the raised funds accordingly.

On November 21st, 2019, The China Securities Regulatory Commission issued a "Letter on Please Do a Good Job in Preparing for the Meeting of WELLE's Public Issuance of Convertible Bonds" to the Company. The Company, together with the sponsor CITIC Securities Co., Ltd. And other relevant intermediary agencies, carefully checked and implemented the issues raised in the notification letter, and submitted the reply materials to the China Securities Regulatory Commission on November 27th, 2019.

On December 13th, 2019, the Company's application for public issuance of convertible corporate bonds was approved by the China Securities Regulatory Commission's Issuance and Examination Committee.

On January 17th, 2020, the Company received the "Reply on Approving the Public Issuance of Convertible Corporate Bonds by WELLE Environmental Group Co., Ltd." (No.21,2020) issued by the China Securities Regulatory Commission, and the Company's public issuance of convertible corporate bonds was approved.

On April 9th, 2020, the Company disclosed the Prospectus for Public Offering of Convertible Corporate Bonds and the Announcement on Public Offering of Convertible Corporate Bonds. Up to now, the Company has completed all the issuance of convertible corporate bonds. Subsequently, the Company will continue to promote the listing of convertible corporate bonds issued publicly and fulfill its obligation of information disclosure in a timely manner.

2. Matters concerning the transfer of shares of the Company by agreement of controlling shareholders

Changzhou Deze, the controlling shareholder of the Company, and Changzhou Xinbei District No.1 Relief Equity Investment Center (Limited Partnership) signed the Share Transfer Agreement and the Supplementary Agreement to the Share Transfer Agreement on November 26th, 2019 and December 9th, 2019 respectively. The agreement stipulates that Changzhou Deze will transfer its 49.9 million shares of tradable shares with unlimited selling conditions to Changzhou Xinbei District No.1 Relief Equity Investment Center (Limited Partnership) at a price of 5.94 yuan per share, accounting for 6.37% of the total share capital of the Company. This share transfer has not resulted in any changes in the controlling shareholders and actual controllers of the Company. The funds obtained from Changzhou Deze's share transfer will be used to repay the loans pledged for financing and reduce the proportion of its shares pledged. The above-mentioned parties have completed the transfer registration formalities for the relevant shares on December 19th, 2019.

XIX. Major matters of subsidiaries of the Company

Applicable Not Applicable

Section VI Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: Shares

	Before this change		Increase or decrease in this change (+,-)					After this change	
	Quantity	Proportion	Issue new shares	Stock delivery	Conversion of provident fund into shares	Other	Subtotal	Quantity	Proportion
I. Limited Sale Conditional Shares	69,495,030	8.53%				- 14,862,484	- 14,862,484	54,632,546	6.97%
3. Other domestic shareholding	69,495,030	8.53%				- 14,862,484	- 14,862,484	54,632,546	6.97%
Shares held by domestic natural persons	69,495,030	8.53%				- 14,862,484	- 14,862,484	54,632,546	6.97%
II. Unlimited sale of conditional shares	744,617,800	91.47%				- 15,465,389	- 15,465,389	729,152,411	93.03%
1. RMB Common Shares	744,617,800	91.47%				- 15,465,389	- 15,465,389	729,152,411	93.03%
III. Total number of shares	814,112,830	100.00%				- 30,327,873	- 30,327,873	783,784,957	100.00%

Reasons for Changes in Shares

√ Applicable □ Not Applicable

1. In 2018, the Company planned to implement the buyback of the Company's shares. As of January 20th, 2019, the Company's share repurchase period has expired. The Company has accumulated 30,327,873 shares through centralized competitive bidding through the special securities account for share repurchase, and completed the cancellation of the above 30,327,873 shares in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on January 30th, 2019, with the total share capital becoming 783,784,957 shares.

2. During the reporting period, the Company's directors increased their holdings of the Company's shares, and the corresponding Company's restricted shares increased.

3. On July 2nd, 2019, the Company completed the issue of shares and the payment of cash to purchase HANFENG&TECHNOLOGY and DOULE REFRIGERATION, and paid a total of 16,730,898 shares to 22 trading partners such as Chen Weizu, Zhang Qunhui and Zhang Guide.

Approval of Changes in Shares

Applicable Not Applicable

On June 28th, 2018, the 28th meeting of the third board of directors held by the Company deliberated and passed the "Proposal on the Plan for Repurchase of Shares of the Company" and disclosed the "Plan for Repurchase of Shares of the Company".

On July 20th, 2018, the Company's first extraordinary shareholders' meeting in 2018 deliberated and passed the "Proposal on the Plan for Repurchase of Shares of the Company".

Transfer of shares

Applicable Not Applicable

Progress in the Implementation of Share Repurchase

Applicable Not Applicable

Based on the judgment of the Company's value and confidence in its future development, in order to effectively safeguard the interests of the majority of shareholders and enhance investor confidence, and comprehensively consider the relevant proposals of the Company's shareholders, the Company planned to implement the buyback of the Company's shares during the reporting period.

On June 28th, 2018, the 28th meeting of the third board of directors held by the Company deliberated and passed the "Proposal on the Plan for Repurchase of Shares of the Company" and disclosed the "Plan for Repurchase of Shares of the Company".

On July 20th, 2018, the Company's first extraordinary shareholders' meeting in 2018 deliberated and passed the "Proposal on the Plan for Repurchase of Shares of the Company".

In August 2018, the Company opened a special securities account for share repurchase in Shenzhen Branch of China Securities Depository and Clearing Corporation in accordance with the relevant provisions of the Measures for the Administration of Share Repurchase by Listed Companies, and disclosed the Repurchase Report on Share Repurchase of Companies on <http://www.cninfo.com.cn>.

On August 9th, 2018, the Company implemented the share buyback for the first time through centralized bidding. The Company will continue to complete the share buyback according to the implementation of the Company's share buyback plan.

On September 5th, 2018, October 10th, 2018, November 3rd, 2018, December 5th, 2018 and January 3rd, 2019, respectively, the Company disclosed the Progress Announcement on the Repurchase of Shares of the Company, disclosing the progress of the Repurchase of Shares of the Company.

On September 17th, 2018, October 13th, 2018 and December 27th, 2018, respectively, the Company disclosed the Announcement on 1% Share Proportion of Repurchase Company and Progress of Repurchase, the Announcement on 2% Share Proportion of Repurchase Company and Progress of Repurchase, and the Announcement on 3% Share Proportion of Repurchase Company and Progress of Repurchase.

As of January 20th, 2019, the Company has completed this share repurchase. During the repurchase period, 30,327,873 shares have been repurchased through centralized competitive bidding through the special securities account for share repurchase, accounting for 3.73% of the Company's total share capital. The highest transaction price is 5.80 yuan/share, the lowest transaction price is 4.63 yuan/share, and the total transaction amount is 155,405,878.11 yuan (excluding transaction costs).

On January 30th, 2019, the Company completed the cancellation of the repurchased shares in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Progress in the Implementation of Reduction of Share Repurchase by Centralized Bidding

Applicable Not Applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, and net assets per share attributable to common shareholders of the Company.

Applicable Not Applicable

After the cancellation of the Company's repurchased shares, the net income per share was 0.2965 yuan and the net assets per share was 4.6173 yuan/share in 2018 based on the new share capital of 783,784,957 shares.

Other contents that the Company deems necessary or required to be disclosed by the securities regulatory authority

Applicable Not Applicable

2. Changes in restricted shares

Applicable Not Applicable

Unit: Shares

Name of Shareholder	Number of shares restricted at the beginning of the period	Increase the number of restricted shares in this period	Number of Shares Released from Restricted Sale in Current Period	Number of restricted shares at the end of the period	Reasons for sales restriction	Date of proposed lifting of sales restriction
Zhang Jinfeng	1,360,800	0	0	1,360,800	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Zong Tao	2,493,657	1	0	2,493,658	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Zhu Min	326,592	0	0	326,592	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Pu Yanxin	3,170,718	1,868,413	0	5,039,131	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Zhou Liye	2,881,275	0	0	2,881,275	Executive lock-in	During his term of office, he can list and

						circulate 25% of the total number of shares held at the end of last year.
Jiang Guoliang	4,423,134	0	0	4,423,134	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Zhu Weibing	1,569,645	0	0	1,569,645	Executive lock-in	During his term of office, he can list and circulate 25% of the total number of shares held at the end of last year.
Zhu Guofu	1,277,603	0	425,867	851,736	Issue shares to purchase assets	2020-6-27, 2021-6-27
Xu Yankai	8,304,417	0	1,916,402	6,388,015	Issue shares to purchase assets	2020-6-27, 2021-6-27
Sun Gang	745,268	0	248,422	496,846	Issue shares to purchase assets	2020-6-27, 2021-6-27
Huang Meiru	638,802	0	212,933	425,869	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhang Lin	136,278	0	45,425	90,853	Issue shares to purchase assets	2020-6-27, 2021-6-27
Li Weimin	149,054	0	49,684	99,370	Issue shares to purchase assets	2020-6-27, 2021-6-27
Huang Baolan	57,492	0	19,163	38,329	Issue shares to purchase assets	2020-6-27, 2021-6-27
Lei Xueyun	212,933	0	70,977	141,956	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhang Bingyun	57,492	0	19,163	38,329	Issue shares to	2020-6-27,

					purchase assets	2021-6-27
Yin Jiushun	702,681	0	234,226	468,455	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhang Jianxia	127,761	0	42,586	85,175	Issue shares to purchase assets	2020-6-27, 2021-6-27
Chen Zhengchang	68,139	0	22,712	45,427	Issue shares to purchase assets	2020-6-27, 2021-6-27
Xue Wenbo	404,574	0	134,857	269,717	Issue shares to purchase assets	2020-6-27, 2021-6-27
Yang Wenjie	4,258,675	0	1,419,558	2,839,117	Issue shares to purchase assets	2020-6-27, 2021-6-27
Lin Jian	1,064,668	0	354,889	709,779	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zeng Hongbing	85,173	0	28,391	56,782	Issue shares to purchase assets	2020-6-27, 2021-6-27
Dai Lihua	212,933	0	70,977	141,956	Issue shares to purchase assets	2020-6-27, 2021-6-27
Miao Zhihua	851,734	0	283,911	567,823	Issue shares to purchase assets	2020-6-27, 2021-6-27
Chen Weizu	19,229,195	0	6,235,977	12,993,218	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhang Qunhui	4,442,224	0	1,480,741	2,961,483	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhang Guide	7,048,107	0	2,349,369	4,698,738	Issue shares to purchase assets	2020-6-27, 2021-6-27
Zhu Zhiping	3,194,006	0	1,064,668	2,129,338	Issue shares to purchase assets	2020-6-27, 2021-6-27
Total	69,495,030	1,868,414	16,730,898	54,632,546	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not Applicable

2. Explanation of changes in the total number of shares and the structure of shareholders of the Company, as well as changes in the structure of assets and liabilities of the Company

Applicable Not Applicable

1. In 2018, the Company planned to implement the buyback of the Company's shares. As of January 20th, 2019, the Company's share repurchase period has expired. The Company has accumulated 30,327,873 shares through centralized competitive bidding through the special securities account for share repurchase, and completed the cancellation of the above 30,327,873 shares in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on January 30, 2019, with the total share capital becoming 783,784,957 shares.

2. During the reporting period, the Company's directors increased their holdings of the Company's shares, and the corresponding Company's restricted shares increased.

3. On July 2nd, 2019, the Company completed the issue of shares and the payment of cash to purchase HANFENG&TECHNOLOGY and DOULE REFRIGERATION, and paid a total of 16,730,898 shares to 22 trading partners such as Chen Weizu, Zhang Qunhui and Zhang Guide.

As a result of the above matters, the total number of shares and shareholder structure of the Company have changed.

3. Existing Internal Employee Shares

Applicable Not Applicable

III. Information on shareholders and actual controllers

1. Number and shareholding of shareholders of the Company

Unit: Shares

Total number of common shareholders at the end of the reporting period	23,152	Total number of ordinary shareholders at the end of last month before the disclosure date of the annual report	22,785	The total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any) (see Note 9)	0	The total number of preferred shareholders whose voting rights were restored at the end of last month before the disclosure date of the annual report (if any) (see Note 9)	0	
Shareholders holding more than 5% of the shares or the top 10 shareholders holding shares								
Name of Shareholder	Nature of shareholders	Shareholding ratio	Number of shares held at	Increase or decrease during	Number of Shares	Number of Shares Holding	Pledge or freezing	
							Status of	Quantity

			the end of the reporting period	the reporting period	Holding Limited Sale Conditions	Unlimited Sale Conditions	shares	
Changzhou Deze Industrial Investment Co., Ltd.	Domestic non-state-owned legal person	35.16%	275,572,256	-49,900,000	0	275,572,256	Pledge	185,111,189
Changzhou Hejia Capital Management Co., Ltd.□No.1 Rescue Equity Investment Center (Limited Partnership) in Changzhou Xinbei District	Other	6.37%	49,900,000	49,900,000	0	49,900,000		
China Great Wall Asset Management Co., Ltd.	State-owned legal person	4.23%	33,120,000		0	33,120,000		
Changzhou Industrial Investment Group Co., Ltd.	State-owned legal person	3.44%	27,000,000		0	27,000,000	Pledge	27,000,000
TEDA Manulife Fund-Minsheng Bank-TEDA Manulife Value Growth Targeted Additional Asset Management Plan No.460	Other	2.76%	21,600,000		0	21,600,000		
National Social Security Fund 604 Portfolio	Other	2.30%	18,064,554		0	18,064,554		
Chen Weizu	Domestic natural person	2.16%	16,959,617	-6,734,095	12,993,218	3,966,399	Freeze	16,959,617
Cai Changda	Domestic natural	1.93%	15,092,245	-11,742,490	0	15,092,245		

	person							
Xu Yankai	Domestic natural person	1.31%	10,238,015	17,196	6,388,015	3,850,000	Pledge	2,800,000
Zhang Guide	Domestic natural person	0.95%	7,450,978	-1,741,422	4,698,738	2,752,240		
Strategic investors or general legal persons become the top 10 shareholders due to the allotment of new shares (if any) (see Note 4)		None						
Description of the aforesaid shareholder affiliation or concerted action		Not applicable						
Share Ownership of Top 10 Shareholders with Unlimited Sale Conditions								
Name of Shareholder	Number of shares held at the end of the reporting period with unlimited selling conditions	Type of shares						
		Type of shares	Quantity					
Changzhou Deze Industrial Investment Co., Ltd.	275,572,256	RMB Common Stock	275,572,256					
Changzhou Hejia Capital Management Co., Ltd. □ No.1 Rescue Equity Investment Center (Limited Partnership) in Changzhou Xinbei District	49,900,000	RMB Common Stock	49,900,000					
China Great Wall Asset Management Co., Ltd.	33,120,000	RMB Common Stock	33,120,000					
Changzhou Industrial Investment Group Co., Ltd.	27,000,000	RMB Common Stock	27,000,000					
TEDA Manulife Fund-Minsheng Bank-TEDA Manulife Value Growth Targeted Additional Asset Management Plan No.460	21,600,000	RMB Common Stock	21,600,000					
National Social Security Fund 604 Portfolio	18,064,554	RMB Common	18,064,554					

		Stock	
Cai Changda	15,092,245	RMB Common Stock	15,092,245
Industrial and Commercial Bank of China-AXA Value Growth Hybrid Securities Investment Fund	6,049,980	RMB Common Stock	6,049,980
Bank of Communications Co., Ltd.-Puyin AXA's Growth Power Flexible Allocation of Hybrid Securities Investment Funds	6,049,980	RMB Common Stock	6,049,980
Xinhua Life Insurance Company Limited-Dividends-Group Dividends-018L-FH001 Shenzhen	5,081,665	RMB Common Stock	5,081,665
Explanation of the relationship or concerted action between the top 10 shareholders of unlimited tradable shares and between the top 10 shareholders of unlimited tradable shares and the top 10 shareholders	Changzhou Deze Industrial Investment Co., Ltd., the controlling shareholder of the Company, has no related relationship with other shareholders. The Company does not know whether there is related relationship between other shareholders or whether it is a concerted actor.		
Description of Shareholders Participating in Margin Trading (if any) (see Note 5)	Changzhou Deze Industrial Investment Co., Ltd., the controlling shareholder of the Company, holds 226,972,256 shares through the ordinary account and 48,600,000 shares through the credit transaction guarantee securities account of CITIC Jiantou Securities customers, with a total actual holding of 275,572,256 shares.		

Did the top 10 common shareholders and the top 10 common shareholders with unlimited selling conditions carry out agreed repurchase transactions during the reporting period?

Yes No

The Company's top 10 common shareholders and the top 10 common shareholders with unlimited selling conditions did not carry out agreed repurchase transactions during the reporting period.

2. Information of controlling shareholders of the Company

Nature of Controlling Shareholder: Natural Person Holding

Type of controlling shareholder: legal person

Name of Controlling Shareholder	Legal representative/person in	Date of Establishment	Organization Code	Main business
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	charge of the unit			
Changzhou Deze Industrial Investment Co., Ltd.	Li Yuezhong	28 February 2005	91320411770519757Q	Industrial Investment and Company Management Services
The equity of other domestic and overseas listed companies controlled and shared by controlling shareholders during the reporting period	None			

Changes in Controlling Shareholders during the Reporting Period

Applicable Not Applicable

The controlling shareholders of the Company did not change during the reporting period.

3. Actual controllers of the company and their concerted actors

Nature of Actual Controller: Domestic Natural Person

Type of Actual Controller: Natural Person

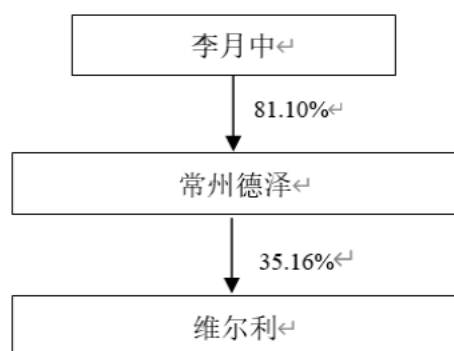
Name of Actual Controller	Relationship with Actual Controller	Nationality	Have you obtained the right of abode in other countries or regions
Li Yuezhong	Self	China	Yes
Major occupations and positions	None		
Information on Domestic and Overseas Listed Companies Holding Holdings in the past 10 Years	None		

Change of Actual Controller during Reporting Period

Applicable Not Applicable

The actual controller of the Company did not change during the reporting period.

Block Diagram of Property Rights and Control Relations between the Company and Actual Controllers



The actual controller controls the company through trust or other asset management methods.

Applicable Not Applicable

4. Other corporate shareholders holding more than 10% of the shares

Applicable Not Applicable

5. Restricted reduction of shares of controlling shareholders, actual controllers, reorganizers and other promising entities

Applicable Not Applicable

Section VII Relevant Information on Preferred Shares

Applicable Not Applicable

During the reporting period, the Company did not have preferred shares.

Section VIII Relevant Information on Convertible Corporate Bonds

Applicable Not Applicable

During the reporting period, the Company did not have convertible corporate bonds.

Section IX Directors, Supervisors, Senior Managers and Employees

I. Changes in shareholding of directors, supervisors and senior management personnel

Name	Duty	Employment Status	Gender	Age	Term commencement date	Term End Date	Number of shares held at the beginning of the period (shares)	Number of Shares (Shares) Increased in Current Period	Number of Shares Reduced in Current Period (Shares)	Other increases or decreases (shares)	Number of shares held at the end of the period (shares)
Li Yuezhong	Chairman of the Board	Current	Male	57	June 13 th , 2019		0	0	0	0	0
Zong Tao	Director and General Manager	Current	Male	41	June 13 th , 2019		3,324,877	0	0	0	3,324,877
Jiang Guoliang	Director and Deputy General Manager	Current	Male	59	June 13 th , 2019		5,897,512	0	0	0	5,897,512
Pu Yanxin	Director and Deputy General Manager	Current	Male	42	June 13 th , 2019		4,227,444	2,491,397	0	0	6,718,841
Zhou Liye	Director and Deputy General Manager	Current	Female	52	June 13 th , 2019		3,841,700	0	0	0	3,841,700
Li Yao	Director	Current	Male	30	June 13 th , 2019		0	0	0	0	0
Fu Tie	Independent	Current	Male	47	June 13 th , 2019		0	0	0	0	0

	Director										
Wu Haisuo	Independent Director	Current	Male	57	June 13 th , 2019		0	0	0	0	0
Zhao Dan	Independent Director	Current	Male	56	June 13 th , 2019		0	0	0	0	0
Zhu Weibing	Supervisor	Current	Male	49	June 13 th , 2019		2,092,860	0	0	0	2,092,860
Zhu Weiqing	Supervisor	Current	Male	39	June 13 th , 2019		0	0	0	0	0
Huang Xinggang	Supervisor	Current	Male	45	June 13 th , 2019		0	0	0	0	0
Zhang Jinfeng	Deputy General Manager	Current	Male	55	June 13 th , 2019		1,814,400	0	0	0	1,814,400
Zhu Min	Chief Financial Officer and Secretary of the Board of Directors	Current	Female	44	June 13 th , 2019		435,456	0	0	0	435,456
Chang Yanqing	Deputy General Manager	Current	Male	59	June 13 th , 2019		0	0	0	0	0
Shao Jun	Deputy General Manager	Current	Male	57	June 13 th , 2019		0	0	0	0	0
Total	--	--	--	--	--	--	21,634,249	2,491,397	0	0	24,125,646

II. Changes in directors, supervisors and senior management of the Company

Applicable Not Applicable

III. Employment status

The current directors, supervisors and senior managers of the Company have professional background, main work experience and main responsibilities in the Company at present.

1. Members of the Board of Directors

Li Yuezhong, male, 57 years old, Chinese nationality, permanent residence in Germany, doctor's degree. Currently, he is a member of the Municipal Sanitation Committee of the Science and Technology Committee of the Ministry of Housing and Construction, an expert in municipal utilities, an executive director of Changzhou Deze, and a director of some wholly-owned and controlled subsidiaries of the Company. From February 2003 to August 2007, he was the General Manager of WELLE Co., Ltd., from September 2007 to October 2009, he was the General Manager and Chairman of WELLE Co., Ltd., and from October 2009 to June 2016, he was the Chairman and General Manager of the Board of Directors of the Company. He will be the chairman of the Company from June 13, 2016.

Zong Tao, male, 41 years old, of Chinese nationality, has no permanent right of abode abroad, MBA from Nanjing University. From July 2001 to July 2009, he served as Manager of Development Department, Manager of Securities Department and Representative of Securities Affairs of Jiangsu Kangyuan Pharmaceutical Co., Ltd. and Secretary of Board of Directors of WELLE Co., Ltd. From July 2009 to November 2009. From November 2009 to July 2012, he served as the Company's chief financial officer and secretary of the board of directors, from July 2012 to July 2017, he served as the Company's deputy general manager and secretary of the board of directors, and from July 2017, he served as the Company's director, general manager and secretary of the board of directors, and from October 2017, he served as the Company's director and general manager.

Jiang Guoliang, male, 59 years old, of Chinese nationality, has no permanent right of abode abroad. From October 2004 to February 2009, he served as Chairman and General Manager of Changzhou Jinniu, and from February 2009 to October 2009, he served as Supervisor of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the Company.

Pu Yanxin, male, 42 years old, of Chinese nationality, has no permanent right of abode abroad, and has a master's degree. From May 2004 to July 2007, he was the director of the Design Department of WELLE Co., Ltd. From September 2007 to October 2009, he served as Deputy Managing Director of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the Company.

Zhou Liye, female, 52 years old, of Chinese nationality, has no permanent right of abode abroad and has a bachelor's degree. From January 2004 to March 2006, he served as Deputy General Manager

of Foshan Skent Environmental Technology Co., Ltd. And from April 2006 to September 2007, he served as Director of Marketing Department of WELLE Co., Ltd. From September 2007 to October 2009, he served as Deputy Managing Director of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the Company.

Li Yao, male, 30 years old, of Chinese nationality, has no permanent right of abode abroad, and has a master's degree. Since July 2014, he has been the General Manager of Beijing Dianlu Technology Co., Ltd. Since 2017, he has been chairman of Beijing Huiheng. He has been a director of the Company since June 13th, 2016.

Wu Haisuo, male, 57 years old, Chinese nationality, doctor's degree. From February 2010 to March 2016, he was the president of Jiangsu Environmental Science Research Institute. Currently, he is the chairman and general manager of Jiangsu Environmental Protection Industry Technology Research Institute Co., Ltd. He has been an independent director of the Company since June 13th, 2016.

Zhao Dan, male, 56 years old, of Chinese nationality, has no permanent right of abode abroad, and has a master's degree. From 2008 to January 2016, he served as Secretary of the Board of Directors and Deputy General Manager of Jiangsu Chang Bao Steel Management Co., Ltd. He has been an independent director of the Company since June 13th, 2016.

Fu Tie, male, 47 years old, of Chinese nationality, has no permanent right of abode abroad, and has a master's degree. Since 2002, he has been the tax director of Yihai Kerry Investment Co., Ltd. He has been an independent director of Jiangsu Jinshiyuan Wine Co., Ltd. Since April 28, 2017 and an independent director of the Company since June 13th, 2016.

2. Members of the Board of Supervisors

Zhu Weibing, male, 49 years old, of Chinese nationality, has no permanent right of abode abroad, and has a bachelor's degree. From March 2003 to October 2009, he was a director and director of the Production Department of WELLE Co., Ltd. Since October 2009, he has been the director of the Chief Engineer's Office. From October 2009 to October 2012, he was the Chairman of the First Board of Supervisors of the Company. From October 2012 to June 2016, he served as Chairman of the Second Board of Supervisors of the Company. As Chairman of the Board of Supervisors of the Company from June 13th, 2016.

Huang Xinggang, male, 45 years old, of Chinese nationality, has no permanent residence abroad

and has a bachelor's degree. From August 2004 to April 2007, he was an environmental protection engineer of WELLE Environmental Engineering (Changzhou) Co., Ltd. and from April 2007 to December 2008, he was the stationmaster and assistant to the general manager of the sewage treatment station of Harbin Dechang Solid Waste Disposal Co., Ltd. Since October 2009, he has been the director of the Company's operations department. From October 2009 to October 2012, he served as the supervisor of the first Board of Supervisors of the Company. From October 2012 to June 2016, he served as a supervisor of the Company's second board of supervisors. Since June 13, 2016, he has been a supervisor of the Board of Supervisors

Zhu Weiqing, male, 39 years old, of Chinese nationality, has no permanent right of abode abroad and has a bachelor's degree. He began to work in the Company in July 2004 and is currently the General Manager of the Company's controlling subsidiary. Since June 13th, 2016, he has been a supervisor of the Board of Supervisors

3. Senior management personnel

Zong Tao, male, 41 years old, of Chinese nationality, has no permanent right of abode abroad, MBA from Nanjing University. From July 2001 to July 2009, he served as Manager of Development Department, Manager of Securities Department and Representative of Securities Affairs of Jiangsu Kangyuan Pharmaceutical Co., Ltd. and Secretary of Board of Directors of WELLE Co., Ltd. From July 2009 to November 2009. From November 2009 to July 2012, he served as the Company's chief financial officer and secretary of the board of directors, from July 2012 to July 2017, he served as the Company's deputy general manager and secretary of the board of directors, and from July 2017, he served as the Company's director, general manager and secretary of the board of directors, and from October 2017, he served as the Company's director and general manager.

Jiang Guoliang, male, 59 years old, of Chinese nationality, has no permanent right of abode abroad. From October 2004 to February 2009, he served as Chairman and General Manager of Changzhou Jinniu, and from February 2009 to October 2009, he served as Supervisor of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the Company.

Pu Yanxin, male, 42 years old, of Chinese nationality, has no permanent right of abode abroad, and has a master's degree. From May 2004 to July 2007, he was the director of the Design Department of WELLE Co., Ltd. From September 2007 to October 2009, he served as Deputy Managing Director of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the

Company.

Zhou Liye, female, 52 years old, of Chinese nationality, has no permanent right of abode abroad and has a bachelor's degree. From January 2004 to March 2006, he served as Deputy General Manager of Foshan Skent Environmental Technology Co., Ltd. and from April 2006 to September 2007, he served as Director of Marketing Department of WELLE Co., Ltd. From September 2007 to October 2009, he served as Deputy Managing Director of WELLE Co., Ltd. Since October 2009, he has been a director and deputy general manager of the Company.

Zhang Jinfeng, male, 55 years old, of Chinese nationality, has no permanent right of abode abroad, and has a doctoral degree. From April 2002 to July 2006, he was the manager of Veolia Environmental Services North Region, and from July 2006 to August 2010, he was the technical director of Veolia Environmental Services Company. He is currently an expert of the Environmental Health Expert Group of the Municipal Public Utilities Expert Committee of the Ministry of Housing and Construction. Since September 2010, he has been the Deputy General Manager of the Company.

Chang Yanqing, male, 59 years old, of Chinese nationality, has no permanent right of abode abroad, has a bachelor's degree and is a German trainee. From 1983 to 2000, he served as director and deputy director of Shanxi yuanping Lifting and Transportation Machinery General Factory. From 2000 to 2001, he was the Director of Technology and Sales of the Beijing Office of Canada's Wang Group. From 2001 to 2006, he served as Deputy General Manager of Dezhou Delong Group Environmental Protection Equipment Co., Ltd. From 2007 to September 2012, he served as Deputy General Manager of Tianjin Baili Sunshine Environmental Protection Equipment Co., Ltd. Currently, he is an expert of the Technical Equipment Expert Committee of China Circular Economy Association and has been the Deputy General Manager of the Company since September 2012.

Zhu Min, female, 44 years old, of Chinese nationality, has no permanent right of abode abroad, has a bachelor's degree and is a Chinese certified public accountant. From October 2006 to July 2010, I worked in Shanghai Branch of Xinyongzhong Certified Public Accountants. From August 2010 to July 2012, he was the manager of the Company's Finance Department and the Company's Chief Financial Officer from July 2012 to October 2017. Since October 2017, he has been the Company's chief financial officer and secretary of the board of directors.

Shao Jun, male, 57 years old, of Chinese nationality, has no permanent right of abode abroad, and has a postgraduate degree. From 1988 to 1999, he was vice president of Shanghai Environmental

Engineering Design and Research Institute. From 1999 to 2015, he served as Deputy General Manager of Shanghai Environment Group. Since June 13th, 2016, he has been the Deputy General Manager of the Company.

Employment in shareholder companies

Applicable Not Applicable

Name of the incumbent	Name of shareholder unit	Positions held in shareholder companies	Term commencement date	Term End Date	Do you receive remuneration and allowance in the shareholder unit
Li Yuezhong	Changzhou Deze Industrial Investment Co., Ltd.	Executive Director	February 28 th , 2005		No
Description of the position in the shareholder unit	Changzhou Deze Industrial Investment Co., Ltd. is the controlling shareholder of the Company.				

Employment in other units

Applicable Not Applicable

Name of the incumbent	Name of other company	Positions held in other units	Term commencement date	Term End Date	Do you receive remuneration allowances in other units
Wu Haisuo	Jiangsu Environmental Protection Industry Technology Research Institute Co., Ltd.	Chairman and General Manager	February 1 st , 2010		Yes
Fu Tie	Yihai Kerry Investment Co., Ltd.	Director of Taxation	January 1 st , 2002		Yes
Fu Tie	Jiangsu Jinshiyuan Wine Co., Ltd.	Independent Director	April 28 th , 2017		Yes
Li Yao	Beijing Dianlu Technology Co., Ltd.	General Manager	July 1 st , 2014		No
Li Yao	Beijing Huiheng Environmental Engineering Co., Ltd.	Chairman of the Board	August 29 th , 2017		No
Description of representation in other units	None				

The punishment of the current and outgoing directors, supervisors and senior management personnel of the Company by the securities regulatory authority in the past three years during the reporting period.

Applicable Not Applicable

IV. Remuneration of directors, supervisors and senior management personnel

The decision-making procedures, basis for determining and actual payment of the remuneration of directors, supervisors and senior management personnel

Decision-making Procedures for Remuneration of Directors, Supervisors and Senior Management Personnel	Decision-making procedures for directors' remuneration: the remuneration and assessment Committee under the board of directors shall propose the remuneration amount and reward method of directors according to the remuneration distribution policy, determine the remuneration plan, and submit it to the board of directors for deliberation; The board of directors shall submit it to the shareholders' meeting for deliberation after approval. Decision-making procedures for supervisors' remuneration: The board of supervisors shall put forward the supervisor's compensation plan according to the post performance evaluation results and the salary distribution policy. After being submitted to the board of supervisors for deliberation and approval, it shall be submitted to the shareholders' meeting for approval of the decision-making procedure for the remuneration of senior management personnel: the remuneration and assessment Committee under the board of directors shall put forward the remuneration plan for senior management personnel according to the post performance evaluation results and the remuneration distribution policy, and submit it to the board of directors for deliberation and approval.
Basis for Determining Remuneration of Directors, Supervisors and Senior Management Personnel	The remuneration of directors, supervisors and senior management personnel shall be paid in accordance with the Company's remuneration assessment plan and in combination with their working ability, performance and job responsibilities.
Actual Payment of Remuneration of Directors, Supervisors and Senior Management Personnel	The actual payment is shown in that follow table

Remuneration of Directors, Supervisors and Senior Management of the Company during the Reporting Period

Unit: 10,000 yuan

Name	Duty	Gender	Age	Employment Status	Total pre-tax remuneration received from the company	Whether to obtain remuneration from related parties of the company
Li Yuezhong	Chairman of the Board	Male	57	Current	135.28	No
Zong Tao	Director and	Male	41	Current	133.71	No

	General Manager					
Jiang Guoliang	Director and Deputy General Manager	Male	59	Current	112.34	No
Zhou Liye	Director and Deputy General Manager	Female	52	Current	116.51	No
Pu Yanxin	Director and Deputy General Manager	Male	42	Current	145.91	No
Li Yao	Director	Male	30	Current	78.26	No
Fu Tie	Independent Director	Male	47	Current	7.24	No
Zhao Dan	Independent Director	Male	56	Current	7.24	No
Wu Haisuo	Independent Director	Male	57	Current	7.24	No
Zhu Weibing	Supervisor	Male	49	Current	88.02	No
Zhu Weiqing	Supervisor	Male	39	Current	73.55	No
Huang Xinggang	Supervisor	Male	45	Current	84.35	No
Zhang Jinfeng	Deputy General Manager	Male	55	Current	67.91	No
Zhu Min	Chief Financial Officer and Secretary of the Board of Directors	Female	44	Current	86.59	No
Shao Jun	Deputy General Manager	Male	57	Current	107.28	No
Chang Yanqing	Deputy General Manager	Male	59	Current	114.51	No
Total	--	--	--	--	1,365.94	--

Equity Incentive Granted to Directors and Senior Management of the Company during the Reporting Period

Applicable Not Applicable

V. Employees of the Company

1. Number of employees, professional composition and educational level

Number of employees in the parent company (person)	677
Number of employees in major subsidiaries (people)	1,534
Total number of employees in service (person)	2,211
Total number of employees receiving compensation in the current period (person)	2,211
Number of retired workers (persons) whose parent company and major subsidiaries have to bear the expenses	3
Professional composition	
Professional composition category	Number of Professionals (Person)
Production personnel	466
Salesperson	102
Technician	331
Financial personnel	61
Administrative staff	370
Research and development personnel	230
Operator	651
Total	2,211
Education level	
Category of Education Level	Number (person)
Doctor	5
Master's degree	115
Undergraduate	575
Junior college	461
Technical secondary/high school and below	1,055
Total	2,211

2. Salary Policy

According to the situation of the industry, the Company's operation and job responsibilities, the Company has formulated differentiated salary policies by comparing companies in the same industry and referring to the same region, and has made timely adjustments according to changes in relevant policies and market conditions. Employee's salary mainly includes basic salary, performance salary,

social security, housing accumulation fund, etc.

3. Training plan

The company has always attached importance to the introduction and training of talents, continuously improved and optimized the training mechanism, and promoted the common development of the company and its employees. The Company will continue to speed up the training and training of key personnel of the Company, improve the training mechanism and improve the business skills of employees according to the needs of the Company's development and the diversified training needs of employees. During the reporting period, the Company held many internal and external trainings to provide more comprehensive and professional technical and management trainings for employees. In addition, the Company has formally implemented the internal lecturer system, selecting and training lecturer talents from internal employees, giving full play to various excellent skills of employees, fully mobilizing the subjective initiative of employees of the Company, and providing more opportunities and stages for employees of the Company to display their talents.

4. Outsourcing of labor services

Applicable Not Applicable

Section X Corporate Governance

I. Basic situation of corporate governance

During the reporting period, the Company strictly abides by the Company Law, the Securities Law, the Guidelines for the Governance of Listed Companies, the Rules for Listing of Stocks on the Growth enterprise market of Shenzhen Stock Exchange, and the Guidelines for Standardized Operation of Listed Companies on the Growth enterprise market of Shenzhen Stock Exchange. Constantly strengthen and improve the corporate governance structure, establish and improve the company's internal control system, promote and ensure the standardized and effective operation of the company, and earnestly safeguard the interests of the majority of investors. As of the end of the reporting period, the actual situation of corporate governance met the requirements of the "Guidelines for the Governance of Listed Companies" and the "Guidelines for the Standardized Operation of Listed Companies on the Growth enterprise market of Shenzhen Stock Exchange".

1. About shareholders and shareholders' general meeting

During the reporting period, the Company held a total of 4 shareholders' meetings. The Company strictly followed the provisions and requirements of the Rules for Shareholders' Meetings of Listed Companies, the Articles of Association and the Rules of Procedure for Shareholders' Meetings; Regularly convene and convene shareholders' meetings; By hiring lawyers to attend and witness the meeting, the legality of the convening, convening and voting procedures is guaranteed, and all shareholders are treated equally; And as far as possible to provide convenience for shareholders to participate in the shareholders' meeting, so that they can fully exercise their rights, carefully consider all opinions and suggestions put forward by shareholders, and make decisions based on the fundamental interests of the majority of shareholders.

2. About the company and controlling shareholders

The controlling shareholders of the Company strictly regulate their own behaviors and do not directly or indirectly interfere with the Company's decision-making and business activities beyond the shareholders' meeting. The Company has independent and complete business and independent operation capability. It is independent of controlling shareholders in business, personnel, assets,

institutions and finance. The Board of Directors, Board of Supervisors and internal institutions of the Company operate independently. During the reporting period, the Company did not provide guarantee for the controlling shareholders, nor did the controlling shareholders occupy the funds of the listed company.

3. About directors and boards of directors

The board of directors of the Company has 9 directors, including 3 independent directors, and has four special committees, namely, the Strategy and Investment Committee, the Remuneration and Assessment Committee, the Audit Committee and the Nomination Committee. The number and composition of the board of directors meet the requirements of laws, regulations and the Articles of Association of the Company. During the reporting period, all directors were able to carry out their work in accordance with the Rules of Procedure of the Board of Directors, the Independent Director System and the Guidelines for the Standardized Operation of Listed Companies on the Growth enterprise market of Shenzhen Stock Exchange. They attended the board of directors and shareholders' meetings, performed their duties and obligations diligently and dutifully, and actively participated in relevant training and became familiar with relevant laws and regulations.

4. About supervisors and supervisors

The board of supervisors of the Company has 3 supervisors, including 1 employee supervisor. The number and composition of the board of supervisors meet the requirements of laws and regulations. Each supervisor can conscientiously perform his duties in accordance with the requirements of the Rules of Procedure of the Board of Supervisors, and independently supervise the Company's major issues, related party transactions, financial status and the legal compliance of directors and senior management personnel in performing their duties in line with the principle of being responsible to the Company and all shareholders.

5. Information disclosure and transparency

The Company shall disclose relevant information truly, accurately, timely, fairly and completely in strict accordance with the requirements of relevant laws and regulations, the Articles of Association of the Company and the Measures for the Administration of Information Disclosure. <http://www.cninfo.com.cn> is also designated as the Company's information disclosure website and "China Securities Journal", "Securities Times" and "Shanghai Securities News" are designated as the Company's information disclosure newspapers to disclose information truly, accurately, timely and

completely to ensure that all investors have fair access to the Company's information. The Company has formulated the "Information Disclosure Management Measures" to clarify the internal information disclosure process; At the same time, the Company also coordinates the relationship between the Company and investors, answers investor inquiries, strengthens communication with investors, and promotes investors' understanding and recognition of the Company according to the requirements of the Information Disclosure Management Measures.

6. About stakeholders

The Company fully respects and protects the legitimate rights and interests of relevant stakeholders, realizes the coordination and balance of the interests of shareholders, employees, stakeholders of the Company, society and other parties, and jointly promotes the sustained and healthy development of the Company.

7. About social responsibility

As a member of the environmental protection industry, the Company actively pays attention to undertaking social responsibilities, implements various social responsibilities in the process of operation, and strives to form a demonstration effect, striving to make its own contribution to environmental protection governance and harmonious social development.

Is there any significant difference between the actual situation of corporate governance and the normative documents on corporate governance issued by the China Securities Regulatory Commission

Yes No

There is no significant difference between the actual situation of corporate governance and the normative documents on corporate governance issued by the China Securities Regulatory Commission.

II. Independence of the Company relative to the controlling shareholders in business, personnel, assets, institutions, finance and other aspects

The Company operates in strict accordance with the requirements of the Company Law, Securities Law and other relevant laws and regulations and the Articles of Association of the Company. It has established and continuously improved its corporate governance structure. There is no situation that it cannot guarantee its independence and maintain its independent operation ability with controlling shareholders in terms of business, personnel, assets, institutions and finance. Changzhou Deze Industrial Investment Co., Ltd., the controlling shareholder of the Company, is mainly engaged in industrial investment and company management services. However, the

Company's business scope is not the same as that of its controlling shareholders. It is mainly engaged in domestic waste treatment and landfill leachate treatment. It has independent brands and technologies, can independently control and use human, financial, material and other production factors, and has the ability to independently operate in the market. At the same time, the company independently owns the ownership of land, houses, machinery and equipment, trademarks and patents related to production and operation. It has an independent financial department, full-time financial personnel and an independent financial accounting system. In addition, the Company has established a complete and efficient organizational structure to independently exercise its management functions. Therefore, the Company and its controlling shareholders are independent in terms of personnel, assets, finance, institutions and business. The company has independent and complete business and the ability to operate independently.

III. Competition among peers

Applicable Not Applicable

IV. Relevant information on the annual shareholders' meeting and the interim shareholders' meeting held during the reporting period

1. The general meeting of shareholders in the reporting period

Session of the Conference	Conference Type	Proportion of investor participation	Date of Convening	Date of Disclosure	Disclosure Index
First Extraordinary Shareholders' Meeting in 2019	Extraordinary shareholders' meeting	41.53%	March 7 th , 2019	March 8 th , 2019	http://www.cninfo.com.cn
2018 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	45.80%	June 3 rd , 2019	June 4 th , 2019	http://www.cninfo.com.cn
Second Extraordinary Shareholders' Meeting in 2019	Extraordinary shareholders' meeting	41.53%	June 24 th , 2019	June 25 th , 2019	http://www.cninfo.com.cn
Third Extraordinary Shareholders' Meeting in 2019	Extraordinary shareholders' meeting	45.75%	September 11 st , 2019	September 12 th , 2019	http://www.cninfo.com.cn

2. The preferred shareholders whose voting rights have been restored request to convene an interim shareholders' meeting.

Applicable Not Applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at the board of directors and the general meeting of shareholders

Attendance of Independent Directors at the Board of Directors and Shareholders' General Meeting							
Name of Independent Director	Number of Board Attendees During the Reporting Period	Number of on-site attendance at the board of directors	Number of attendances to the Board of Directors by means of correspondence	Number of Entrusted Attendees to Board of Directors	Number of absences from the board of directors	Did you not attend the board meeting in person twice in a row	Number of Attendees at Shareholders' Meetings
Wu Haisuo	11	1	10	0	0	No	2
Zhao Dan	11	2	9	0	0	No	2
Fu Tie	11	1	10	0	0	No	3

Explanation of failure to attend the board of directors in person for two consecutive times.

Not applicable

2. Objections raised by independent directors to relevant matters of the Company

Does the independent director raise any objection to the relevant matters of the company?

Yes No

During the reporting period, independent directors did not raise any objection to relevant matters of the Company.

3. Other explanations on the performance of duties by independent directors

Whether the relevant suggestions of independent directors to the Company have been adopted,

Yes No

Independent Director's Statement on the Adoption or Failure of the Company's Relevant Suggestions

During the reporting period, the independent directors of the Company performed their duties honestly, diligently and independently in strict accordance with the relevant provisions of the Company Law, the Listing Rules, the Articles of Association of the Company and the Detailed Rules for the Work of Independent Directors, actively attended relevant meetings and carefully considered various proposals of the Board of Directors. Through attending the board of directors, shareholders' meeting, on-site inspection and other means, actively understand the company's operating conditions,

internal control construction and the implementation of board resolutions, and make full use of their professional knowledge; It has put forward professional suggestions and opinions on matters such as the company's change of company name, public issuance of convertible bonds, and the general election of the board of directors. It has effectively supervised the company's financial and production and operation activities, improved the company's supervision mechanism, improved the scientific nature of the company's decision-making, and safeguarded the legitimate rights and interests of the company and all shareholders.

VI. Performance of duties by special committees under the Board of Directors during the reporting period

During the reporting period, the special committees held meetings on relevant matters of the Company, performed relevant duties, put forward scientific and reasonable opinions and suggestions for the Company's operation and development, and played a positive role in the Company's internal control and standardized management:

1. Performance of the audit committee

During the reporting period, the Company's Audit Committee held a meeting in strict accordance with the relevant requirements of the Rules of Procedure of the Audit Committee to conduct internal audit and reading of the Company's regular reports, the use of raised funds and other relevant major financial information disclosure to ensure the integrity and authenticity of the Company's major financial information.

The Audit Committee of the Company also inspects, assesses, evaluates and guides the daily work of the financial department and audit department of the Company and its important subsidiaries, supervises the use of the Company's raised funds, standardizes related party transactions, prevents the occupation of funds, etc., and urges the construction and improvement of the Company's internal audit system. The Committee has also continuously strengthened the communication between internal audit and external audit to ensure the smooth progress of audit work, especially on major financial reports.

2. Performance of the remuneration and assessment committee

During the reporting period, the Remuneration and Assessment Committee of the Board of Directors shall strictly comply with the relevant requirements of the Rules of Procedure of the

Remuneration and Assessment Committee, formulate and review the remuneration policies and assessment plans of the company's directors and senior management personnel, evaluate and review the work of the directors and senior management personnel according to the performance evaluation standards, put forward reasonable suggestions, and actively perform the duties of members of the Remuneration and Assessment Committee.

3. Performance of nomination committee

During the reporting period, the Nomination Committee of the Board of Directors organized and participated in all the work of the Nomination Committee in strict accordance with the Rules of Procedure of the Nomination Committee, and actively performed the duties of the Nomination Committee according to the actual situation of the Company.

4. Performance of the strategic committee

During the reporting period, the Strategy Committee of the Board of Directors strictly follows the relevant requirements of the Rules of Procedure of the Strategy Committee of the Board of Directors; Actively carry out relevant work, conscientiously perform their duties, combine the development of the industry in which the Company and its important subsidiaries are located and their own development, review the Company's long-term development strategy and foreign investment mergers and acquisitions decisions, and put forward their own suggestions and opinions, making important contributions to the formulation and implementation of the Company's long-term development strategy.

VII. Work of the board of supervisors

The Board of Supervisors found out whether there were risks in the Company during the supervision activities during the reporting period.

Yes No

The Board of Supervisors of the Company has no objection to the supervision matters during the reporting period.

VIII. Evaluation and incentive of senior management personnel

The company has established an incentive mechanism suitable for the company's system, actively mobilized the enthusiasm, initiative and creativity of senior management personnel, and continuously improved the management level of the company. According to the Company's salary system and performance appraisal system, the Company implements an incentive and restraint

mechanism linking basic salary and work performance for the appraisal of senior management personnel. At the beginning of the year, the Company signed a business responsibility agreement with the senior management personnel. After the end of each business year, the senior management personnel will be evaluated for annual performance according to the completion of the Company's annual business objectives and the work performance of the senior management personnel. The Company will cash in its annual performance salary according to the results of the performance evaluation. In 2019, the salary plan for the Company's senior management personnel complies with the relevant provisions of the Company's salary assessment system, and the salary payment procedures comply with the relevant laws and regulations and the provisions of the Company's system.

IX. Internal control evaluation report

1. Details of major internal control defects found during the reporting period

Yes No

2. Internal control self-evaluation report

Disclosure Date of Full Text of Internal Control Evaluation Report	April 28 th , 2020
Full-text Disclosure Index of Internal Control Evaluation Report	For details, please refer to the 2019 Internal Control Self-Evaluation Report published by the Company on April 28 th , 2020 on http://www.cninfo.com.cn (www.cninfo.com.cn)
Proportion of the total assets of the unit included in the evaluation scope to the total assets of the company's consolidated financial statements	100.00%
Proportion of the operating income of the unit included in the evaluation scope to the operating income of the company's consolidated financial statements	100.00%
Defect identification standard	

Category	Financial Report	Non-financial reporting
Qualitative criteria	<p>Criteria for determining major defects: ① Management has committed fraud and violation of regulations; ② There are significant errors in the current financial report, but no such errors are found in the internal control operation process; ③ The Company's Audit Committee and Audit Department have invalid internal control and supervision over financial reports. Defects with the following characteristics are identified as important defects: ① No anti-fraud procedures and control measures have been established; ② There are one or more defects and it cannot reasonably guarantee that the prepared financial statements reach the true and accurate objectives; ③ Failing to select and apply accounting policies in accordance with generally accepted accounting standards. Other internal control defects that do not constitute major defects or major defects are identified as general defects.</p>	<p>According to the degree of influence of the following circumstances, they are identified as general defects, important defects and major defects. ① The company's business activities violate national laws and regulations; ② The frequent exposure of negative news in the media has had a significant impact on the company's reputation; ③ Internal control defects have not been rectified; ④ Major issues decision-making procedures errors or violations of the company's decision-making procedures lead to economic losses of the company; ⑤ Other defects that may cause the company to deviate from the expected control objectives.</p>
Quantitative standard	<p>When the misstatement amount is greater than or equal to 5% of the total operating income, or the misstatement amount is greater than or equal to 2% of the total assets, it is deemed as a major defect; When the misstatement amount is less than or equal to 5% of the total operating income but greater than or equal to 3% of the total operating income, or less than or equal to 2% of the total assets but greater than or equal to 1% of the total assets, it is deemed as an important defect; When the misstatement amount is less than 3% of the operating income, or less than or equal to 1% of the total assets, it is deemed as a general defect.</p>	<p>It is consistent with the quantitative standard for evaluating internal control defects in financial reports determined by the Company.</p>
Number of Major Defects in Financial Reports (Number)	0	
Number of Major Defects in Non-financial Reports (Number)	0	
Number of Important Defects in Financial Reports (Number)	0	
Number of Major	0	

Defects in Non-financial Reports (Number)	
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X. Internal control audit report or verification report

Not applicable

Section XI Relevant Information on Corporate Bonds

Whether the company has any corporate bonds that are publicly issued and listed on the stock exchange and have not expired or have not been fully paid upon maturity on the date when the annual report is approved and reported.

No

Section XII Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing Date of Audit Report	April 26 th , 2020
Name of Audit Institution	ShineWing Accounting Firm (Special General Partnership)
Document number of audit report	XYZH/2020SHA10100
Name of Certified Public Accountant	Ye Shengping and Yan Wei

Text of audit report

All shareholders of WELLE Environmental Group Co., Ltd.:

1. Audit opinion

We have audited the financial statements of WELLE Environmental Group Co., Ltd. (hereinafter referred to as WELLE Company), including the consolidated and parent company's balance sheet as of December 31st, 2019, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in shareholders' equity, and notes to relevant financial statements.

We believe that the attached financial statements have been prepared in accordance with the provisions of the Accounting Standards for Business Companies in all major aspects and fairly reflect the merger of WELLE Company as of December 31st, 2019 and the financial status of its parent company, as well as the merger of 2019 and the operating results and cash flows of its parent company.

2. Forming the basis for audit opinions

We carried out the audit work in accordance with the provisions of China's Auditing Standards for Certified Public Accountants. The "Responsibility of Certified Public Accountants for Auditing Financial Statements" part of the audit report further elaborates our responsibilities under these standards. According to the Code of Professional Ethics for Chinese Certified Public Accountants, we are independent of WELLE Company and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate and provides a basis for expressing audit opinions.

3. Key audit matters

The key audit matters are those that we believe are the most important in auditing the current financial

statements according to our professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinions. We will not express separate opinions on these matters.

1. Estimation of construction contracts	
Key audit matters	Response in Audit
<p>WELLE Company's operating income is mainly environmental protection project income, which involves accounting project business income according to the Accounting Standards for Companies No.15-Construction Contract.</p> <p>WELLE Company uses the completion%age method to confirm the relevant construction contract revenue, and determines the contract completion progress based on the proportion of the accumulated actual project cost to the total estimated contract cost. As the income from environmental protection projects is a major income of WELLE Company, the calculation and change of the estimated total cost of the contract involves the judgment and estimation of the management, so it is listed as a key audit item.</p>	<p>The main audit procedures we implemented are as follows:</p> <ul style="list-style-type: none"> -Assess WELLE's design of internal control for recording and estimating construction contract revenue and cost, and test the effectiveness of key control implementation. -Check the main terms and actual implementation of relevant construction contracts by sampling. -Use sampling method to check the construction site of the project, discuss the completion degree of the project with the project management department, and compare it with the book records. -Sampling is used to compare and analyze the actual total cost of the completed project with the total contract cost estimated by the management before the completion of the project, and to evaluate the management's experience and ability in making this accounting estimate. -Sampling is used to check the components of the estimated total cost of the project to supporting documents such as procurement contracts; Assess the rationality of the estimated cost change by discussing with the project engineer and reviewing relevant supporting documents. -Check the gross profit margin of the project contract

	for phased comparison to evaluate the rationality of the gross profit margin.
1. Accrual of bad debt provision for accounts receivable	
Key audit matters	Response in audit
<p>As of December 31st, 2019, the balance of accounts receivable of WELLE Company was 1,461,366,379.70 yuan, and the balance of bad debt reserve was 154,757,764.29 yuan, with relatively high book value. If the accounts receivable cannot be recovered on schedule or cannot be recovered and bad debts occur, it will have a significant impact on the financial statements, and the provision for bad debts involves the judgment and estimation of the management, so it is listed as a key audit matter.</p>	<p>The main audit procedures we implemented are as follows:</p> <ul style="list-style-type: none"> -Review the internal control process of WELLE's accounts receivable accrual and evaluate the rationality of key assumptions and data. -Review the process of bad debt provision for accounts receivable of WELLE Company and evaluate the rationality of the accounting policy adopted for bad debt provision. -Analyze and compare the rationality and consistency of the bad debt reserves of WELLE Company's accounts receivable this year and in the past. -Discuss with the management the recovery of accounts receivable and possible recovery risks in combination with the inspection of the recovery after the period.
1. Impairment of goodwill	
<p>As of December 31st, 2019, WELLE Company has formed a total of 1,049.5361 million yuan of goodwill during all previous mergers and acquisitions. As the amount of goodwill is significant and the impairment of goodwill involves the judgment made by the management, we have determined the impairment of goodwill as a key audit</p>	<p>The main audit procedures we implemented are as follows:</p> <ul style="list-style-type: none"> -When understanding the audited entity and its environment to identify and evaluate the risk of material misstatement, it is determined as the risk of material misstatement at the identification level in combination with the importance and uncertainty of goodwill impairment.

<p>matter.</p>	<p>-Formulate necessary, feasible and targeted further audit procedures according to the risk assessment results, and ensure the effective implementation of the established audit procedures. Moreover, we believe that there may be special risks in the impairment of goodwill of the Company, and plan to further understand the control (including control activities) related to this risk of the audited entity.</p> <p>-Implement sufficient and necessary audit procedures for goodwill impairment, obtain sufficient and appropriate audit evidence, and record in detail the implementation process of key audit procedures, especially the process of reasoning and relevant audit conclusions based on judging the situation and facts known at that time. Specifically:</p> <p>(1) Pay attention to and review whether the Company's judgment on signs of goodwill impairment is reasonable;</p> <p>(2) Pay attention to and review whether the company's division of the asset group or combination of asset groups where goodwill is located is reasonable, and whether the book value of goodwill is properly allocated among the asset groups or combination of asset groups;</p> <p>(3) Pay attention to and review whether the impairment test methods and models determined by the Company are appropriate;</p> <p>(4) Pay attention to and review whether the basic data on which the company conducts goodwill impairment test are accurate, whether the selected key</p>
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	<p>parameters are appropriate, evaluate the key assumptions adopted, the major estimates and judgments made, whether the selected value types are reasonable, and analyze whether the impairment test methods match the value types;</p> <p>(5) Pay attention to and review whether the company's allocation of goodwill impairment losses is reasonable and whether the impact of goodwill attributable to minority shareholders is properly considered;</p> <p>(6) If there is a significant deviation between the relevant forecast parameters and the actual situation after the period when conducting impairment tests on goodwill in the previous period, the judgment and decision-making of the Company's management in making accounting estimates shall be fully paid attention to and reviewed to identify whether there may be signs of management bias;</p> <p>(7) Pay full attention to the impact of post-period matters on the conclusion of goodwill impairment test;</p> <p>-The Company uses the work of asset appraisal institutions to assist in goodwill impairment testing, and employs asset appraisal institutions with securities and futures related business qualifications to carry out appraisal at the end of the year. We maintain the necessary communication with the experts of the evaluation organization, Pay full attention to the independence and professional competence of experts, and review the working process of experts and their important professional judgments (especially data</p>
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	<p>quotation, parameter selection, assumption identification, etc.) to judge the appropriateness of experts' work, instead of directly taking the results of experts' work as the basis for judging whether goodwill is impaired. If the asset appraisal institution employed by the Company does not express special opinions on the recoverable amount of the asset group or combination of asset groups where goodwill is located, we will focus on the degree of support of expert work for the audit work and make necessary adjustments to the results of expert work to adapt to the audit purpose of financial statements.</p> <p>-Arrange experienced and professionally competent project quality control reviewers, strictly implement the quality control review system, and fully review relevant matters involving goodwill impairment.</p> <p>-Properly evaluate whether the Company's financial report fully discloses all important information related to goodwill impairment in accordance with the requirements of the Accounting Standards for Companies and relevant information disclosure and compilation rules. At the same time, read and consider other information obtained (including other information obtained before and after the audit report), and pay full attention to whether the disclosure of goodwill impairment in other information is significantly inconsistent with the financial statements and the obtained audit evidence.</p>
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4. Other information

The management of WELLE Company (hereinafter referred to as the management) is responsible for

other information. Other information includes the information covered in WELLE's 2019 annual report, but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, nor do we publish any form of verification conclusion on other information.

In combination with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether other information is materially inconsistent with the financial statements or what we learned during the audit or seems to be materially misstated.

Based on the work we have already carried out, if we determine that there is material misstatement in other information, we should report the fact. In this regard, we have nothing to report.

5. Responsibility of management and governance for financial statements

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Companies so that they can be fairly reflected, and designing, implementing and maintaining necessary internal controls so that there is no material misstatement in the financial statements due to fraud or error.

In preparing the financial statements, the management is responsible for evaluating the going concern capability of WELLE Company, disclosing matters related to going concern (if applicable), and applying the going concern assumption unless the management plans to liquidate WELLE Company, terminate the operation or have no other realistic choice.

The management layer is responsible for supervising the financial reporting process of WELLE Company.

6. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether there is no material misstatement caused by fraud or error in the financial statements as a whole, and to issue an audit report containing audit opinions. Reasonable assurance is a high-level assurance, but it does not guarantee that audits carried out in accordance with auditing standards can always be found when a material misstatement exists. Misstatement may be caused by fraud or error. If it is reasonably expected that misstatement alone or together may affect the economic decisions made by users of financial statements based on financial statements, misstatement is generally considered material.

In the process of carrying out audit work according to audit standards, we use professional judgment and maintain professional doubts. At the same time, we also carry out the following work:

(1) Identify and evaluate the risks of material misstatement of financial statements caused by fraud or

error, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions. As fraud may involve collusion, forgery, intentional omission, false statement or overriding internal control, the risk of failure to find material misstatement due to fraud is higher than the risk of failure to find material misstatement due to error.

(2) Understand the internal control related to audit to design appropriate audit procedures, but the purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluate the appropriateness of the management's selection of accounting policies and the rationality of making accounting estimates and related disclosures.

(4) Draw a conclusion on the appropriateness of the management's use of the going concern assumption. At the same time, according to the audit evidence obtained, a conclusion is drawn as to whether there is any major uncertainty in matters or situations that may lead to major doubts about WELLE's ability to continue operations. If we come to the conclusion that there is significant uncertainty, the auditing standards require us to draw the attention of the users of the financial statements to the relevant disclosures in the financial statements in the audit report; If the disclosure is not sufficient, we should express non-unqualified opinions. Our conclusion is based on the information available as of the date of the audit report. However, future events or circumstances may prevent WELLE from continuing to operate.

(5) Evaluate the overall presentation, structure and content (including disclosure) of the financial statements, and evaluate whether the financial statements fairly reflect relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in WELLE Company to express audit opinions on the financial statements. We are responsible for guiding, supervising and implementing the Group's audit, and take full responsibility for the audit opinions.

We communicate with the management on the planned audit scope, timing and major audit findings, including the internal control defects that we identified in the audit that deserve attention.

We also provide statements to the governance level regarding compliance with professional ethics requirements related to independence, and communicate with the governance level on all relationships and other matters that may reasonably be considered to affect our independence.

From the matters communicated with the management level, we have determined which matters are most important to the audit of the current financial statements, thus constituting key audit matters. We describe these matters in the audit report unless laws and regulations prohibit public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating a matter in the audit report

exceed the benefits in the public interest, we determine that the matter should not be communicated in the audit report.

II. Financial statements

The unit of the statement in the financial notes is: yuan

1. Consolidated balance sheet

Prepared by: WELLE Environmental Group Co., Ltd.

December 31st, 2019

Unit: yuan

Item	December 31 st , 2019	December 31 st , 2018
Current assets:		
Monetary fund	819,021,987.68	1,102,666,870.20
Settlement reserve		
Lending funds		
Transactional financial assets		
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period		
Derivative financial assets		
Bills Receivable	91,720,334.48	87,977,739.16
Accounts Receivable	1,306,608,615.41	1,067,203,723.73
Receivables financing	55,745,035.47	
Advance payment	173,053,144.97	124,624,275.75
Premium receivable		
Reinsurance receivables		
Reserve for reinsurance contracts receivable		
Other receivables	162,854,249.34	109,579,422.43
Including: interest receivable		623,262.50
Dividends receivable		
Purchase and resale of financial assets		
Inventory	1,608,812,146.08	1,179,835,774.04
Contract assets		
Assets held for sale		

Non-current assets due within one year	40,377,358.49	50,000,000.00
Other current assets	96,285,854.67	86,997,161.55
Total current assets	4,354,478,726.59	3,808,884,966.86
Non-current assets:		
Issuance of loans and advances		
Debt investment		
Available-for-sale financial assets		20,396,742.15
Other creditor's rights investment		
Held-to-maturity investments		
Long-term receivables	23,123,650.90	57,880,704.00
Long-term equity investment	169,849,654.67	101,662,154.66
Investment in other equity instruments		
Other non-current financial assets	20,396,742.15	
Investment real estate		
Fixed assets	657,761,854.72	558,875,328.97
Construction in progress	422,860,008.14	311,633,566.38
Productive biological assets		
Oil and gas assets		
Right to use assets		
Intangible assets	1,412,008,510.99	1,295,386,805.32
Development expenditure		
Goodwill	999,517,555.67	1,023,667,378.56
Long-term deferred expenses	11,193,054.06	3,198,953.36
Deferred income tax assets	33,494,374.51	31,086,749.68
Other non-current assets		
Total non-current assets	3,750,205,405.81	3,403,788,383.08
Total assets	8,104,684,132.40	7,212,673,349.94
Current liabilities:		
Short-term borrowing	585,374,469.54	533,000,000.00
Borrowing money from the central bank		
Borrowed funds		
Transactional financial liabilities		
Financial liabilities measured at fair value and whose changes are included in current profits and losses		

Derivative financial liabilities		
Bills payable	380,739,797.00	262,243,915.55
Accounts Payable	1,113,697,129.19	956,114,036.32
Advance receipts	249,548,792.54	199,844,274.83
Contractual liabilities		
Selling and repurchasing financial assets		
Absorbing deposits and interbank deposits		
Agency for buying and selling securities		
Agency underwriting of securities		
Remuneration payable to employees	24,669,944.90	19,728,010.19
Taxes payable	273,168,019.09	244,606,409.12
Other payables	103,483,896.27	81,694,522.08
Of which: Interest payable		2,611,796.97
Dividend payable		
Handling fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	490,228,941.70	80,081,330.00
Other current liabilities	66,975,861.56	
Total current liabilities	3,287,886,851.79	2,377,312,498.09
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowing	585,304,890.22	920,007,000.00
Bonds payable		
Of which: preferred shares		
Perpetual debt		
Lease liability		
Long-term payables	32,955,658.30	
Long-term salary payable to employees		
Estimated liabilities		
Deferred revenue	189,250,530.90	191,274,822.92
Deferred income tax liabilities		
Other non-current liabilities		

Total non-current liabilities	807,511,079.42	1,111,281,822.92
Total liabilities	4,095,397,931.21	3,488,594,321.01
Owner's Equity:		
Share capital	783,784,957.00	814,112,830.00
Other equity instruments		
Of which: preferred shares		
Perpetual debt		
Capital reserve	2,135,638,801.10	2,135,638,801.10
Minus: Treasury stock		30,327,873.00
Other comprehensive income	3,919,677.85	3,142,808.74
Special reserve		
Surplus reserve	66,584,340.24	54,790,691.29
General risk provision		
Undistributed profit	907,345,026.70	641,617,197.96
Total owner's equity attributable to the parent company	3,897,272,802.89	3,618,974,456.09
Minority shareholders' rights and interests	112,013,398.30	105,104,572.84
Total owner's equity	4,009,286,201.19	3,724,079,028.93
Total liabilities and owner's equity	8,104,684,132.40	7,212,673,349.94

Legal Representative: Li Yuezhong, Person in Charge of Accounting: Zhu Min, Person in Charge of Accounting Organization: He Jian

2. Balance sheet of parent company

Unit: yuan

Item	December 31 st , 2019	December 31 st , 2018
Current assets:		
Monetary fund	453,868,344.49	636,845,008.61
Transactional financial assets		
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period		
Derivative financial assets		
Bills Receivable	16,591,357.56	8,000,000.00
Accounts Receivable	673,532,261.05	585,832,094.09

Receivables financing	14,500,000.00	
Advance payment	58,705,257.50	53,244,422.11
Other receivables	660,264,633.83	487,497,866.65
Including: interest receivable		2,927,109.70
Dividends receivable	33,319,071.33	55,000,000.00
Inventory	742,077,737.59	600,435,991.34
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,622,858.68	20,128,462.55
Total current assets	2,621,162,450.70	2,391,983,845.35
Non-current assets:		
Debt investment		
Available-for-sale financial assets		
Other creditor's rights investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	2,933,773,199.24	2,857,097,113.27
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		
Fixed assets	322,031,970.11	191,962,623.66
Construction in progress	1,192,465.94	
Productive biological assets		
Oil and gas assets		
Right to use assets		
Intangible assets	27,875,789.44	13,508,691.47
Development expenditure		
Goodwill		
Long-term deferred expenses	5,395,006.95	1,886,560.76
Deferred income tax assets	12,319,070.62	13,465,332.57
Other non-current assets		
Total non-current assets	3,302,587,502.30	3,077,920,321.73
Total assets	5,923,749,953.00	5,469,904,167.08

Current liabilities:		
Short-term borrowing	425,442,266.70	429,000,000.00
Transactional financial liabilities		
Financial liabilities measured at fair value and whose changes are included in current profits and losses		
Derivative financial liabilities		
Bills payable	173,841,024.34	130,313,363.51
Accounts Payable	558,579,598.49	349,397,299.66
Advance receipts	201,556,300.34	106,023,314.55
Contractual liabilities		
Remuneration payable to employees	6,076,035.12	4,716,562.92
Taxes payable	143,429,509.93	134,305,450.43
Other payables	300,134,569.29	229,715,245.19
Of which: Interest payable		2,124,451.77
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	449,407,000.00	20,602,000.00
Other current liabilities	6,350,000.00	
Total current liabilities	2,264,816,304.21	1,404,073,236.26
Non-current liabilities:		
Long-term borrowing	264,203,078.44	738,507,000.00
Bonds payable		
Of which: preferred shares		
Perpetual debt		
Lease liability		
Long-term payables		
Long-term salary payable to employees		
Estimated liabilities		
Deferred revenue	22,711,176.14	34,051,778.16
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	286,914,254.58	772,558,778.16
Total liabilities	2,551,730,558.79	2,176,632,014.42

Owner's Equity:		
Share capital	783,784,957.00	814,112,830.00
Other equity instruments		
Of which: preferred shares		
Perpetual debt		
Capital reserve	2,150,054,073.08	2,150,054,073.08
Minus: Treasury stock		30,327,873.00
Other comprehensive income		
Special reserve		
Surplus reserve	66,536,042.21	54,742,393.26
Undistributed profit	371,644,321.92	304,690,729.32
Total owner's equity	3,372,019,394.21	3,293,272,152.66
Total liabilities and owner's equity	5,923,749,953.00	5,469,904,167.08

3. Consolidated income statement

Unit: yuan

Item	2019	2018
I. Total operating income	2,730,648,145.74	2,064,843,723.91
Of which: Operating income	2,730,648,145.74	2,064,843,723.91
Interest income		
Premium earned		
Fee and commission income		
II. Total operating cost	2,338,192,874.25	1,750,058,267.14
Including: Operating cost	1,897,502,365.03	1,392,639,882.20
Interest expense		
Fee and commission expenses		
Surrender fund		
Net compensation expenditure		
Net reserve for insurance liability contracts		
Policy Bonus Expenditure		
Reinsurance expense		
Taxes and surcharges	18,321,191.23	17,370,511.33
Sales expenses	115,445,327.46	104,646,413.59

Administrative expenses	166,811,721.15	131,683,560.55
Research and Development Expenses	90,054,094.27	67,234,115.39
Financial expenses	50,058,175.11	36,483,784.08
Of which: Interest expense	73,671,545.12	55,088,149.20
Interest income	24,053,494.10	17,627,475.76
Plus: Other income	25,345,697.39	20,333,365.01
Investment income (loss is filled with "-")	-688,721.88	8,588,143.67
Among them: income from investment in joint ventures and joint ventures	-1,392,499.99	1,231,208.76
Revenue from derecognition of financial assets measured by amortized cost		
Exchange gains (losses are filled with "-")		
Net exposure hedging gains (losses are filled with "-")		
Income from changes in fair value (losses are filled with "-")		
Credit impairment loss (loss is filled with "-")	-26,781,198.66	
Impairment loss of assets (losses are filled with "-")	-24,460,945.10	-61,198,503.19
Income from asset disposal (losses are filled with "-")	63,883.44	176,559.76
III. Operating profit (loss is filled with "-")	365,933,986.68	282,685,022.02
Plus: Non-operating income	7,458,557.26	4,467,259.75
Minus: Non-operating expenses	4,764,895.55	3,757,339.23
IV. Total profit (total loss is filled with "-")	368,627,648.39	283,394,942.54
Minus: Income tax expense	47,323,017.39	36,388,599.84
V. Net profit (net loss is filled with "-")	321,304,631.00	247,006,342.70
(1) Classification according to business continuity		
1. Net profit from continuing operations (net loss is filled with "-")	321,304,631.00	247,006,342.70
2. Net profit from termination of operations (net loss is filled with "-")		
(2) Classification according to ownership		

1. Net profit attributable to the owner of the parent company	316,710,725.54	232,366,860.28
2. Profit and loss of minority shareholders	4,593,905.46	14,639,482.42
VI. Net after-tax of other comprehensive income	776,869.11	-250,303.52
Net after-tax of other comprehensive income attributable to the owner of the parent company	776,869.11	-250,303.52
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measurement of defined benefit plans changes		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the company's own credit risk		
5. Other		
(2) Other comprehensive income to be reclassified into profit or loss	776,869.11	-250,303.52
1. Other comprehensive income convertible to profit or loss under the equity method		
2. Changes in Fair Value of Other Creditor's Rights Investment		
3. Profits and losses on changes in fair value of available-for-sale financial assets		
4. Amount of financial assets reclassified into other comprehensive income		
5. Reclassification of held-to-maturity investments as available-for-sale financial assets gains and losses		
6. Provision for credit impairment of other creditor's rights investment		
7. Cash flow hedging reserves		
8. Differences in translation of foreign currency financial statements	776,869.11	-250,303.52

9. Other		
Net after tax of other comprehensive income attributable to minority shareholders		
VII. Total Comprehensive Income	322,081,500.11	246,756,039.18
Total comprehensive income attributable to the owner of the parent company	317,487,594.65	232,116,556.76
Total comprehensive income attributable to minority shareholders	4,593,905.46	14,639,482.42
VIII. Earnings per share:		
(1) Basic earnings per share	0.40	0.29
(2) Diluted earnings per share	0.40	0.29

In the event of a merger of companies under the same control in the current period, the net profit realized by the merged party before the merger is: yuan, and the net profit realized by the merged party in the previous period is: yuan.

Legal Representative: Li Yuezhong, Person in Charge of Accounting: Zhu Min, Person in Charge of Accounting Organization: He Jian

4. Profit statement of the parent company

Unit: yuan

Item	2019	2018
I. Operating Income	1,378,555,680.43	718,895,895.95
Minus: Operating cost	1,070,130,164.89	521,114,274.76
Taxes and surcharges	8,522,383.04	6,758,676.85
Sales expenses	40,876,569.22	25,924,047.09
Administrative expenses	69,082,629.59	49,647,284.77
Research and Development Expenses	54,603,477.39	27,093,486.16
Financial expenses	42,382,986.86	36,730,163.45
Of which: Interest expense	59,714,516.57	44,623,770.47
Interest income	17,608,061.20	8,375,997.28
Plus: Other income	7,905,874.78	3,435,158.84
Investment income (loss is filled with "-")	29,470,070.28	50,993,843.76
Among them: income from investment in joint ventures and joint ventures	-1,343,914.03	-16,121.68
Revenue from derecognition of financial assets measured by amortized cost (losses are filled with "-")		

Net exposure hedging gains (losses are filled with "-")		
Income from changes in fair value (losses are filled with "-")		
Credit impairment loss (loss is filled with "-")	-3,698,855.67	
Impairment loss of assets (losses are filled with "-")		-5,046,601.34
Income from asset disposal (losses are filled with "-")	7,976.80	
II. Operating Profit (Loss is filled with "-")	126,642,535.63	101,010,364.13
Plus: Non-operating income	2,702,200.17	1,533,490.82
Minus: Non-operating expenses	1,009,789.61	1,415,050.10
III. Total profit (total loss is filled with "-")	128,334,946.19	101,128,804.85
Minus: Income tax expense	10,398,456.79	6,646,965.05
IV. Net profit (net loss is filled with "-")	117,936,489.40	94,481,839.80
(1) Net profit from continuing operations (net loss is filled with "-")	117,936,489.40	94,481,839.80
(2) Net profit from termination of operations (net loss is filled with "-")		
V. Net after-tax of other comprehensive income		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measurement of defined benefit plans changes		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the company's own credit risk		
5. Other		
(2) Other comprehensive income to be reclassified into profit or loss		

1. Other comprehensive income convertible to profit or loss under the equity method		
2. Changes in Fair Value of Other Creditor's Rights Investment		
3. Profits and losses on changes in fair value of available-for-sale financial assets		
4. Amount of financial assets reclassified into other comprehensive income		
5. Reclassification of held-to-maturity investments as available-for-sale financial assets gains and losses		
6. Provision for credit impairment of other creditor's rights investment		
7. Cash flow hedging reserves		
8. Differences in translation of foreign currency financial statements		
9. Other		
VI. Total Comprehensive Income	117,936,489.40	94,481,839.80
VII. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: yuan

Item	2019	2018
I. Cash Flow from Operating Activities:		
Cash received from selling products and providing services	2,544,568,524.69	1,587,066,234.38
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the Central Bank		
Net increase in borrowing from other		

financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance operations		
Net increase in insured savings and investment funds		
Cash for interest, handling fees and commissions		
Net increase in funds borrowed		
Net increase in repurchase funds		
Net cash received on behalf of securities trading		
Tax refund received	17,575,634.87	13,483,013.87
Receipt of other cash related to operating activities	108,617,559.00	111,416,745.15
Subtotal of cash inflows from operating activities	2,670,761,718.56	1,711,965,993.40
Cash paid for purchasing products and receiving labor services	1,813,537,481.88	953,647,912.82
Net increase in customer loans and advances		
Net increase in central bank and interbank deposits		
Cash for payment of compensation under the original insurance contract		
Net increase in lending		
Cash to pay interest, handling fees and commissions		
Cash for policy dividends		
Cash paid to and on behalf of employees	251,056,626.05	198,721,323.94
All taxes and fees paid	140,477,795.15	107,947,950.43
Payment of other cash related to business activities	270,232,621.15	205,553,722.11
Subtotal of cash outflows from operating activities	2,475,304,524.23	1,465,870,909.30
Net cash flow from operating activities	195,457,194.33	246,095,084.10

II. Cash Flow from Investment Activities:		
Recovery of cash received from investments		592,800,000.00
Cash received to obtain investment income	1,207,637.83	8,649,922.59
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	67,195.83	486,009.95
Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Receipt of other cash related to investment activities	95,603,210.56	14,539,875.77
Subtotal of cash inflows from investing activities	96,878,044.22	616,475,808.31
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	545,571,020.46	536,756,659.29
Cash paid from investments	82,003,690.95	315,434,000.00
Net increase in pledged loans		
Net cash paid by subsidiaries and other business units		11,244,538.17
Payment of other cash related to investment activities		5,839,812.29
Subtotal of cash outflows from investing activities	627,574,711.41	869,275,009.75
Net cash flow from investing activities	-530,696,667.19	-252,799,201.44
III. Cash Flow from Financing Activities:		
Cash received from investment absorption	4,410,000.00	32,599,880.00
Of which: cash received by subsidiaries from absorbing investments by minority shareholders	4,410,000.00	
Cash received from borrowing	1,162,410,884.44	892,550,000.00
Other cash received in connection with fund-raising activities	188,083,987.45	15,062,113.68
Subtotal cash inflows from financing	1,354,904,871.89	940,211,993.68

activities		
Cash paid to repay debts	993,936,440.00	572,865,654.06
Cash paid for dividends, profits, or interest payments	122,382,605.67	108,665,768.75
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Payment of other cash related to fund-raising activities	69,588,382.32	272,517,910.23
Cash paid for repurchase of shares of the Company		155,533,424.05
Subtotal of cash outflows from financing activities	1,185,907,427.99	1,109,582,757.09
Net cash flow from fund-raising activities	168,997,443.90	-169,370,763.41
IV. Impact of Exchange Rate Changes on Cash and Cash Equivalents	951,160.56	706,400.94
V. Net increase in cash and cash equivalents	-165,290,868.40	-175,368,479.81
Plus: Balance of cash and cash equivalents at the beginning of the period	767,595,876.38	942,964,356.19
VI. Balance of cash and cash equivalents at the end of the period	602,305,007.98	767,595,876.38

6. Cash flow statement of the parent company

Unit: yuan

Item	2019	2018
I. Cash Flow from Operating Activities:		
Cash received from selling products and providing services	1,557,962,089.54	861,054,047.74
Tax refund received	1,175,183.56	48,434.10
Receipt of other cash related to operating activities	205,406,084.98	73,986,281.01
Subtotal of cash inflows from operating activities	1,764,543,358.08	935,088,762.85
Cash paid for purchasing products and receiving labor services	1,082,511,175.70	560,387,008.97

Cash paid to and on behalf of employees	94,767,799.44	67,582,842.43
All taxes and fees paid	50,819,116.31	23,984,265.67
Payment of other cash related to business activities	370,770,736.97	270,407,804.89
Subtotal of cash outflows from operating activities	1,598,868,828.42	922,361,921.96
Net cash flow from operating activities	165,674,529.66	12,726,840.89
II. Cash Flow from Investment Activities:		
Recovery of cash received from investments		542,800,000.00
Cash received to obtain investment income	24,291,272.70	54,910,458.58
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		
Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Receipt of other cash related to investment activities	2,797,618.03	782,188.36
Subtotal of cash inflows from investing activities	27,088,890.73	598,492,646.94
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	134,453,976.20	14,513,399.37
Cash paid from investments	90,443,690.95	453,731,145.00
Net cash paid by subsidiaries and other business units		
Payment of other cash related to investment activities		
Subtotal of cash outflows from investing activities	224,897,667.15	468,244,544.37
Net cash flow from investing activities	-197,808,776.42	130,248,102.57
III. Cash Flow from Financing Activities:		
Cash received from investment absorption		
Cash received from borrowing	787,610,000.00	678,000,000.00

Other cash received in connection with fund-raising activities	134,562,949.89	
Subtotal cash inflows from financing activities	922,172,949.89	678,000,000.00
Cash paid to repay debts	838,490,500.00	453,526,000.00
Cash paid for dividends, profits, or interest payments	100,211,569.69	96,071,145.50
Payment of other cash related to fund-raising activities		187,637,756.55
Cash paid for repurchase of shares of the Company		155,533,424.05
Subtotal of cash outflows from financing activities	938,702,069.69	892,768,326.10
Net cash flow from fund-raising activities	-16,529,119.80	-214,768,326.10
IV. Impact of Exchange Rate Changes on Cash and Cash Equivalents		
V. Net increase in cash and cash equivalents	-48,663,366.56	-71,793,382.64
Plus: Balance of cash and cash equivalents at the beginning of the period	409,228,795.75	481,022,178.39
VI. Balance of cash and cash equivalents at the end of the period	360,565,429.19	409,228,795.75

7. Consolidated statement of changes in owner's equity

Current Period Amount

Unit: yuan

Item	2019														
	Owner's equity attributable to the parent company												Minority shareholders' rights and interests	Total owner's equity	
	Share capital	Other equity instruments			Capital reserve	Minus: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Other			Subtotal
	Preferred stock	Perpetual debt	Other												
I. Balance	814,112,830.00				2,135,638,801.10	30,327,873.00	3,142,808.74		54,790,691.29		641,617,197.96		3,618,974,456.09	105,104,572.84	3,724,079,028.93

at the end of last year														
Plus: change of accounting policy														
Early error correction														
Merger of Companies under the Same Control														
Other														
II. Beginning Balance of Current Year	814,112,830.00			2,135,638,801.10	30,327,873.00	3,142,808.74	54,790,691.29	641,617,197.96	3,618,974,456.09	105,104,572.84	3,724,079,028.93			
III. Amount of increase or decrease in the current period (decrease is filled with "-")	-30,327,873.00			-30,327,873.00	776,869.11	11,793,648.95	265,727,828.74	278,298,346.80	6,908,825.46	285,207,172.26				

(1) Total comprehensive income						776,869.11					316,710,725.54		317,487,594.65	4,593,905.46	322,081,500.11
(2) Owner's investment and reduction of capital	-30,327,873.00					-30,327,873.00								4,410,000.00	4,410,000.00
1. Common shares invested by owners														4,410,000.00	4,410,000.00
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Other	-30,327,873.00					-30,327,873.00									
(3) Profit distribution							11,793,648.95		-50,982,896.80		-39,189,247.85		-2,095,080.00		-41,284,327.85

reserves make up for losses														
4. Retained earnings carried forward from changes in defined benefit plans														
5. Retained earnings carried forward from other compreh ensive income														
6. Other														
(5) Special reserves														
1. Withdra wal in the current period														
2. Use in the current period														
(6) Other														
IV.	783,784,			2,135,638		3,919,67	66,584,		907,345,		3,897,272	112,013,	4,009,286	

Ending Balance of the Current Period	957.00				,801.10		7.85		340.24		026.70		,802.89	398.30	,201.19
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Previous Period Amount

Unit: yuan

Item	2018														
	Owner's equity attributable to the parent company												Minority shareholders' rights and interests	Total owner's equity	
	Share capital	Other equity instruments			Capital reserve	Minus: Treasury stock	Other comprehensive income	Special reserve	Surpluses reserve	General risk provision	Undistributed profit	Other			Subtotal
	Preferred stock	Perpetual debt	Other												
I. Balance at the end of last year	452,284,906.00				2,644,427,219.89		3,393,112.26		45,342,507.31		463,926,318.48		3,609,374,063.94	133,523,207.00	3,742,897,270.94
Plus: change of accounting policy															
Early error correction															
Merger of Companies under the Same Control															
Other															
II. Beginning Balance of Current Year	452,284,906.00				2,644,427,219.89		3,393,112.26		45,342,507.31		463,926,318.48		3,609,374,063.94	133,523,207.00	3,742,897,270.94
III. Amount of increase or decrease in the current period (decrease is filled with "-")	361,827,924.00				-508,788,418.79	30,327,873.00	-250,303.52		9,448,183.98		177,690,879.48		9,600,392.15	-28,418,634.16	-18,818,242.01
(1) Total comprehensive income							-250,303.52				232,366,860.28		232,116,556.76	14,639,482.42	246,756,039.18

(2) Owner's investment and reduction of capital					-125,078,005.11	30,327,873.00								-155,405,878.11			-155,405,878.11	
1. Common shares invested by owners																		
2. Capital invested by holders of other equity instruments																		
3. Amount of share-based payment included in owner's equity																		
4. Other					-125,078,005.11	30,327,873.00								-155,405,878.11			-155,405,878.11	
(3) Profit distribution								9,448,183.98		-54,675,980.80				-45,227,796.82			-45,227,796.82	
1. Withdrawal of surplus reserves								9,448,183.98		-9,448,183.98								
2. Draw General Risk Reserve																		
3. Distribution to owners (or shareholders)										-45,227,796.82				-45,227,796.82			-45,227,796.82	
4. Other																		
(4) Internal carry-over of owner's equity	361,827,924.00					-361,827,924.00												
1. Capital	361,827,924.00					-361,827,924.00												

reserve to increase capital (or share capital)	27,924.00				361,827,924.00									
2. Surplus reserves are converted into capital (or share capital)														
3. Surplus reserves make up for losses														
4. Retained earnings carried forward from changes in defined benefit plans														
5. Retained earnings carried forward from other comprehensive income														
6. Other														
(5) Special reserves														
1. Withdrawal in the current period														
2. Use in the current period														
(6) Other					-21,882,489.68							-21,882,489.68	-43,058,116.58	-64,940,606.26
IV. Ending Balance of Current Period	814,112,830.00				2,135,638,801.10	30,327,873.00	3,142,808.74	54,790,691.29	641,617,197.96			3,618,974,456.09	105,104,572.84	3,724,079,028.93

8. Statement of changes in owner's equity of the parent company

Current Period Amount

Unit: yuan

Item	2019											
	Share capital	Other equity instruments			Capital reserve	Minus: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferr ed stock	Perpet ual debt	Other								
I. Balance at the end of last year	814,112,830.00				2,150,054,073.08	30,327,873.00			54,742,393.26	304,690,729.32		3,293,272,152.66
Plus: change of accounting policy												
Early error correction												
Other												
II. Beginning Balance of Current Year	814,112,830.00				2,150,054,073.08	30,327,873.00			54,742,393.26	304,690,729.32		3,293,272,152.66
III. Amount of increase or decrease in the current period (decrease is filled with "-")						-30,327,873.00		11,793,648.95	66,953,592.60			78,747,241.55
(1) Total comprehensive income										117,936,489.40		117,936,489.40
(2) Owner's investment and reduction of capital	-30,327,873.00					-30,327,873.00						
1. Common shares invested by owners												
2. Capital invested by												

holders of other equity instruments												
3. Amount of share-based payment included in owner's equity												
4. Other	-					-						
	30,327,873.00					30,327,873.00						
(3) Profit distribution								11,793,648.95	-		-	
									50,982,896.80		39,189,247.85	
1. Withdrawal of surplus reserves								11,793,648.95	-			
									11,793,648.95			
2. Distribution to owners (or shareholders)									-		-	
									39,189,247.85		39,189,247.85	
3. Other												
(4) Internal carry-over of owner's equity												
1. Capital reserve to increase capital (or share capital)												
2. Surplus reserves are converted into capital (or share capital)												
3. Surplus reserves make up for losses												
4. Retained earnings carried forward from changes in defined benefit												

plans												
5. Retained earnings carried forward from other comprehensive income												
6. Other												
(5) Special reserves												
1. Withdrawal in the current period												
2. Use in the current period												
(6) Other												
IV. Ending Balance of the Current Period	783,784,957.00				2,150,054,073.08				66,536,042.21	371,644,321.92		3,372,019,394.21

Previous Period Amount

Unit: yuan

Item	2018											
	Share capital	Other equity instruments			Capital reserve	Minus: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferred stock	Perpetual debt	Other								
I. Balance at the end of last year	452,284,906.00				2,636,960,002.19				45,294,209.28	264,884,870.32		3,399,423,987.79
Plus: change of accounting policy												
Early error correction												
Other												
II. Beginning Balance of Current Year	452,284,906.00				2,636,960,002.19				45,294,209.28	264,884,870.32		3,399,423,987.79

III. Amount of increase or decrease in the current period (decrease is filled with "-")	361,827,924.00				-486,905,929.11	30,327,873.00			9,448,183.98	39,805,859.00		-106,151,835.13
(1) Total comprehensive income										94,481,839.80		94,481,839.80
(2) Owner's investment and reduction of capital					-125,078,005.11	30,327,873.00						-155,405,878.11
1. Common shares invested by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity												
4. Other					-125,078,005.11	30,327,873.00						-155,405,878.11
(3) Profit distribution								9,448,183.98	-54,675,980.80			-45,227,796.82
1. Withdrawal of surplus reserves								9,448,183.98	-9,448,183.98			
2. Distribution to owners (or shareholders)									-45,227,796.82			-45,227,796.82
3. Other												
(4) Internal carry-over	361,827,924.00				-361,827,924.00							

owner's equity	00				,924.00							
1. Capital reserve to increase capital (or share capital)	361,827,924.00				-361,827,924.00							
2. Surplus reserves are converted into capital (or share capital)												
3. Surplus reserves make up for losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Other												
(5) Special reserves												
1. Withdrawal in the current period												
2. Use in the current period												
(6) Other												
IV. Ending Balance of the Current Period	814,112,830.00				2,150,054,073.08	30,327,873.00		54,742,393.26	304,690,729.32			3,293,272,152.66

III. Basic information of the company

WELLE Environmental Group Co., Ltd. (formerly "Jiangsu WELLE Environmental Protection Technology Co., Ltd." On March 12th, 2019, it was changed to "WELLE Environmental Group Co., Ltd." Hereinafter referred to as the Company and collectively referred to as the Group when including subsidiaries). It is a joint stock limited company established by WELLE Environmental Engineering (Changzhou) Co., Ltd. on November 12th, 2009. With the approval of the China Securities Regulatory Commission's document "Reply on Approving Jiangsu WELLE Environmental Protection Technology Co., Ltd. to Issue Shares for Initial Public Offering and Listing on the Growth enterprise market", the Company was listed on the Shenzhen Stock Exchange in February 2011. The shares are referred to as "WELLE" for short and the stock code is 300190. The Company is registered at 156 Hanjiang Road, Changzhou City, and its headquarters is located at 156 Hanjiang Road, Changzhou City.

As of December 31st, 2019, the share capital structure of the Company is as follows:

Type of shares	Number of shares held (shares)	Proportion of shareholding (%)
I. Tradable Shares with Limited Sale Conditions	54,632,546	6.97%
Among which: domestic natural persons hold shares	54,632,546	6.97%
2. Tradable Shares with Unlimited Sale Conditions	729,152,411	93.03%
Of which: RMB common shares	729,152,411	93.03%
3. Total number of shares	783,784,957	100.00%

As of December 31st, 2019, Changzhou Deze Industrial Investment Co., Ltd. holds 35.16% of the Company's shares as the controlling shareholder of the Company, and Mr. Li Yuezhong controls Changzhou Deze Industrial Investment Co., Ltd. as the actual controller of the Company.

The company belongs to the environmental protection industry and is mainly engaged in the research and development, production and sales of environmental protection equipment and the design, contracting, construction, installation and related technical consulting services of environmental protection projects. The main business scope is: design, integration, manufacturing (limited to branches), sales, research and development, processing and maintenance of environmental protection equipment; Design, contracting, construction and installation of environmental protection projects, and provide relevant technical advice and services; Development and maintenance of environmental protection engineering system control software and

sales of software products; Design, contracting, construction and installation of mechanical and electrical equipment installation projects, and provide relevant technical advice and services; Investment and operation of environmental pollution control facilities; Photovoltaic power generation and electricity sales; Self-management and agency of import and export of various commodities and technologies. The main products are environmental protection equipment, which mainly provides labor services for the installation, commissioning and operation of environmental protection projects.

The scope of the Group's consolidated financial statements includes Changzhou WELLE Environmental Services Co., Ltd. (including its subsidiary Shenyang WELLE Environmental Services Co., Ltd.), Ledong WELLE Environmental Service Co., Ltd., Shenyang WELLE Environmental Technology Co., Ltd., Quanzhou WELLE Environmental Service Co., Ltd., Beijing Huiheng Environmental Engineering Co., Ltd. (hereinafter referred to as "Beijing Huiheng"), Including its subsidiaries Changzhou Huiheng Membrane Technology Co., Ltd., Bama Huiheng Environmental Protection Co., Ltd., Heyang Huiheng Huatian Environmental Protection Co., Ltd., Qingyang Huiheng Huatian Water Treatment Co., Ltd., Tengzhou Huiteng Environmental Protection Technology Co., Ltd., Changzhou WELLE Food Waste Treatment Co., Ltd. (hereinafter referred to as "Changzhou WELLE Food waste", Including its subsidiary Shaoxing WELLE Food waste Recycling Co., Ltd., Tonglu WELLE Food waste Treatment Co., Ltd., Changzhou WELLE Ecological Agriculture Development Co., Ltd., Changzhou Weizhong New Energy Co., Ltd. Has 4 companies), Hainan WELLE Environmental Service Co., Ltd., Changzhou ELEX Environmental Protection Technology Co., Ltd., Hunan Renhe Huiming Environmental Protection Technology Co., Ltd., Changzhou Dawei Environmental Technology Co., Ltd., Wenling WELLE Environmental Services Co., Ltd., HEEE Engineering Co., Ltd. (including one subsidiary Hangzhou Puda Renewable Energy Equipment Co., Ltd.), Tonglu WELLE Water Co., Ltd., Tonglu Shawan Fan WELLE Sewage Treatment Co., Ltd., Dunhua Zhongneng Environmental Protection Power Co., Ltd., Tonglu Hengcun Town Sewage Treatment Co., Ltd., WELLE Environment (Luxembourg) Services Co., Ltd. (including its subsidiary European WELLE Environmental Protection Technology Co., Ltd.), EuRec Environmental Technology Co., Ltd. And WELLE Environmental Services (Thailand) Co., Ltd., Zongyang WELLE Environmental Services Co., Ltd., Jiangsu WELLE Environmental Protection Technology Co., Ltd. (including its subsidiary Dongyang WELLE Environmental Service Co., Ltd.), Shanxian WELLE Environmental Service Co., Ltd., Changchun WELLE Food waste Treatment Co., Ltd., Sianville Environmental Technology Co., Ltd., Changzhou

Jinyuan Machinery Equipment Co., Ltd., Jiangsu WELLE Environmental Investment Co., Ltd. (including its subsidiary Changzhou WELLE Dehua Energy Saving Technology Co., Ltd.), Ningde WELLE Environmental Protection Technology Co., Ltd., Suzhou Hanfeng Technology Development Engineering Co., Ltd., Nanjing Doule Refrigeration Equipment Co., Ltd. (including its subsidiary Nanjing Doule Environmental Protection Technology Co., Ltd.), Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd., Xi'an WELLE Environmental Service Co., Ltd. And other 26 companies. Compared with the previous year, three new subsidiaries, Quanzhou WELLE Environmental Service Co., Ltd., Changzhou Weizhong New Energy Co., Ltd. And Xi'an WELLE Environmental Service Co., Ltd., were established due to development projects this year. This year, a total of one secondary subsidiary and two tertiary subsidiaries were added.

IV. Basis for preparation of financial statements

1. Compilation basis

The Group's financial statements are prepared on the basis of going concern, according to actual transactions and events, in accordance with the Accounting Standards for Companies issued by the Ministry of Finance and relevant regulations, and based on the accounting policies and accounting estimates mentioned in the note "IV. Important Accounting Policies and Accounting Estimates".

2. Continuing operation

The Group has the ability to operate continuously for at least 12 months since the end of this reporting period, and there are no major issues affecting the ability to operate continuously.

V. Significant accounting policies and accounting estimates

Prompts for specific accounting policies and accounting estimates:

Specific accounting policies and accounting estimates suggest that the specific accounting policies and accounting estimates formulated by the Group according to the actual production and operation characteristics include recognition and measurement of bad debt reserves for receivables, classification and depreciation methods of fixed assets, amortization of intangible assets, recognition and measurement of inventory and income costs related to construction contract business, etc.

1. Statement of compliance with accounting standards for companies

The financial statements prepared by the Group meet the requirements of the Accounting Standards for Companies and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the Company and the Group.

2. Accounting period

The Group's accounting period is from January 1st to December 31st on the Gregorian calendar.

3. Business cycle

The Group's business cycle is from January 1st to December 31st on the Gregorian calendar.

4. Bookkeeping base currency

The Group uses RMB as its bookkeeping base currency.

5. Accounting treatment methods for business combinations under the same control and not under the same control

As the merging party, the assets and liabilities acquired by the Group in the merger of companies under the same control are measured at the book value of the merged party in the consolidated statement of the final controlling party on the merger date. The difference between the book value of the net assets obtained and the book value of the combined consideration paid shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the merger of companies not under the same control are measured at fair value on the date of acquisition. The merger cost is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued and other directly related expenses incurred in the business combination (business combination realized step by step through multiple transactions) by the Group to obtain control over the purchased party on the purchase date. The combined cost is the sum of the costs of each individual transaction). The difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill; If the merger cost is less than the fair value share of the identifiable net assets of the acquiree acquired in the merger, First of all, the fair values of various identifiable assets, liabilities and contingent liabilities obtained in the merger, as well as the fair values of non-cash assets or equity securities

issued for merger consideration are reviewed. After review, if the merger cost is still less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference shall be included in the non-operating income of the current period of the merger.

6. Preparation method of consolidated financial statements

The Group includes all controlled subsidiaries and structured entities into the scope of consolidated financial statements.

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by subsidiaries and the Company are inconsistent, necessary adjustments shall be made to the financial statements of subsidiaries in accordance with the accounting policies or accounting periods of the Company.

All major internal transactions, current balances and unrealized profits within the scope of the consolidation shall be offset when the consolidated statement is prepared. The share of the subsidiary's owner's equity that does not belong to the parent company and the share of minority shareholders' equity in the current net profit and loss, other comprehensive income and total comprehensive income. They are listed in the consolidated financial statements under the items of "minority shareholders' rights and interests, minority shareholders' profits and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders".

For subsidiaries obtained from the merger of companies under the same control, their operating results and cash flows shall be included in the consolidated financial statements from the beginning of the current period of merger. When preparing the comparative consolidated financial statements, the relevant items in the financial statements of the previous year are adjusted, and it is deemed that the report subject formed after the consolidation has existed since the time when the final controlling party starts to control.

For subsidiaries obtained through merger of companies not under the same control, the operating results and cash flows shall be included in the consolidated financial statements from the date when the Group obtains control. When preparing consolidated financial statements, the financial statements of subsidiaries are adjusted based on the fair values of identifiable assets, liabilities and contingent liabilities determined on the date of purchase.

Through multiple transactions, the equity of the invested entity not under the same control is obtained step by step, and finally an company merger is formed. When preparing the consolidated statement, the equity of the purchased entity held before the purchase date shall be re-measured according to the fair value of the

equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income. The equity of the acquiree held before the purchase date related to it involves other comprehensive income under the equity method and other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution. It is converted into investment profit and loss in the current period on the date of purchase, except for other comprehensive income arising from the re-measurement of defined benefit plans's net liabilities or changes in net assets by the investee.

The Group partially disposed of its long-term equity investment in its subsidiaries without losing control. In the consolidated financial statements, the difference between the disposal price and the share of net assets continuously calculated by the subsidiary company from the date of purchase or the date of merger corresponding to the disposal of long-term equity investment is adjusted, and the capital premium or equity premium is adjusted. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

If the Group loses control over the investee due to the disposal of some equity investments and other reasons, when preparing the consolidated financial statements, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the shares of the net assets that should be continuously calculated by the original subsidiary from the date of purchase or merger calculated according to the original shareholding ratio, shall be included in the investment profit and loss of the current period when the control right is lost, and goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into the current investment profit and loss when the control right is lost.

If the Group disposes of the equity investment in the subsidiary company step by step through multiple transactions until the loss of control right, if the transactions of disposing of the equity investment in the subsidiary company until the loss of control right belong to a package transaction, the transactions shall be treated as a transaction of disposing of the subsidiary company and losing control right for accounting treatment; However, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of control right is recognized as other comprehensive income in the consolidated financial statements and transferred to the investment profit and loss of the current period when the control right is lost.

7. Criteria for determining cash and cash equivalents

Cash in the Group's cash flow statement refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents in the cash flow statement refer to investments with a holding period of not more than 3 months, strong liquidity, easy conversion into known amount of cash and little risk of value change.

8. Foreign currency business and foreign currency statement conversion

(1) Foreign currency transactions

The Group's foreign currency transactions convert foreign currency amounts into RMB amounts at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are converted into RMB at the spot exchange rate on the balance sheet date, and the resulting conversion difference is directly included in the current profits and losses except for the exchange difference arising from foreign currency special loans borrowed for the purchase, construction or production of assets that meet the capitalization conditions, which is treated according to the capitalization principle.

(2) Conversion of foreign currency financial statements

Assets and liabilities in the foreign currency balance sheet shall be converted at the spot exchange rate on the balance sheet date. Except for "undistributed profits", owner's equity items are converted at the spot exchange rate at the time of business occurrence. Income and expense items in the income statement are converted at the spot exchange rate on the date of the transaction. The foreign currency statement translation difference resulting from the above translation is listed in other comprehensive income items. Foreign currency cash flows are converted at the spot exchange rate on the date of cash flows. The impact of exchange rate changes on cash is listed separately in the cash flow statement.

9. Financial instruments

When the Group becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability.

1. Financial assets

(1) Classification, confirmation basis and measurement method of financial assets

According to the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Group classifies financial assets as financial assets measured at amortized

cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profits and losses.

The Group classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The business model for managing the financial assets is aimed at collecting contractual cash flow. ② The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the amount of outstanding principal. Such financial assets are initially measured according to fair value, and relevant transaction costs are included in the initial recognized amount; Subsequent measurement is made at amortized cost. Except for those designated as hedged items, the difference between the initial amount and the due amount shall be amortized according to the effective interest rate method, and the amortization, impairment, exchange gains and losses and gains or losses arising from derecognition shall be included in the current profits and losses.

The Group classifies financial assets that meet the following conditions as financial assets measured at fair value and whose changes are included in other comprehensive income: ① The business model for managing the financial assets aims at both collecting contractual cash flow and selling the financial assets. ② The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the amount of outstanding principal. Such financial assets are initially measured at fair value, and relevant transaction costs are included in the initial recognized amount. Except for those designated as hedged items, other gains or losses arising from such financial assets, except credit impairment losses or gains, exchange gains and losses and interest on the financial assets calculated according to the effective interest rate method, are included in other comprehensive income. When the recognition of financial assets is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profits and losses.

The Group recognizes interest income in accordance with the effective interest rate method. Interest income is calculated and determined according to the book balance of financial assets multiplied by the actual interest rate, except for the following circumstances: ① For financial assets purchased or generated with credit impairment, the interest income shall be calculated and determined according to the amortized cost of the financial assets and the actual interest rate adjusted by credit from the initial recognition. ② For financial assets purchased or generated without credit impairment but with credit impairment in the subsequent period, the interest income shall be calculated and determined according to the amortized cost and actual interest rate

of the financial asset in the subsequent period.

The Group designates non-transactional equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. Once the designation is made, it shall not be revoked. Non-transactional equity instrument investments designated by the Group that are measured at fair value and whose changes are included in other comprehensive income are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount; Except that dividends (except those that belong to the investment cost recovery part) are included in the current profits and losses, other related gains and losses (including exchange gains and losses) are included in other comprehensive income and cannot be subsequently transferred to the current profits and losses. When it is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

Financial assets other than the above-mentioned financial assets classified as measured by amortized cost and financial assets classified as measured by fair value and whose changes are included in other comprehensive income. The Group classifies them into two financial assets measured at fair value and whose changes are included in the profits and losses of the current period. Such financial assets are initially measured at fair value, and relevant transaction costs are directly included in current profits and losses. Gains or losses on such financial assets are included in the current profits and losses.

If the contingent consideration recognized by the Group in the merger of companies not under the same control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value and its changes are included in the profits and losses of the current period. In addition, at the time of initial recognition, the Group designated some financial assets (including equity instrument investments, etc.) as financial assets measured at fair value and whose changes are included in the profits and losses of the current period. For such financial assets, the Group adopts fair value for subsequent measurement, and changes in fair value are included in current profits and losses. Those expected to hold for more than one year from the balance sheet date are listed as other non-current financial assets.

When the Group changes its business model for managing financial assets, it reclassifies all affected related financial assets.

(2) Confirmation basis and measurement method of financial asset transfer

The Group will derecognize financial assets that meet one of the following conditions: ① The contractual right to receive cash flow from the financial asset is terminated; ② Financial assets have been

transferred, and the Group has transferred almost all risks and rewards in the ownership of financial assets; ③ When financial assets are transferred, the Group has neither transferred nor retained almost all risks and rewards in the ownership of financial assets, nor retained control over the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, The book value of the transferred financial assets, The amount corresponding to the derecognition portion of the consideration received due to the transfer and the accumulated amount of changes in fair value originally directly included in other comprehensive income (the terms of the contract involving the transferred financial assets stipulate that, The cash flow generated on a specific date is only the difference between the sum of the principal and the payment of interest based on the amount of outstanding principal) and is included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets as a whole shall be apportioned between the derecognition part and the non-derecognition part according to their respective relative fair values. The consideration received due to the transfer and the amount corresponding to the derecognition part of the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognition part (The terms of the contract relating to the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount), and the difference between the total book value of the aforesaid financial assets apportioned is included in the current profits and losses.

When non-transactional equity instrument investments are designated as financial assets measured at fair value and whose changes are included in other comprehensive income are derecognized, the difference between their book value and the sum of the consideration received and the accumulated changes in fair value originally directly included in other comprehensive income is included in retained earnings.

2. Financial liabilities

(1) Classification, recognition basis and measurement method of financial liabilities

The Group's financial liabilities are classified as financial liabilities and other financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period upon initial recognition.

Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period include transactional financial liabilities and financial liabilities designated at fair value and

whose changes are included in the profits and losses of the current period upon initial recognition. The relevant classification basis is disclosed with reference to the classification basis of financial assets. Subsequent measurement is carried out according to the fair value, and gains or losses resulting from changes in fair value and dividends and interest expenses related to the financial liabilities are included in the current profits and losses.

Other financial liabilities are subject to the effective interest rate method and are subsequently measured according to amortized cost. In addition to the following items, the Group classifies financial liabilities as financial liabilities measured at amortized cost: ① Financial liabilities measured at fair value and whose changes are included in current profits and losses, including transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses. ② Financial assets that do not meet the conditions for derecognition are transferred or continue to be involved in financial liabilities formed by the transferred financial assets. ③ Financial guarantee contracts that do not belong to the above circumstances ① or ②, and loan commitments that do not belong to the above circumstances ① to borrow at a rate lower than the market interest rate.

If the Group forms financial liabilities as contingent consideration recognized by the purchaser in business combinations not under the same control, it shall be measured at fair value and its changes shall be included in the profits and losses of the current period for accounting treatment.

(2) Conditions for derecognition of financial liabilities

When all or part of the current obligations of a financial liability have been relieved, the recognition of the financial liability or the part of the obligations that have been relieved shall be terminated. The Group has signed an agreement with its creditors to replace the existing financial liabilities by assuming new financial liabilities. If the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized at the same time. If the Group makes substantial changes to all or part of the contract terms of the existing financial liabilities, it shall derecognize the existing financial liabilities or part of them, and at the same time recognize the modified financial liabilities as a new financial liability. The difference between the book value of the derecognized part and the consideration paid is included in the current profits and losses.

(3) Method for determining the fair value of financial assets and financial liabilities

The Group measures the fair values of financial assets and financial liabilities at the prices of major

markets. If there is no major market, the fair values of financial assets and financial liabilities are measured at the prices most favorable to the market, and valuation techniques applicable at that time and supported by sufficient available data and other information are adopted. The input value used in fair value measurement is divided into three levels, i.e. The input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained on the measurement date in the active market; The second level input value is the directly or indirectly observable input value of related assets or liabilities except the first level input value; The third level input value is the unobservable input value of the related asset or liability. The Group gives priority to the first-level input value and finally uses the third-level input value. The level of fair value measurement results is determined by the lowest level of input values that are of great significance to fair value measurement as a whole.

The Group's investments in equity instruments are measured at fair value. However, under limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within the range, the cost may represent its appropriate estimate of fair value within the distribution range.

(4) Offset of financial assets and financial liabilities

The Group's financial assets and financial liabilities are shown separately in the balance sheet and are not offset against each other. However, when the following conditions are met at the same time, the net amount after offset is listed in the balance sheet: (1) the Group has the legal right to offset the recognized amount, and this legal right is currently enforceable; (2) The Group plans to settle on a net basis or realize the financial asset and pay off the financial liability at the same time.

(5) Differentiation between financial liabilities and equity instruments and relevant treatment methods

The Group distinguishes financial liabilities from equity instruments according to the following principles: (1) If the Group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liabilities. Although some financial instruments do not explicitly contain the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument must be settled with or can be settled with the Group's own equity instruments, it is necessary to consider whether the Group's own equity instruments used to settle the instrument are used as substitutes for cash or other financial assets, or to enable the holder of the instrument to enjoy the remaining equity in the assets of the issuer after deducting all liabilities. If it is the former, the instrument is the issuer's financial

liability; If it is the latter, the instrument is the issuer's equity instrument. In some cases, A financial instrument contract requires the Group to use or use its own equity instruments to settle the financial instruments. Where the amount of contractual rights or obligations is equal to the number of self-interest instruments that can be obtained or need to be delivered multiplied by their fair value at the time of settlement. The contract is classified as a financial liability regardless of whether the amount of the contractual right or obligation is fixed or changes entirely or partially based on changes in variables other than the market price of the Group's own equity instruments.

In classifying financial instruments (or their components) in the consolidated statements, the Group has taken into account all terms and conditions agreed between Group members and holders of financial instruments. If the Group as a whole undertakes the obligation to deliver cash, other financial assets or settle in other ways that cause the instrument to become a financial liability due to the instrument, the instrument should be classified as a financial liability.

If financial instruments or their components are financial liabilities, the Group includes relevant interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing into current profits and losses.

If a financial instrument or its components are equity instruments, the Group will treat them as changes in equity when they are issued (including refinancing), repurchased, sold or written off, and will not recognize changes in the fair value of equity instruments.

3. Impairment of financial assets

1) The method for confirming the impairment of financial assets

On the basis of expected credit losses, the Group sets aside impairment reserves and recognizes credit impairment losses for financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, financial guarantee contracts, etc.

Expected credit loss refers to the weighted average value of credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable according to the contract and all cash flows of expected income discounted by the company according to the original actual interest rate, i.e. The present value of all cash shortages.

For bills receivable, accounts receivable and other receivables that do not contain significant financing components, the Group has simplified the measurement of loss reserves according to the expected credit losses throughout the duration.

For financial assets purchased or generated with credit impairment, only the cumulative changes in expected credit losses during the whole duration after initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the change amount of expected credit loss during the whole duration is included in the current profits and losses as impairment loss or profit. Even if the expected profit and loss for the whole duration determined on the balance sheet date is less than the amount of expected credit loss reflected by the estimated cash flow at the time of initial recognition, the favorable change of expected credit loss is recognized as impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets purchased or generated with credit impairment accidents, the Group evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition on each balance sheet date. The loss reserve, expected credit loss and its changes shall be measured respectively according to the following circumstances:

① If the credit risk of the financial instrument has not increased significantly since the initial recognition and is in the first stage, the loss reserve shall be measured according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and the interest income shall be based on the book balance and the actual interest rate.

② If the credit risk of the financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, and the loss reserve shall be measured according to the amount equivalent to the expected credit loss during the whole duration of the financial instrument, and the interest income shall be based on the book balance and the actual interest rate.

③ If the credit impairment of the financial instrument has occurred since the initial recognition, it is in the third stage, and the loss reserve shall be measured according to the amount equivalent to the expected credit loss of the financial instrument during the whole duration, and the amortized cost and the actual interest rate interest income shall be used.

Judgment on whether credit risk has increased significantly since initial confirmation:

If the probability of default of a financial instrument in the expected duration determined on the balance sheet date is significantly higher than the probability of default in the expected duration determined at the time of initial confirmation, it indicates that the credit risk of the financial instrument increases significantly. However, if the Group determines that the financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition. Under normal circumstances, if it is overdue for more than 12 months, it indicates that the

credit risk of financial instruments has increased significantly. Unless the Group can obtain reasonable and well-founded information without unnecessary additional costs or efforts to prove that even if the credit risk is overdue for more than 12 months, the credit risk has not increased significantly since the initial recognition. In determining whether the credit risk has increased significantly since the initial recognition, the Group considers reasonable and well-founded information, including forward-looking information, that can be obtained without unnecessary additional costs or efforts.

In addition to financial assets with single risk assessment, the Group divides financial assets into different combinations based on common risk characteristics and evaluates credit risks on the basis of combinations.

2) Accounting treatment of impairment of financial assets

On the balance sheet date, the Company calculates the expected credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment reserve, the difference is recognized as impairment loss; If it is less than the carrying amount of the current impairment reserve, the difference is recognized as impairment gain.

10. Bills receivable

The Group's principles for determining the impairment of bills receivable are shown in "V.9.3 Impairment of Financial Assets".

For bills receivable that do not contain significant financing components, the Group measures the loss reserve according to the expected credit loss for the whole duration.

The determination method and accounting treatment method of expected credit loss of bills receivable: Based on the credit risk of acceptor of bills receivable as a common risk characteristic, it is divided into different combinations, and the accounting estimation policy of expected credit loss is determined:

Combination Name	Accounting Estimation Policy for Expected Credit Loss
Bank acceptance bill combination	The management evaluated that the bank acceptance bills held by the bank did not have significant credit risk, so there was no need to make provision for bad debts.
Commercial acceptance bill combination	Provision for bad debts is accrued according to expected credit losses, which is the same as the combination division of accounts receivable.

11. Accounts receivable

The Group regards the following circumstances as the recognition criteria for bad debt losses of accounts

receivable: cancellation of debt units, bankruptcy, insolvency, serious shortage of cash flow, occurrence of serious natural disasters, etc., resulting in shutdown and inability to repay debts within a foreseeable period of time, etc.; The debtor has failed to fulfill its debt-paying obligations for more than 5 years within the time limit; Other conclusive evidence shows that it is really impossible or unlikely to be recovered.

The possible bad debt losses shall be accounted for by the allowance method and included in the current profits and losses. Accounts receivable that have conclusive evidence that they cannot be recovered shall be listed as bad debt losses after being approved by the Group in accordance with the prescribed procedures, and the withdrawn bad debt reserves shall be written off.

The Group's principles for determining impairment of accounts receivable are shown in "V.9.3 Impairment of Financial Assets".

For accounts receivable formed by transactions regulated by the Accounting Standards for Companies No.14-Income Standards and excluding significant financing components, the Group always measures its loss reserve at an amount equivalent to the expected credit loss during the whole duration.

The method for determining the expected credit loss of accounts receivable and the accounting treatment method: the Group evaluates the credit risk of accounts receivable with significantly different credit risks, such as accounts receivable with disputes with the other party or involving litigation and arbitration; Accounts receivable that have obvious signs that the debtor is likely to be unable to fulfill its repayment obligations, etc. In addition to accounts receivable with single credit risk assessment, the Group divides accounts receivable into different combinations based on common risk characteristics such as transaction objects and aging of accounts receivable, and determines the accounting estimation policy for expected credit losses:

(1) Receivables with significant single amount and separate provision for bad debts

Accrual Method for Single Identification and Single Accrual of Bad Debt Provision	Provision for bad debts shall be made according to the difference between the present value of its future cash flow and its book value.
Accrual Method of Related Party Combination Bad Debt Provision	For the combination of related parties within the scope of the Group's merger, it is basically determined that no provision for bad debts will be made for the funds that can be recovered or have very little risk of recovery.

(2) Receivables for which provision for bad debts is accrued according to the combination of credit risk characteristics

Combination Name	Accounting Estimation Policy for Expected Credit Loss
Basically determine the recoverable	No provision for bad debts shall be made for the amount recovered during the period after the balance sheet date, such as the amount that is basically determined to be recoverable

receivables	or with very little risk of recovery.
Related Party Portfolio	For related party combinations within the scope of group consolidation, no provision for bad debts shall be made.
Aging combination	The expected credit loss is evaluated based on the aging of accounts receivable. And based on all reasonable and well-founded information, Including credit risk rating, debtor's industry and forward-looking information, using the impairment calculation model based on aging table, based on the historical loss given default rate of the estimated duration, and based on forward-looking data estimation and adjustment, the expected loss rate is calculated as the accrual ratio of the loss reserve for combined accounts receivable.

The accrual ratio of bad debt provision for receivables using aging combination is as follows:

Aging	Proportion of accrual of accounts receivable (%)
Within 6 months	0
7-12 months	5
1-2 years	10
2-3 years	30
3-4 years	50
4-5 years	80
More than 5 years	100

(3) Receivables whose single amount is not significant but whose provision for bad debts is accrued separately

Reasons for Single Provision for Bad Debts	Receivables whose single amount is not significant and whose risk characteristics cannot be reflected by the provision for bad debts accrued according to the combination.
Accrual Method of Bad Debt Provision	According to the difference between the present value of its future cash flow and its book value, provision for bad debts shall be made.

12. Receivables financing

For bills receivable and accounts receivable whose contractual cash flow characteristics are consistent with the basic loan arrangement and whose business mode of managing such financial assets is both to collect contractual cash flow and to sell, the Company classifies them as receivables financing, which is measured at fair value and its changes are included in other comprehensive income. Interest income, impairment loss and exchange difference recognized by the effective interest rate method for receivables financing are recognized as current profits and losses, and other fair value changes are included in other comprehensive income. When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive

income are transferred out of other comprehensive income and included in the current profits and losses.

For the determination method and accounting treatment method of expected credit loss of receivables financing, please refer to "V. 9.3 Impairment of Financial Assets".

13. Other receivables

Determination Method and Accounting Treatment Method of Expected Credit Loss of Other Receivables

For the recognition criteria and accounting methods of bad debt losses of other receivables of the Group, please refer to V. 11 Accounts Receivable.

The Group's principles for determining impairment of other receivables are shown in "V.9.6 Impairment of Financial Assets".

For other receivables, the Group always measures its loss reserve at an amount equivalent to the expected credit loss during the entire duration.

The Group evaluates credit risks of financial assets with significantly different credit risks individually, such as receivables with disputes with the other party or involving litigation and arbitration; Receivables that have obvious signs that the debtor is likely to be unable to fulfill its repayment obligations, etc. In addition to financial assets that individually assess credit risks, the Group divides other receivables into different combinations based on common risk characteristics such as the transaction object relationship and the nature of payments of other receivables, and determines the accounting estimation policy for expected credit losses:

Item	Basis for Determining the Combination	Accrual Method
Combination 1	Except for other receivables for which the loss reserve has been separately measured, the Group determines the loss reserve based on the expected credit loss of the same or similar receivables portfolio with similar credit risk characteristics divided by aging period in the previous year and taking into account forward-looking information.	Aging analysis method
Combination 2	Other receivables, deposits, deposits and reserve funds among entities within the scope of the consolidated statement of the Group	Expected credit losses are not accrued unless there is objective evidence that the Group cannot recover the funds according to relevant contract terms.

The accrual ratio of bad debt provision for receivables using aging combination is as follows:

Aging	Proportion of accrual for other receivables (%)
Within 6 months	0

7-12 months	5
1-2 years	10
2-3 years	30
3-4 years	50
4-5 years	80
More than 5 years	100

14. Inventory

The Group's inventory mainly includes engineering construction, completed and unsettled items, raw materials, in-process products, inventory commodities and low-value consumables.

Inventory shall be subject to perpetual inventory system, and inventory shall be priced at actual cost when acquired. The actual cost of collecting or issuing inventory, raw materials and in-process products shall be determined by weighted average method. The actual contract cost and contract gross profit incurred in the project construction accounting, and the accumulated amount settled with the owner according to the construction contract shall be accounted for in the project settlement accounting; When the contract is completed, the balance of the project construction and the balance of the project settlement shall be offset and balanced. Low-value consumables are amortized by one-time write-off method.

The ending inventory is priced according to the lower of cost and net realizable value. At the end of the period, on the basis of a comprehensive inventory, the inventory depreciation reserve shall be drawn for the inventory due to damage, obsolescence in whole or in part or sales price lower than cost, as well as the estimated loss part of the project contract and the estimated irrecoverable part of the cost. Provision for inventory depreciation is drawn according to the difference between the cost of a single (or category) inventory item and its net realizable value. The net realizable value of inventories held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contracts, the net realizable value of inventories in excess is calculated on the basis of the general sales price. The net realizable value of inventories that are not agreed in the sales contract is calculated on the basis of the general sales price; If the estimated total cost of the project contract exceeds the estimated total income of the contract, the estimated loss shall be recognized as the current expense, and the accrued estimated contract loss reserve shall be listed as the inventory depreciation reserve in the statement.

15. Long-term equity investment

The Group's long-term equity investment is mainly investment in subsidiaries, joint ventures and joint ventures.

The Group's judgment on common control is based on the collective control of the arrangement by all participants or combinations of participants, and the policies for activities related to the arrangement must be unanimously agreed by the participants who collectively control the arrangement.

When the Group directly or indirectly owns more than 20% (inclusive) but less than 50% of the voting rights of the invested entity through subsidiaries, it is generally considered to have a significant impact on the invested entity. Holding less than 20% of the voting rights of the invested entity, consideration also needs to be given to representation on the board of directors or similar authority of the invested entity, or participate in the financial and operating policy formulation process of the invested entity, or have important transactions with the invested entity, or send management personnel to the invested entity, or provide key technical data to the invested entity and other facts and circumstances judgment have a significant impact on the invested entity.

Those who control the invested units are subsidiaries of the Group. For the long-term equity investment obtained through the merger of companies under the same control, the initial investment cost of the long-term equity investment shall be taken as the share of the book value of the net assets of the merged party in the consolidated statement of the final controlling party on the merger date. If the book value of the merged party's net assets on the merger date is negative, the long-term equity investment cost shall be determined at zero.

For long-term equity investment obtained through merger of companies not under the same control, the merger cost is taken as the initial investment cost.

In addition to the above-mentioned long-term equity investment obtained through business combination, the long-term equity investment obtained by paying cash shall be taken as the investment cost according to the actual purchase price paid; The long-term equity investment obtained by issuing equity securities shall be based on the fair value of the equity securities issued as the investment cost; The long-term equity investment invested by investors shall be taken as the investment cost according to the value agreed in the investment contract or agreement; For long-term equity investments obtained through debt restructuring and exchange of non-monetary assets, the method of determining the investment cost according to the provisions of relevant accounting standards for companies and in combination with the actual situation of the company.

The Group adopts the cost method for the investment of subsidiaries and the equity method for the

investment of joint ventures and affiliated companies.

Subsequent measurement of long-term equity investment accounted for by cost method, in the case of additional investment, the book value of long-term equity investment cost shall be increased according to the fair value of the cost paid by the additional investment and the relevant transaction costs incurred. The cash dividends or profits declared and distributed by the invested entity shall be recognized as the current investment income according to the amount they should enjoy.

Subsequent measurement of long-term equity investment accounted for by the equity method will increase or decrease the book value of long-term equity investment with the corresponding adjustment of changes in the owner's equity of the invested unit. Among them, when confirming the share that should enjoy the net profit and loss of the invested entity, Based on the fair value of the identifiable assets of the invested entity at the time of obtaining the investment, According to the Group's accounting policies and accounting periods, and offset the gains and losses of internal transactions with affiliated companies and joint ventures, the part attributable to the investment company is calculated according to the shareholding ratio, and the net profit of the invested entity is confirmed after adjustment.

For the disposal of long-term equity investment, the difference between the book value and the actual obtained price shall be included in the current investment income. If the long-term equity investment accounted for by the equity method is included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profit and loss, the part originally included in the owner's equity shall be transferred to the current investment profit and loss according to the corresponding proportion when the investment is disposed of.

If the joint control or significant influence on the invested entity is lost due to the disposal of some equity investments and other reasons, the remaining equity after disposal shall be accounted for as available-for-sale financial assets, and the difference between the fair value and book value of the remaining equity on the date of loss of joint control or significant influence shall be included in the profits and losses of the current period. Other comprehensive income recognized by the original equity investment due to the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity when the equity method is terminated.

Where the control over the invested entity is lost due to the disposal of part of the long-term equity investment, If the remaining equity after disposal can jointly control or exert significant influence on the invested entity, it shall be accounted for by the equity method instead. The difference between the book value

of the disposal equity and the disposal consideration shall be included in the investment income, and the remaining equity shall be accounted for by the equity method as if it had been acquired. If the remaining equity after disposal cannot jointly control or exert significant influence on the invested entity, Instead, accounting treatment shall be carried out in accordance with the relevant provisions of available-for-sale financial assets. The difference between the book value of the disposal equity and the disposal consideration shall be included in the investment income, and the difference between the fair value and the book value of the remaining equity on the date of loss of control shall be included in the current investment profit and loss.

16. Fixed assets

(1) Confirmation conditions

The Group's fixed assets refer to tangible assets with the following characteristics at the same time, namely, tangible assets held for the production of products, provision of labor services, lease or operation and management, with a service life of more than one year. Fixed assets are recognized when the economic benefits related to them are likely to flow into the Group and their costs can be reliably measured. The Group's fixed assets include buildings, experimental production equipment, transportation, electronic and office equipment and energy-saving service project assets.

(2) Depreciation method

Category	Depreciation Method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Average method of years	25	5%	3.80%
Experimental production equipment	Average method of years	10	5%	9.50%
Means of transportation	Average method of years	4	5%	23.75%
Electronic and office equipment	Average method of years	3-5	5%	19.00-31.67%
Energy saving service project assets	Average method of years	Project Benefit Period	0%	-

Except for the fixed assets that have been fully depreciated and continue to be used and the land that is separately priced and accounted for, the Group accrues depreciation for all fixed assets. The average age method is adopted when depreciation is accrued.

At the end of each year, the Group reviews the estimated service life, estimated net salvage value and depreciation method of fixed assets. If there is any change, it will be treated as a change in accounting estimation.

(3) Identification basis, valuation and depreciation method of fixed assets leased by financing

None

17. Construction in progress

From the date when the construction in progress reaches the preset serviceable condition, the fixed assets shall be carried forward according to the estimated value according to the project budget, cost or actual project cost, etc. Depreciation shall be accrued from the following month. The original value difference of the fixed assets shall be adjusted after the final accounts formalities are completed.

18. Borrowing costs

The borrowing costs incurred can be directly attributed to the fixed assets, investment real estate and inventory that need more than one year of purchase, construction or production activities to reach the intended usable or marketable status. Capitalization starts when asset expenditures have occurred, borrowing costs have occurred, and the purchase, construction or production activities necessary to make the asset reach the intended usable or marketable state have begun; When the purchase, construction or production of assets that meet the capitalization conditions reach the intended usable or saleable state, capitalization shall be stopped, and the borrowing costs incurred thereafter shall be included in the profits and losses of the current period. If the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase, construction or production, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the purchase, construction or production activities of the assets resume.

The actual interest expenses incurred in the current period of special loans shall be capitalized after deducting the interest income obtained from the deposit of unused loan funds into the bank or the investment income obtained from temporary investments; The capitalization amount of general loans is determined by multiplying the weighted average of the asset expenditures of the accumulated asset expenditures exceeding the special loans by the capitalization rate of the occupied general loans. Capitalization rate is calculated and determined according to the weighted average interest rate of general loans.

19. Intangible assets

(1) Pricing method, service life and impairment test

The Group's intangible assets include land use rights, patented technologies, non-patented technologies, franchise rights (BOT projects), software, etc., which are measured at the actual cost at the time of acquisition. Among them, the purchased intangible assets are measured at the actual cost according to the actual price paid and other related expenses. The actual cost of intangible assets invested by investors shall be determined according to the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is unfair, the actual cost shall be determined according to the fair value; Intangible assets of patented technologies owned by the acquiree but not recognized in its financial statements acquired in mergers not under the same control are recognized as intangible assets at fair value when the acquiree's assets are initially recognized.

The land use right shall be amortized on average according to the number of years of assignment from the starting date of assignment; Patented technology, non-patented technology and other intangible assets shall be amortized evenly by stages according to the shortest of the expected service life, the beneficial life stipulated in the contract and the effective life stipulated by law. The franchise right shall be amortized on average according to the term of the project franchise period (including the construction period) minus the construction period stipulated in the franchise framework agreement. The amortization amount is included in the relevant asset cost and current profits and losses according to its beneficiary.

The Group's main research and development projects include research and development of food waste treatment equipment, Application of CJR in Landfill Leachate Treatment Project, Research on Technology and Equipment of Industrial Wastewater Resource Treatment, Research on Feeding System Equipment of Drying Warehouse, Study on Technology and Equipment of Sludge Anaerobic Digestion Treatment, Technology and equipment of deammoniation of landfill leachate, Research on leaching/anaerobic digestion treatment technology of domestic waste, optimization process and equipment for coking wastewater treatment, research and development of food waste resource treatment technology and complete sets of equipment, research on persulfate oxidation technology based on organic contaminated sites, research on ecological energy treatment technology of domestic waste, research and development of village waste treatment technology and equipment, etc.

(2) Accounting policy for internal research and development expenditure

The Group's research and development expenditures are divided into research phase expenditures and development phase expenditures according to their nature and whether there is great uncertainty in the final formation of intangible assets from research and development activities. Expenditures in the research phase are included in the current profits and losses when incurred; Expenditures in the development phase shall be recognized as intangible assets if the following conditions are met at the same time:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) Has the intention to complete the intangible asset and use or sell it;
- (3) The products produced by using the intangible asset have a market or the intangible asset itself has a market;
- (4) Has sufficient technical, financial and other resources to complete the development of the intangible asset and having the ability to use or sell the intangible asset;
- (5) Expenditures attributable to the intangible asset development phase can be reliably measured.

Expenditures in the development phase that do not meet the above conditions are included in the current profits and losses when incurred. Development expenditures that have been included in profits and losses in the previous period will no longer be recognized as assets in subsequent periods. Capitalized expenditures in the development phase are listed as development expenditures on the balance sheet and converted into intangible assets from the date when the project reaches the preset serviceable state.

20. Impairment of long-term assets

On each balance sheet date, the Group inspects long-term equity investment, fixed assets, construction in progress, intangible assets with limited service life and other items. When there are the following signs, it indicates that the assets may be impaired, and the Group will conduct impairment tests. For intangible assets with uncertain goodwill and service life, impairment tests are conducted at the end of each year regardless of whether there are signs of impairment. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of asset groups to which the asset belongs.

After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference is recognized as impairment loss. Once the impairment loss of the above asset is recognized, it will not be reversed in the subsequent accounting period. The recoverable amount of an asset refers to the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset.

Signs of impairment are as follows:

(1) The market price of assets has dropped significantly in the current period, which is significantly higher than the expected decline due to the passage of time or normal use.

(2) The economic, technological or legal environment in which the Company operates and the market in which the assets are located will undergo major changes in the current period or in the near future, thus adversely affecting the Company.

(3) The market interest rate or other market investment return rate has increased in the current period, thus affecting the discount rate for the Company to calculate the present value of the estimated future cash flow of the asset, resulting in a significant reduction in the recoverable amount of the asset.

(4) There is evidence that the asset is obsolete or its entity has been damaged.

(5) The assets have been or will be idle, terminated or planned to be disposed of in advance.

(6) Evidence reported internally by the Company shows that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow generated by the asset or the realized operating profit (or loss) is far lower than (or higher than) the expected amount, etc.

21. Long-term prepaid expenses

The Group's long-term prepaid expenses are amortized evenly during the benefit period. If the long-term prepaid expenses item cannot benefit the subsequent accounting period, the amortized value of the item that has not yet been amortized will be transferred to the current profits and losses.

22. Staff remuneration

(1) Accounting treatment of short-term salary

Short-term salary mainly includes employees' salary, bonus, allowance and subsidy. Social

insurance premiums such as employee welfare funds, medical insurance premiums, work injury insurance premiums and maternity insurance premiums, housing accumulation funds, trade union funds and employee education funds, etc., are recognized as liabilities during the accounting period when employees provide services, and are included in the current profits and losses or related asset costs according to the beneficiaries.

(2) Accounting for post-employment benefits

Post-employment benefits mainly include basic old-age insurance and unemployment insurance, which are classified into defined contribution plans and defined benefit plans according to the risks and obligations undertaken by the Company. For the set contribution plan, the contribution paid to a separate entity on the balance sheet date in exchange for services provided by employees during the accounting period is recognized as a liability and included in the current profits and losses or related asset costs according to the beneficiary. At present, the Company does not have defined benefit plans.

(3) Accounting treatment of dismissal benefits

Dismissal benefits are due to the decision to terminate the labor relationship with the employees before the expiration of the labor contract of the employees, or the proposal to give compensation to encourage the employees to voluntarily accept the reduction. The employee compensation liabilities arising from dismissal benefits are recognized on the balance sheet date and included in the current profits and losses.

(4) Accounting treatment methods for other long-term employee benefits

There are currently no other long-term benefits.

23. Estimated liabilities

When businesses related to contingencies such as external guarantee, discount of commercial acceptance bills, pending litigation or arbitration, and product quality assurance meet the following conditions at the same time, the Group recognizes them as liabilities: this obligation is the current obligation undertaken by the Group; The performance of this obligation is likely to lead to the outflow

of economic benefits from the company; The amount of this obligation can be measured reliably.

The estimated liabilities are initially measured according to the best estimate of the expenditures required to fulfill the relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies are comprehensively considered. If the time value of money has a significant impact, the best estimate shall be determined by discounting the relevant future cash outflows. The book value of the estimated liabilities is reviewed on each balance sheet date, and if there is any change, the book value is adjusted to reflect the current best estimate.

24. Share-based payment

The Group's share-based payment refers to the transaction of granting restricted shares in order to obtain services provided by employees. The accounting treatment method is as follows:

(1) Accounting treatment on the grant date: share capital and share capital premium are confirmed according to the grant quantity and grant price. The difference between the fair value of the unit restricted stock on the grant date and the grant price is the incentive cost of the unit restricted stock. Among them, the fair value of restricted stocks is calculated according to the closing price of the company's stocks on the grant date and the Black-Scholes model.

(2) Accounting treatment during the sales ban period: On each balance sheet date during the sales ban period, the Company will include the services obtained in the current period into relevant costs or expenses and capital reserves based on the best estimate of the number of unlocked restricted stocks and according to the incentive cost per unit of restricted stocks. Incentive costs are charged to regular gains and losses.

(3) Accounting treatment after the unlocking date: no adjustment will be made to the recognized costs and total owner's equity.

25. Income

Has the new revenue criteria been implemented

Yes No

The Group's operating income mainly includes project contract income, commodity sales income, operating service income and technical service income. The principle of revenue recognition is as

follows:

(1) Principle of recognition of project contract income: The Group's project contract income is subject to Accounting Standards for Companies No.15—Construction Contracts. For details of recognition principles, please refer to Notes 4 and 25. Description of Construction Contracts.

The main projects contracted by the Group are landfill leachate treatment, food waste treatment, solid waste treatment and large-scale biogas projects. These projects generally include a series of labor services such as design and construction of the main body of the project, installation, commissioning and commissioning of equipment and systems, When the Group obtains the acceptance confirmation of the owner or supervisor in several key links such as the completion of the main body of the design and construction project, the installation acceptance of equipment and systems, the commissioning acceptance and the trial operation acceptance, the contract completion progress is confirmed by the proportion of the accumulated cost incurred at the corresponding time point to the estimated total cost.

(2) Principle of revenue recognition from sales of commodities: The Group has transferred the major risks and rewards of commodity ownership to the purchaser. The Group has neither retained the right to continue management, which is usually associated with ownership, nor effectively controlled the sold products. The amount of revenue can be measured reliably. Relevant economic benefits are likely to flow into the company. When relevant costs incurred or to be incurred can be measured reliably, the realization of revenue from selling products is confirmed. The contract stipulates that the ownership will be transferred after the products arrive at the installation site for acceptance, and the Group will recognize the revenue according to the equipment and materials acceptance form signed by the customer.

Specific policies for the recognition of sales revenue: The Group's sales revenue is mainly the sales revenue of equipment and materials. After the equipment and materials are delivered to the purchaser and confirmed for acceptance, the realization of the corresponding sales revenue is confirmed.

(3) Principle of recognition of labor (service) income: The realization of labor income is recognized when the total income and total cost of labor can be measured reliably, the economic benefits related to labor are likely to flow into the Group, and the completion progress of labor can be determined reliably.

Specific policies for the recognition of labor service (service) income: the Group's labor service income mainly includes operating service income and technical service income, of which the operating service income is recognized when the entrusting party confirms the water flow and electricity consumption; Technical service income shall be recognized when the corresponding service results are submitted and confirmed by the entrusting party.

26. Government subsidies

Government subsidies refer to monetary assets or non-monetary assets obtained by the Group free of charge from the Government. Government subsidies are recognized when the Group can meet its attached conditions and receive them.

If government subsidies are monetary assets, they shall be measured according to the amount actually received. For subsidies allocated according to a fixed quota standard, or when there is conclusive evidence at the end of the period that they can meet the relevant conditions stipulated in the financial support policy and are expected to receive financial support funds, they shall be measured according to the amount receivable. If the government subsidy is a non-monetary asset, it shall be measured according to the fair value. If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount (1 yuan).

The Group's government subsidies are divided into asset-related government subsidies and income-related government subsidies. Government subsidies related to assets refer to government subsidies obtained by the Group for purchasing, constructing or otherwise forming long-term assets; Income-related government subsidies refer to government subsidies other than those related to assets. If the government documents do not specify the subsidy target, the Group will judge according to the above principles.

Government subsidies related to assets are recognized as deferred revenue and are evenly distributed and included in current profits and losses during the service life of related assets. Government subsidies related to income, which are used to compensate related expenses or losses in subsequent periods, are recognized as deferred revenue and included in the current profits and losses during the period when relevant expenses are recognized; For compensation of related expenses or losses incurred, it shall be directly included in the current profits and losses.

Government subsidies related to income and government subsidies related to daily activities shall

be included in other income according to the essence of economic business. Government subsidies unrelated to daily activities are included in non-operating income.

27. Deferred income tax assets/deferred income tax liabilities

The Group's deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference (temporary difference) between the tax basis of the assets and liabilities and their book values. For deductible losses that can offset taxable income in future years according to the provisions of the Tax Law, the corresponding deferred income tax assets shall be recognized. For temporary differences arising from the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. For temporary differences formed by the initial recognition of assets or liabilities arising from non-company merger transactions that neither affect accounting profits nor taxable income (or deductible losses), the corresponding deferred income tax assets and deferred income tax liabilities are not recognized. On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are paid off.

The Group recognizes deferred income tax assets to the extent that it is likely to obtain future taxable income to offset deductible temporary differences, deductible losses and tax credits.

28. Leasing

(1) Accounting treatment methods for operating leases

The rent of the Group as the lessee of the operating lease is included in the relevant asset cost or current profits and losses on a straight-line basis in each period of the lease term.

(2) Accounting treatment methods for financial leasing

When the Group is a financial leasee, on the lease commencement date, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the lease commencement date shall be taken as the recorded value of the fixed assets leased for financing, the minimum lease payment shall be taken as the recorded value of the long-term payables, and the difference between the two shall be recorded as unrecognized financing expenses.

29. Other important accounting policies and accounting estimates

None

30. Significant changes in accounting policies and accounting estimates**(1) Significant changes in accounting policies**

√ Applicable □ Not Applicable

Contents and Reasons of Accounting Policy Changes	Approval Procedures	Comments
On March 31 st , 2017, The Ministry of Finance issued the revised Accounting Standards for Companies No.22-Recognition and Measurement of Financial Instruments (No.7, 2017), Accounting Standards for Companies No.23-Transfer of Financial Assets (No.8, 2017), Accounting Standards for Companies No.24-Hedge Accounting (No.9, 2017); On May 2 nd , 2017, the Ministry of Finance issued the revised "Accounting Standards for Companies No.37-Presentation of Financial Instruments" (No.14, 2017) (the above standards are hereinafter referred to as "New Financial Instruments Standards"), requiring domestic listed companies to implement the new financial instruments standards from January 1 st , 2019.	Relevant accounting policy changes have been reviewed and approved at the 26th meeting of the Group's third board of directors.	Note 1
On April 30 th , 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of General Company Financial Statements for 2019 (No.6, 2019), and the Company revised the format of financial statements.	Relevant accounting policy changes have been reviewed and approved at the second meeting of the fourth board of directors of the Group.	Note 2

Note 1: As at March 31st, 2017, the Ministry of Finance issued the revised Accounting Standards for Companies No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Companies No.23-Transfer of Financial Assets and Accounting Standards for Companies No.24-Hedge Accounting. On May 2nd, 2017, the Ministry of Finance issued the revised Accounting Standards for Companies No.37-Presentation of Financial Instruments (the above standards are hereinafter referred to as the "New Financial Instruments Standards") and required domestic listed companies to implement them from January 1st, 2019.

According to the implementation time requirements of the new financial instrument standards, the Company will implement the above-mentioned new financial instrument standards from January 1st, 2019. From January 1st, 2019, the impairment measurement of the Group's financial assets will be changed from "incurred loss model" to "expected credit loss model".

The Group makes convergence adjustments in accordance with the requirements of the new Financial Instrument Standards: if the data of the previous comparative financial statements are

inconsistent with the requirements of the Financial Instrument Standards, the Group will not make retrospective adjustments. The difference between the original book value of financial instruments and the new book value implemented in the new financial instrument standards is included in the undistributed profit on January 1st, 2019. Please refer to Note IV, 33 (3) for details of the adjustment.

Note 2: According to the Notice of the Ministry of Finance on Revising and Issuing the Format of General Company Financial Statements for 2019 (No.6, 2019), The format of general company financial statements has been revised. The Group has adjusted the format of comparative financial statements as required according to the provisions of Accounting Document No.6 and approved by the second meeting of the Group's fourth board of directors. The impact of relevant comparative financial statements is explained as follows:

Consolidated Balance Sheet

Items and amounts in the original statement		New Statement Items and Amounts	
Bills receivable and accounts receivable	1,155,181,462.89	Bills receivable	87,977,739.16
		Accounts receivable	1,067,203,723.73
Bills payable and accounts payable	1,218,357,951.87	Bills payable	262,243,915.55
		Accounts payable	956,114,036.32
Other current liabilities	4,328,713.24	Other current liabilities	0.00
Deferred revenue	186,946,109.68	Deferred revenue	191,274,822.92
Impairment loss of assets	61,198,503.19	Impairment loss of assets	-61,198,503.19

Balance Sheet of Parent Company

Items and amounts in the original statement		New Statement Items and Amounts	
Bills Receivable and Accounts Receivable	593,832,094.09	Bills Receivable	8,000,000.00
		Accounts Receivable	585,832,094.09
Bills payable and accounts payable	479,710,663.17	Bills payable	130,313,363.51
		Accounts Payable	349,397,299.66
Other current liabilities	445,023.24	Other current liabilities	0.00
Deferred revenue	33,606,754.92	Deferred revenue	34,051,778.16
Impairment loss of assets	5,046,601.34	Impairment loss of assets	-5,046,601.34

(2) Changes in significant accounting estimates

Applicable Not Applicable

(3) Starting from 2019, the new financial instrument standards, new income standards or new lease standards will be implemented to adjust and implement the relevant items in the financial statements at the beginning of the current year.

√ Applicable □ Not Applicable

Consolidated balance sheet

Unit: yuan

Item	December 31 st , 2018	January 1 st , 2019	Adjustments
Current assets:			
Monetary fund	1,102,666,870.20	1,103,290,132.70	623,262.50
Settlement reserve			
Lending funds			
Transactional financial assets			
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period			
Derivative financial assets			
Bills Receivable	87,977,739.16	108,169,546.81	20,191,807.65
Accounts Receivable	1,067,203,723.73	1,067,203,723.73	
Receivables financing		48,218,659.06	48,218,659.06
Advance payment	124,624,275.75	124,624,275.75	
Premium receivable			
Reinsurance receivables			
Reserve for reinsurance contracts receivable			
Other receivables	109,579,422.43	108,956,159.93	-623,262.50
Including: interest receivable	623,262.50		-623,262.50
Dividends receivable			
Purchase and resale of financial assets			
Inventory	1,179,835,774.04	1,179,835,774.04	
Contract assets			
Assets held for sale			
Non-current assets due within one year	50,000,000.00	50,000,000.00	

Other current assets	86,997,161.55	86,997,161.55	
Total current assets	3,808,884,966.86	3,877,295,433.57	68,410,466.71
Non-current assets:			
Issuance of loans and advances			
Debt investment			
Available-for-sale financial assets	20,396,742.15		-20,396,742.15
Other creditor's rights investment			
Held-to-maturity investments			
Long-term receivables	57,880,704.00	57,880,704.00	
Long-term equity investment	101,662,154.66	101,662,154.66	
Investment in other equity instruments			
Other non-current financial assets		20,396,742.15	20,396,742.15
Investment real estate			
Fixed assets	558,875,328.97	558,875,328.97	
Construction in progress	311,633,566.38	311,633,566.38	
Productive biological assets			
Oil and gas assets			
Right to use assets			
Intangible assets	1,295,386,805.32	1,295,386,805.32	
Development expenditure			
Goodwill	1,023,667,378.56	1,023,667,378.56	
Long-term deferred expenses	3,198,953.36	3,198,953.36	
Deferred income tax assets	31,086,749.68	31,086,749.68	
Other non-current assets			
Total non-current assets	3,403,788,383.08	3,403,788,383.08	
Total assets	7,212,673,349.94	7,281,083,816.65	68,410,466.71
Current liabilities:			
Short-term borrowing	533,000,000.00	535,092,658.65	2,092,658.65
Borrowing money from the central bank			
Borrowed funds			

Transactional financial liabilities			
Financial liabilities measured at fair value and whose changes are included in current profits and losses			
Derivative financial liabilities			
Bills payable	262,243,915.55	262,243,915.55	
Accounts Payable	956,114,036.32	956,114,036.32	
Advance receipts	199,844,274.83	199,844,274.83	
Contractual liabilities			
Selling and repurchasing financial assets			
Absorbing deposits and interbank deposits			
Agency for buying and selling securities			
Agency underwriting of securities			
Remuneration payable to employees	19,728,010.19	19,728,010.19	
Taxes payable	244,606,409.12	244,606,409.12	
Other payables	81,694,522.08	79,082,725.11	-2,611,796.97
Of which: Interest payable	2,611,796.97		-2,611,796.97
Dividend payable			
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	80,081,330.00	80,081,330.00	
Other current liabilities		67,456,344.88	67,456,344.88
Total current liabilities	2,377,312,498.09	2,444,249,704.65	66,937,206.56
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowing	920,007,000.00	921,480,260.15	1,473,260.15
Bonds payable			

Of which: preferred shares			
Perpetual debt			
Lease liability			
Long-term payables		0.00	
Long-term salary payable to employees			
Estimated liabilities			
Deferred revenue	191,274,822.92	191,274,822.92	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	1,111,281,822.92	1,112,755,083.07	1,473,260.15
Total liabilities	3,488,594,321.01	3,557,004,787.72	68,410,466.71
Owner's Equity:			
Share capital	814,112,830.00	814,112,830.00	
Other equity instruments			
Of which: preferred shares			
Perpetual debt			
Capital reserve	2,135,638,801.10	2,135,638,801.10	
Minus: Treasury stock	30,327,873.00	30,327,873.00	
Other comprehensive income	3,142,808.74	3,142,808.74	
Special reserve			
Surplus reserve	54,790,691.29	54,790,691.29	
General risk provision			
Undistributed profit	641,617,197.96	641,617,197.96	
Total owner's equity attributable to the parent company	3,618,974,456.09	3,618,974,456.09	
Minority shareholders' rights and interests	105,104,572.84	105,104,572.84	
Total owner's equity	3,724,079,028.93	3,724,079,028.93	
Total liabilities and owner's equity	7,212,673,349.94	7,281,083,816.65	68,410,466.71

Description of Adjustment

Description of Adjustment of Consolidated Balance Sheet: The Group adjusted and reported

information related to financial instruments in accordance with the requirements of the new Financial Instruments Standards. Including alteration of rules for provision of impairment of financial assets measured at amortized cost, such as receivables, The impairment accrual method for accounts receivable and other receivables is adjusted from the "incurred loss model" to the "expected credit loss model". With the customer's credit risk assessment as the core, combined with the expected repayment situation and considering the customer's key financial indicators, the asset group classification is refined, the accrual ratio of the asset group is adjusted, and the provision for bad debts is accrued.

Balance Sheet of Parent Company

Unit: yuan

Item	December 31 st , 2018	January 1 st , 2019	Adjustments
Current assets:			
Monetary fund	636,845,008.61	639,772,118.31	2,927,109.70
Transactional financial assets			
Financial assets measured at fair value and whose changes are included in the profits and losses of the current period			
Derivative financial assets			
Bills Receivable	8,000,000.00	10,808,000.00	2,808,000.00
Accounts Receivable	585,832,094.09	585,832,094.09	
Receivables financing		1,800,000.00	1,800,000.00
Advance payment	53,244,422.11	53,244,422.11	
Other receivables	487,497,866.65	484,570,756.95	-2,927,109.70
Including: interest receivable	2,927,109.70		-2,927,109.70
Dividends receivable	55,000,000.00	55,000,000.00	
Inventory	600,435,991.34	600,435,991.34	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	20,128,462.55	20,128,462.55	
Total current assets	2,391,983,845.35	2,396,591,845.35	4,608,000.00
Non-current assets:			

Debt investment			
Available-for-sale financial assets			
Other creditor's rights investment			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment	2,857,097,113.27	2,857,097,113.27	
Investment in other equity instruments			
Other non-current financial assets			
Investment real estate			
Fixed assets	191,962,623.66	191,962,623.66	
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right to use assets			
Intangible assets	13,508,691.47	13,508,691.47	
Development expenditure			
Goodwill			
Long-term deferred expenses	1,886,560.76	1,886,560.76	
Deferred income tax assets	13,465,332.57	13,465,332.57	
Other non-current assets			
Total non-current assets	3,077,920,321.73	3,077,920,321.73	
Total assets	5,469,904,167.08	5,474,512,167.08	4,608,000.00
Current liabilities:			
Short-term borrowing	429,000,000.00	430,029,666.00	1,029,666.00
Transactional financial liabilities			
Financial liabilities measured at fair value and whose changes are included in current profits and losses			
Derivative financial liabilities			
Bills payable	130,313,363.51	130,313,363.51	

Accounts Payable	349,397,299.66	349,397,299.66	
Advance receipts	106,023,314.55	106,023,314.55	
Contractual liabilities			
Remuneration payable to employees	4,716,562.92	4,716,562.92	
Taxes payable	134,305,450.43	134,305,450.43	
Other payables	229,715,245.19	227,590,793.42	-2,124,451.77
Of which: Interest payable	2,124,451.77		-2,124,451.77
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year	20,602,000.00	20,602,000.00	
Other current liabilities		4,608,000.00	4,608,000.00
Total current liabilities	1,404,073,236.26	1,407,586,450.49	3,513,214.23
Non-current liabilities:			
Long-term borrowing	738,507,000.00	739,601,785.77	1,094,785.77
Bonds payable			
Of which: preferred shares			
Perpetual debt			
Lease liability			
Long-term payables			
Long-term salary payable to employees			
Estimated liabilities			
Deferred revenue	34,051,778.16	34,051,778.16	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	772,558,778.16	773,653,563.93	1,094,785.77
Total liabilities	2,176,632,014.42	2,181,240,014.42	4,608,000.00
Owner's Equity:			
Share capital	814,112,830.00	814,112,830.00	
Other equity instruments			
Of which: preferred shares			
Perpetual debt			

Capital reserve	2,150,054,073.08	2,150,054,073.08	
Minus: Treasury stock	30,327,873.00	30,327,873.00	
Other comprehensive income			
Special reserve			
Surplus reserve	54,742,393.26	54,742,393.26	
Undistributed profit	304,690,729.32	304,690,729.32	
Total owner's equity	3,293,272,152.66	3,293,272,152.66	
Total liabilities and owner's equity	5,469,904,167.08	5,474,512,167.08	4,608,000.00

Description of Adjustment

Description of the balance sheet adjustment of the parent company: The Company adjusts and reports relevant information on financial instruments in accordance with the requirements of the new Financial Instruments Standards. Including alteration of rules for provision of impairment of financial assets measured at amortized cost, such as receivables. The impairment accrual method for accounts receivable and other receivables is adjusted from the "incurred loss model" to the "expected credit loss model". With the customer's credit risk assessment as the core, combined with the expected repayment situation and considering the customer's key financial indicators, the asset group classification is refined, the accrual ratio of the asset group is adjusted, and the provision for bad debts is accrued.

(4) Explanation of comparative data for the previous period of retroactive adjustment of the new financial instrument standards or the new lease standards starting from 2019

Applicable Not Applicable

VI. Taxes

1. Main taxes and tax rates

Taxes	Basis for tax calculation	Tax rate
VAT	Sales of commodities, provision of sewage treatment services, project income, provision of services, rental income	16%, 13%, 10%, 9%, 3% (summary levy), 6%, 5% (summary levy)
City maintenance and construction tax	Amount of tax to be transferred by exchange	7%, 5%
Company income tax	Taxable income	25%, 15%, 12.5%, 5%
Education surcharge	Amount of tax to be transferred by exchange	5%

If there are tax payers with different company income tax rates, the disclosure statement shall be made.

Taxpayer Name	Income Tax Rate
WELLE Environmental Group Co., Ltd.	15%
Changzhou WELLE Environmental Service Co., Ltd.	25%
Beijing Huiheng Environmental Engineering Co., Ltd.	15%
Changzhou WELLE Food Waste Treatment Co., Ltd.	12.5%
Hainan WELLE Environmental Service Co., Ltd.	12.5%
Changzhou ELEX Environmental Protection Technology Co., Ltd.	25%
Hunan Renhe Huiming environmental protection technology Co., Ltd	25%, 12.5%
Changzhou Dawei Environmental Technology Co., Ltd.	25%
Wenling WELLE Environmental Services Co., Ltd.	12.5%
Hangzhou Energy and Environmental Engineering Co., Ltd.	15%
Hangzhou Puda Renewable Energy Equipment Co., Ltd.	5%
Tonglu WELLE Water Co., Ltd.	12.5%
Tonglu Shawan Fanvili Sewage Treatment Co., Ltd.	12.5%
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	25%
Tonglu Hengcun Town Sewage Treatment Co., Ltd.	12.5%
Zongyang WELLE Environmental Services Co., Ltd.	25%
Jiangsu WELLE Environmental Group Co., Ltd.	25%
Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	25%
Xi'an Villy Environmental Protection Technology Co., Ltd.	25%
Changzhou Jinyuan Machinery Equipment Co., Ltd.	15%
Changzhou Huiheng Membrane Technology Co., Ltd.	25%
Bama Huiheng environmental protection Co., Ltd	25%
European WELLE Environmental Protection Technology Co., Ltd.	29.825%
EuRec Environmental Technology Co., Ltd.	28.425%
Jiangsu WELLE Environmental Investment Co., Ltd.	25%
Shaoxing WELLE Food waste Recycling Co., Ltd.	25%
Shan County WELLE Environmental Service Co., Ltd.	25%
Ningde Weili Environmental Protection Technology Co., Ltd.	25%
Changchun WELLE Food waste Treatment Co., Ltd.	25%

Suzhou Hanfeng Technology Development Engineering Co., Ltd.	15%
Nanjing Doule Refrigeration Equipment Co., Ltd.	15%
Nanjing Doule Environmental Protection Technology Co., Ltd.	25%
Tonglu WELLE Food waste Treatment Co., Ltd.	25%
Shenyang WELLE Environmental Service Co., Ltd.	0%
Dongyang WELLE Environmental Protection Technology Co., Ltd.	10%
Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	25%
Shenyang WELLE Environmental Technology Co., Ltd.	0%
Lotto WELLE Environmental Services Co., Ltd.	25%
Qingyang Huiheng Huatian Water Treatment Co., Ltd.	25%
Tengzhou Huiteng Environmental Protection Technology Co., Ltd.	25%
Changzhou WELLE Ecological Agriculture Development Co., Ltd.	5%
Changzhou WELLE Dehua Energy Saving Technology Co., Ltd.	25%
Quanzhou WELLE Environmental Service Co., Ltd.	5%
Changzhou Weizhong New Energy Co., Ltd.	25%
Xi'an WELLE Environmental Services Co., Ltd.	25%

2. Tax preferences

(1) Company Income Tax

Taxpayer Name	Preferential Rate of income Tax
WELLE Environmental Group Co., Ltd.	15%
Changzhou WELLE Food Waste Treatment Co., Ltd. (Food waste Operation Treatment Project)	12.5%
Beijing Huiheng Environmental Engineering Co., Ltd.	15%
Hainan WELLE Environmental Service Co., Ltd.	0%
Hunan Renhe Huiming Environmental Protection Technology Co., Ltd. (Landfill Leachate Project)	12.5%, 25%
Wenling WELLE Environmental Services Co., Ltd.	12.5%
Hangzhou Energy and Environmental Engineering Co., Ltd.	15%
Hangzhou Puda Renewable Energy Equipment Co., Ltd.	5%
Tonglu WELLE Water Co., Ltd.	12.5%
Tonglu Shawan Fanvili Sewage Treatment Co., Ltd.	0%

Tonglu Hengcun Town Sewage Treatment Co., Ltd.	12.5%
Changzhou Jinyuan Machinery Equipment Co., Ltd.	15%
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	15%
Nanjing Doule Refrigeration Equipment Co., Ltd.	15%
Dongyang WELLE Environmental Protection Technology Co., Ltd.	10%
Shenyang WELLE Environmental Technology Co., Ltd.	0%
Quanzhou WELLE Environmental Service Co., Ltd.	5%

Parent Company: On November 28th, 2018, it obtained the High-tech Company Certificate (Certificate Number GR201832003295) issued by Jiangsu Science and Technology Department, Jiangsu Finance Department, Jiangsu State Taxation Bureau and Jiangsu Local Taxation Bureau, which is valid for three years. According to the provisions of the "Company Income Tax Law of the People's Republic of China" and the "Measures for the Administration of Identification of High-tech Companies", the Company will apply a preferential company income tax rate of 15% in 2019.

Changzhou WELLE Food Waste Treatment Co., Ltd., a subsidiary company: On May 24th, 2017, it obtained the "Record Form for Preferential Matters of Company Income Tax" approved by the State Taxation Bureau of Wujin District, Changzhou City. According to the relevant provisions of Item 3 of Article 27 of the Company Income Tax Law and Article 88 of the Regulations on the Implementation of the Company Income Tax Law, since the tax year in which the Company obtained the first production and operation income (the first income was obtained in 2016) from the food waste treatment project, Garbage disposal income will be exempted from company income tax from the first year to the third year, from the fourth year to the sixth year, from the company income tax will be halved, that is, from 2016-2018, and from 2019-2021, the preferential policy of halving the company income tax will apply to the income tax rate of 12.5%. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Related to the Implementation of the Preferential Catalogue of Company Income Tax for Comprehensive Utilization of Resources (No.47, 2008), the Company's income from comprehensive utilization of waste biomass oil to produce biodiesel is included in the total income of the current year by 90% when calculating the taxable income.

Beijing Huiheng Environmental Engineering Co., Ltd., a subsidiary company: On December 2nd, 2019, it obtained the High-tech Company Certificate issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal State Taxation

Bureau and Beijing Municipal Local Taxation Bureau, which is valid for three years (the certificate number is GR201911008712 respectively), According to the provisions of the "Company Income Tax Law of the People's Republic of China" and the "Measures for the Administration of Identification of High-tech Companies", the Company will apply a preferential company income tax rate of 15% in 2019.

Hunan Renhe Huiming Environmental Protection Technology Co., Ltd. (Landfill Leachate Project): According to the relevant provisions of Item 3 of Article 27 of the Company Income Tax Law and Article 88 of the Regulations on the Implementation of the Company Income Tax Law, Starting from the tax year in which the Company obtains the first production and operation income (the first income in 2016) from the landfill leachate project, the Company will be exempted from company income tax from the first year to the third year, and the company income tax will be halved from the fourth year to the sixth year.

Hangzhou Energy and Environmental Engineering Co., Ltd., a subsidiary company: On September 29th, 2014 and November 13th, 2017, respectively, they obtained high-tech company certificates (certificate numbers: GF201433000585 and GR201733000957) issued by Zhejiang Science and Technology Department, Zhejiang Finance Department, Zhejiang State Taxation Bureau and Zhejiang Local Taxation Bureau, which are valid for three years. According to the provisions of the "Company Income Tax Law of the People's Republic of China" and the "Measures for the Administration of Identification of High-tech Companies", a preferential company income tax rate of 15% will apply in 2019.

Subsidiary Changzhou Jinyuan Machinery and Equipment Co., Ltd.: On November 30th, 2018, the Company obtained the High-tech Company Certificate (Certificate Number GR201832005698) issued by Jiangsu Science and Technology Department, Jiangsu Finance Department, Jiangsu State Taxation Bureau and Jiangsu Local Taxation Bureau, which is valid for three years and enjoys a preferential company income tax rate of 15% in 2019.

Subsidiaries Wenling WELLE Environmental Service Co., Ltd., Tonglu WELLE Water Co., Ltd., Tonglu Shawan Fan WELLE Sewage Treatment Co., Ltd. And Tonglu Hengcun Town Sewage Treatment Co., Ltd.: According to the relevant provisions of Item 3 of Article 27 of the Company Income Tax Law and Article 88 of the Regulations on the Implementation of the Company Income Tax Law, The above-mentioned Project Company shall be exempted from company income tax from

the first year to the third year and halved from the fourth year to the sixth year starting from the tax year in which the Project obtains the first production and operation income (the first income was obtained in 2015).

Subsidiary Suzhou Hanfeng Technology Development Engineering Co., Ltd.: On October 31st, 2014 and December 7th, 2017, respectively, they obtained high-tech company certificates (certificate numbers: GR201432002165 and GR201732002554) issued by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu Provincial State Taxation Bureau and Jiangsu Provincial Local Taxation Bureau, which are valid for three years. According to the provisions of the "Company Income Tax Law of the People's Republic of China" and the "Measures for the Administration of Identification of High-tech Companies", a preferential company income tax rate of 15% will apply in 2017. In addition, according to the Notice on Promoting the Development of Value Added Tax, Business Tax and Company Income Tax Policies in Energy Saving Service Industry issued by the Ministry of Finance and the State Administration of Taxation (No.110, 2010) on December 30th, 2010, For eligible contract energy management projects, starting from the tax year in which the project obtains the first production and operation income, the company income tax shall be exempted from the first to third years, and the company income tax shall be halved from the fourth to sixth years according to the statutory tax rate of 25%.

Nanjing Doule Refrigeration Equipment Co., Ltd., a subsidiary company: On November 28, 2018, the Company obtained the High-tech Company Certificate (Certificate Number: GR201832001774) issued by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance and Jiangsu Provincial Tax Bureau of the State Administration of Taxation, which is valid for three years. According to the provisions of the "Company Income Tax Law of the People's Republic of China" and the "Measures for the Administration of Identification of High-tech Companies", the Company will apply a preferential company income tax rate of 15% in 2019.

Subsidiary Dongyang WELLE Environmental Protection Technology Co., Ltd.: According to No.77, 2018, the taxable income of the Company is less than 1 million yuan, the income is included in the taxable income at a reduced rate of 50%, and the company income tax is paid at a tax rate of 20%.

Shenyang WELLE Environmental Technology Co., Ltd., a subsidiary company: According to

the relevant provisions of Item 3 of Article 27 of the Company Income Tax Law and Article 88 of the Regulations on the Implementation of the Company Income Tax Law, the Company will be exempted from company income tax from the first year to the third year and halved from the fourth year to the sixth year starting from the tax year in which the Project obtains the first production and operation income (the first income will be obtained in 2018).

Subsidiary Quanzhou WELLE Environmental Service Co., Ltd., Hainan WELLE Environmental Service Co., Ltd., Hangzhou Puda Renewable Energy Equipment Co., Ltd., Changzhou WELLE Ecological Agriculture Development Co., Ltd., Subsidiary Changzhou WELLE Environmental Service Co., Ltd. Nanjing Branch: According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Inclusive Tax Relief Policies for Small and Micro Companies (No.13, 2019), from January 1st, 2019 to December 31st, 2021, the part of the annual taxable income of small and micro-profit companies that does not exceed 1 million yuan will be included in the taxable income at a reduced rate of 25%, and the company income tax will be paid at a rate of 20%. For the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, the part shall be included in the taxable income at a reduced rate of 50%, and the company income tax shall be paid at a tax rate of 20%.

(2) VAT

Taxpayer Name	Preferential tax policies for value-added tax
Changzhou WELLE Environmental Service Co., Ltd.	Immediately levy and immediately refund 70%
Changzhou WELLE Food Waste Treatment Co., Ltd.	Immediately levy and immediately refund 70%
Hainan WELLE Environmental Service Co., Ltd.	Immediately levy and immediately refund 70%
Hunan Renhe Huiming environmental protection technology Co., Ltd	Immediately levy and immediately refund 70%
Wenling WELLE Environmental Services Co., Ltd.	Immediately levy and immediately refund 70%
Tonglu WELLE Water Co., Ltd.	Immediately levy and immediately refund 70%
Tonglu Shawan Fanvili Sewage Treatment Co., Ltd.	Immediately levy and immediately refund 70%
Tonglu Hengcun Town Sewage Treatment Co., Ltd.	Immediately levy and immediately refund 70%

Suzhou Hanfeng Technology Development Engineering Co., Ltd.	VAT is temporarily exempted for energy management projects that meet the conditions of the contract.
Shenyang WELLE Environmental Technology Co., Ltd.	Immediately levy and immediately refund 70%

Changzhou WELLE Environmental Service Co., Ltd., a subsidiary company: On July 31st, 2015, he obtained the Notice on the Results of Tax Preferential Qualification, which was approved by the State Administration of Taxation of Wujin District, Changzhou City. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Printing and Distributing the "Preferential Catalogue of Value-added Tax on Products and Services for Comprehensive Utilization of Resources" (No.78, 2015), starting from July 1st, 2015, the Company will enjoy the preferential policy of value-added tax collection and refund, which is applicable to sewage treatment services in comprehensive utilization of resources with a tax refund ratio of 70%.

Changzhou WELLE Food Waste Treatment Co., Ltd., a subsidiary company: On June 22nd, 2016, he obtained the Tax Qualification Record Form (General) approved by the State Taxation Bureau of Wujin District, Changzhou City. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Printing and Distributing the Preferential Catalogue of Value-added Tax on Products and Services for Comprehensive Utilization of Resources (No.78, 2015), the Company enjoys the preferential policy of VAT collection and refund, which is applicable to waste animal oil and vegetable oil in "IV. Agricultural and Forestry Residues and Others" and garbage disposal services in "V. Comprehensive Utilization of Resources" with a tax refund ratio of 70%.

Hunan Renhe Huiming Environmental Protection Technology Co., Ltd., a subsidiary company: On July 28th, 2015, it obtained the Tax Qualification Record Form approved by Liuyang Municipal State Taxation Bureau. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Printing and Distributing the "Preferential Catalogue of Value-added Tax on Products and Services for Comprehensive Utilization of Resources" (No.78, 2015), starting from July 1st, 2015, the Company enjoys the preferential policy of value-added tax collection and refund, which is applicable to garbage treatment and sludge treatment and disposal services in comprehensive utilization of resources with a tax refund ratio of 70%.

Subsidiaries Hainan WELLE Environmental Service Co., Ltd., Wenling WELLE Environmental Service Co., Ltd., Tonglu WELLE Water Co., Ltd., Tonglu Shawan Fan WELLE Sewage Treatment Co., Ltd., Shenyang WELLE Environmental Technology Co., Ltd.: According to the Notice of the

Ministry of Finance and the State Administration of Taxation on Printing and Distributing the Preferential Catalogue of Value-added Tax on Products and Services for Comprehensive Utilization of Resources (No.78, 2015), The above-mentioned Project Company enjoys the preferential policy of immediate collection and refund of value-added tax (the relevant tax preferential filing forms have been approved by the local tax authorities), which is applicable to garbage treatment and sludge treatment and disposal services in the comprehensive utilization of resources, with a tax refund ratio of 70%.

Subsidiary Suzhou Hanfeng Science and Technology Development Co., Ltd.: According to the Notice on Promoting the Development of VAT Business Tax and Company Income Tax Policies in Energy Saving Service Industry issued by the Ministry of Finance and the State Administration of Taxation (No.110. 2010) on December 30th, 2010, VAT will be temporarily exempted for eligible contract energy management projects.

3. Other

None

VII. Notes to consolidated financial statements

1. Monetary funds

Unit: yuan

Item	Ending balance	Opening balance
Cash on hand	908,074.63	242,186.16
Bank deposits	562,263,326.70	693,620,716.86
Other monetary funds	255,850,586.35	409,427,229.68
Total	819,021,987.68	1,103,290,132.70
Of which: Total amount of money deposited abroad	32,954,429.02	52,727,948.63

Other Notes

Note: The total amount of restricted funds used at the end of the year was 216,716,979.70 yuan, mainly including guarantee deposit, bank acceptance bill deposit, letter of credit deposit and other kinds of deposits.

2. Bills receivable

(1) List of bills receivable by category

Unit: yuan

Item	Ending balance	Opening balance
Bank acceptance note	71,494,604.51	100,048,546.81
Commercial acceptance note	20,225,729.97	8,121,000.00
Total	91,720,334.48	108,169,546.81

Unit: yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Of which:										
Bills receivable for which provision for bad debts is accrued by combination	92,260,663.63	100.00%	540,329.15	0.59%	91,720,334.48	108,169,546.81	100.00%			108,169,546.81
Of which:										
Bank acceptance bill	71,494,604.51	77.49%			71,494,604.51	100,048,546.81	92.49%			100,048,546.81
Commercial acceptance bill	20,766,059.12	22.51%	540,329.15	2.60%	20,225,729.97	8,121,000.00	7.51%			8,121,000.00
Total	92,260,663.63	100.00%	540,329.15	0.59%	91,720,334.48	108,169,546.81	100.00%			108,169,546.81

Provision for bad debts is accrued by combination:

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of accrual
Bank acceptance bill	71,494,604.51		
Commercial acceptance bill	20,766,059.12	540,329.15	2.60%
Total	92,260,663.63	540,329.15	--

If the bad debt reserve for bills receivable is accrued according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt reserve:

Applicable Not Applicable

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of change in current period				Ending balance
		Accrual	Withdraw switch back	or Write-off	Other	
Commercial acceptance bill		540,329.15				540,329.15
Total		540,329.15				540,329.15

Among them, the amount recovered or reversed by the bad debt reserve for the current period is important:

Applicable Not Applicable

(3) Bills receivable pledged by the Company at the end of the period

Unit: yuan

Project	Pledged amount at the end of the period
Bank acceptance note	19,904,481.44
Total	19,904,481.44

(4) Bills receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

Unit: yuan

Project	End-of-period derecognition amount	Amount not derecognized at the end of the period
Bank acceptance note	100,232,312.64	75,259,760.65
Commercial acceptance note		1,412,767.58
Total	100,232,312.64	76,672,528.23

(5) At the end of the period, the company transferred the bills to accounts receivable due to the drawer's failure to perform the contract.

None

(6) Actual write-off of bills receivable in the current period

None

3. Accounts receivable

(1) Classification disclosure of accounts receivable

Unit: yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
I. Accounts receivable for which provision for bad debts is accrued on a single basis	177,251,227.43	12.13%	18,757.19	0.01%	177,232,470.24	56,196,682.21	4.70%	24,162.78	0.04%	56,172,519.43
II. Accounts Receivable with Bad Debt Provision Accrued by Combination	1,284,115.152.27	87.87%	154,739,007.10	12.05%	1,129,376,145.17	1,138,542,306.67	95.30%	127,511,102.37	11.20%	1,011,031,204.30
Of which:										

Aging combination	1,284,115.15 2.27	87.87%	154,739.00 7.10	12.05%	1,129,376.14 5.17	1,138,542.30 6.67	95.30%	127,511.10 2.37	11.20%	1,011,031.20 4.30
Total	1,461,366.37 9.70		154,757.76 4.29		1,306,608.61 5.41	1,194,738.98 8.88		127,535.26 5.15		1,067,203.72 3.73

Provision for bad debts is accrued on a single basis:

Unit: yuan

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of accrual	Reason for accrual
WELLE Environmental (Luxembourg) S.a.r.l	2,033,120.41	18,757.19	0.92%	Separately accrued according to the proportion of overseas subsidiaries
Basically determined to recover	175,218,107.02			
Total	177,251,227.43	18,757.19	--	--

Provision for bad debts is accrued by combination:

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of accrual
0-6 months	615,851,251.46		0.00%
7-12 months	169,554,000.15	8,477,349.93	5.00%
1-2 years	268,439,072.88	26,843,907.30	10.00%
2-3 years	118,242,283.49	35,472,685.05	30.00%
3-4 years	49,956,084.70	24,978,042.36	50.00%
4-5 years	15,527,185.67	12,421,748.54	80.00%
More than 5 years	46,545,273.92	46,545,273.92	100.00%
Total	1,284,115,152.27	154,739,007.10	--

Description for determining the basis of this combination:

Note: This combination is divided into credit risk characteristics based on the aging of accounts receivable.

If bad debt reserves for accounts receivable are accrued according to the general model of expected credit losses, please refer to the disclosure methods of other receivables to disclose relevant information on bad debt reserves:

Applicable Not Applicable

Disclosure by Aging

Unit: yuan

Aging	Book balance
-------	--------------

Within 1 year (including 1 year)	915,092,163.49
Within 1 year (including 1 year)	915,092,163.49
1 to 2 years	281,109,612.03
2 to 3 years	142,775,845.36
More than 3 years	122,388,758.82
3 to 4 years	55,134,162.65
4 to 5 years	18,541,822.25
More than 5 years	48,712,773.92
Total	1,461,366,379.70

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of change in current period				Ending balance
		Accrual	Withdraw or switch back	Write-off	Other	
Provision for bad debts accrued by combination	127,535,265.15	71,437,385.45	43,507,954.84	706,931.47		154,757,764.29
Total	127,535,265.15	71,437,385.45	43,507,954.84	706,931.47		154,757,764.29

(3) Actual write-off of accounts receivable in the current period

Unit: yuan

Project	Write-off Amount
Mettler-Toledo Weighing Equipment Systems Co., Ltd.	86,546.35
Changzhou Ziyin Electronic Circuit Co., Ltd.	572,885.12
Longrun New Technology Development Co., Ltd.	47,500.00
Total	706,931.47

Among them, the important write-off of accounts receivable is as follows:

Unit: yuan

Company Name	Nature of accounts receivable	Write-off Amount	Write-off Reason	Write-off procedures performed	Whether the payment is generated from related party transactions
Mettler-Toledo Weighing Equipment	Payment for products	86,546.35	Unrecoverable	Signature of management for	No

Systems Co., Ltd.				approval	
Changzhou Ziyin Electronic Circuit Co., Ltd.	Payment for products	572,885.12	Unrecoverable	Signature of management for approval	No
Longrun New Technology Development Co., Ltd.	Payment for products	47,500.00	Unrecoverable	Signature of management for approval	No
Total	--	706,931.47	--	--	--

(4) The accounts receivable of the top five at the end of the period collected by the defaulting party

Unit: yuan

Company name	Ending balance of accounts receivable	Proportion to the total balance of accounts receivable at the end of the period	Bad debt provision ending balance
First place	77,161,709.05	5.28%	2,149,489.98
Second place	69,930,000.00	4.79%	0.00
Third place	65,678,138.27	4.49%	2,499,946.16
Fourth place	41,979,045.13	2.87%	2,083,032.92
Fifth place	39,886,872.23	2.73%	1,767,198.83
Total	294,635,764.68	20.16%	

The Company shall comply with the disclosure requirements of "Shenzhen Stock Exchange GEM Industry Information Disclosure Guidelines No.4-Listed Companies Engaged in Energy Saving and Environmental Protection Services"

(5) Accounts receivable derecognized due to transfer of financial assets

None

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

4. Receivables financing

Unit: yuan

Item	Ending balance	Opening balance
Bank acceptance bill	55,745,035.47	48,218,659.06
Total	55,745,035.47	48,218,659.06

Changes in Increase or Decrease and Fair Value of Receivables Financing in Current Period

Applicable Not Applicable

If the provision for impairment of receivables financing is accrued according to the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose relevant information on impairment provision:

Applicable Not Applicable

5. Prepayment

(1) Prepayments are listed by age

Unit: yuan

Aging	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	141,946,838.46	82.02%	98,716,756.20	79.21%
1 to 2 years	15,355,945.00	8.87%	13,983,767.95	11.22%
2 to 3 years	4,578,473.50	2.65%	10,688,898.55	8.58%
More than 3 years	11,171,888.01	6.46%	1,234,853.05	0.99%
Total	173,053,144.97	--	124,624,275.75	--

(2) Prepayments of the top five ending balances collected by prepayment objects

The total amount of the top five prepayments collected by prepayment objects at the end of the year is 51,996,216.84 yuan, accounting for 30.05% of the total amount of prepayments at the end of the year.

6. Other receivables

Unit: yuan

Item	Ending balance	Opening balance
Other receivables	162,854,249.34	108,956,159.93
Total	162,854,249.34	108,956,159.93

(1) Other receivables

1) Classification of other receivables by nature

Unit: yuan

Nature of payment	Ending book balance	Opening book balance
Other deposits and deposits	159,672,672.28	96,323,258.49
Collection and payment on behalf of	3,526,220.45	16,073,114.87

Reserve fund	8,774,455.62	8,115,039.88
Current accounts	1,029,344.53	869,558.48
Other	1,012,294.49	270,542.21
Total	174,014,987.37	121,651,513.93

2) Bad debt provision accrual

Unit: yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected Credit Loss in the next 12 Months	Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance on January 1 st , 2019		12,695,354.00		12,695,354.00
The balance on January 1 st , 2019 is in the current period.	--	--	--	--
Accrual for current period		4,447,186.99		4,447,186.99
Reversal of current period		5,981,802.96		5,981,802.96
Balance as at December 31 st , 2019		11,160,738.03		11,160,738.03

Loss reserve Changes in book balances with significant changes in the current period

Applicable Not Applicable

Disclosure by Aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	82,401,873.03
Of which: within 6 months	69,564,979.14
7-12 months	12,836,893.89
1 to 2 years	69,718,326.56
2 to 3 years	2,553,255.26
More than 3 years	19,341,532.52
3 to 4 years	8,666,959.22
4 to 5 years	4,961,811.50
More than 5 years	5,712,761.80
Total	174,014,987.37

3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of change in current period				Ending balance
		Accrual	Withdraw or switch back	Write-off	Other	
Provision for bad debts	12,695,354.00	4,447,186.99	5,981,802.96			11,160,738.03
Total	12,695,354.00	4,447,186.99	5,981,802.96			11,160,738.03

Among them, the reversal or recovery amount of bad debt reserves in the current period is important:

Unit: yuan

Company name	Withdraw or switch back amount	Withdraw method
Yiwu City Investment and Construction Group Co., Ltd.	1,428,010.24	Individual identification
Changchun Municipal Finance Bureau	1,157,266.90	Individual identification
Total	2,585,277.14	--

4) Other receivables actually written off in the current period

There are no other receivables written off during the year.

5) Other receivables of the top five at the end of the period collected by the defaulting party

Unit: yuan

Company Name	Nature of the money	Ending balance	Aging	Proportion to total balance of other receivables at the end of the period	Bad Debt Provision Ending Balance
Bama Tourism Investment Development Co., Ltd.	Performance bond	62,840,000.00	0 ~ 2 years	36.11%	
Bama City Construction Investment Development Co., Ltd.	Performance bond	41,600,000.00	1 ~ 2 years	23.91%	
Beijing High Energy Times	Performance bond	7,131,040.00	1 ~ 3 years	4.10%	901,904.00

Environmental Technology Co., Ltd.					
Changchun Municipal Finance Bureau	Performance bond	4,124,223.00	2 ~ 4 years	2.37%	0.00
Chengdu Xingrong Renewable Energy Co., Ltd.	Performance bond	3,761,678.50	4 ~ 5 years	2.16%	3,009,342.80
Total	--	119,456,941.50	--	68.65%	3,911,246.80

6) Receivables involving government subsidies

At the end of the year, there were no other receivables involving government subsidies.

7) Other receivables derecognized due to transfer of financial assets

At the end of the year, there were no other receivables terminated due to the transfer of financial assets.

8) Amount of assets and liabilities resulting from transfer of other receivables and continued involvement

At the end of the year, there was no transfer of other receivables and the amount of assets and liabilities that continued to be involved.

7. Inventory

Has the new revenue criteria been implemented

Yes No

(1) Inventory classification

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	70,020,361.05		70,020,361.05	72,229,982.57	226,235.07	72,003,747.50
In-process product	48,817,926.12		48,817,926.12	53,375,777.38	137,065.26	53,238,712.12
Inventory Products	12,257,335.16		12,257,335.16	8,022,770.77	99,823.46	7,922,947.31
Completed and	1,460,323,287.58		1,460,323,287.58	997,057,414.72		997,057,414.72

unsettled assets resulting from construction contracts						
Delivery of Products	5,701,168.58		5,701,168.58	16,958,119.63		16,958,119.63
Assemblies	9,890,688.40	2,766,200.34	7,124,488.06	11,630,475.54	3,031,394.84	8,599,080.70
Operating Costs	4,507,889.56		4,507,889.56	23,682,753.11		23,682,753.11
Low value consumables				321,378.61		321,378.61
Labor cost	59,689.97		59,689.97	51,620.34		51,620.34
Total	1,611,578,346.42	2,766,200.34	1,608,812,146.08	1,183,330,292.67	3,494,518.63	1,179,835,774.04

(2) Provision for inventory depreciation

Unit: yuan

Item	Opening balance	Amount increased in the current period		Decrease in current period		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	226,235.07			225,318.29	916.78	
In-process products	137,065.26			136,509.82	555.44	
Inventory products	99,823.46			99,418.94	404.52	
Assemblies	3,031,394.84			265,194.50		2,766,200.34
Total	3,494,518.63			726,441.55	1,876.74	2,766,200.34

(3) The completed and unsettled assets formed by the construction contract at the end of the period

Unit: yuan

Item	Amount
Accumulated incurred costs	2,480,236,081.36
Accumulated gross profit recognized	627,017,288.28
Amount settled	1,646,930,082.06
Completed and unsettled assets resulting from construction contracts	1,460,323,287.58

8. Non-current assets due within one year

Unit: yuan

Item	Ending balance	Opening balance
Long-term receivables	40,000,000.00	50,000,000.00
Long-term deferred expenses	377,358.49	
Total	40,377,358.49	50,000,000.00

9. Other current assets

Has the new revenue criteria been implemented

 Yes No

Unit: yuan

Item	Ending balance	Opening balance
Input tax to be deducted	94,530,734.98	64,039,890.39
Advance payment of company income tax	958,469.49	302,000.44
Advance payment of business tax	8.26	128,462.55
Short-term trust wealth management products	0.00	20,000,000.00
Related party taxes and fees	796,641.94	2,526,808.17
Total	96,285,854.67	86,997,161.55

10. Long-term receivables**(1) Long-term receivables**

Unit: yuan

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Sales of Products by Installment Collection	23,123,650.90		23,123,650.90	57,880,704.00		57,880,704.00	6.3%
Total	23,123,650.90		23,123,650.90	57,880,704.00		57,880,704.00	--

Loss reserve Changes in book balances with significant changes in the current period

 Applicable Not Applicable

(2) Long-term receivables derecognized due to transfer of financial assets

None

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved

None

11. Long-term equity investment

Unit: yuan

Invested entity	Opening balance (book value)	Increase or decrease in current period								Ending balance (book value)	Ending balance of impairment provision
		Additional Investment	Reduce investment	Investment gains and losses recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declare cash dividends or profits	Provision for impairment	Other		
1. Joint Venture											
2. Joint Venture											
1. Guangzhou Wanwei Environmental Protection Co., Ltd.	3,859,151.09	0.00	0.00	-59,708.90	0.00	0.00	0.00	0.00	0.00	3,799,442.19	0.00
2. Guangzhou Yinli Environmental Service Co., Ltd.	36,375,714.42	15,400,000.00	0.00	-427,873.00	0.00	0.00	0.00	0.00	0.00	51,347,841.42	0.00
3. Haikou Shenwei Environmental Service Co., Ltd.	8,079,164.39	11,250,000.00	0.00	-852,754.99	0.00	0.00	0.00	0.00	0.00	18,476,409.40	0.00
4. Jiangsu	242,943.22	0.00	0.00	-3,577.14	0.00	0.00	0.00	0.00	0.00	239,366.08	0.00

Yanjiang Ecological Protection Engineering Co., Ltd.											
5. Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	30,000,000.00	26,130,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56,130,000.00	0.00
6. Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.	23,105,181.54	0.00	0.00	-48,585.96	0.00	0.00	0.00	0.00	0.00	23,056,595.58	0.00
7. CGN Tuquan Bioenergy Co., Ltd.	0.00	16,800,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,800,000.00	0.00
Subtotal	101,662,154.66	69,580,000.00	0.00	-1,392,499.99	0.00	0.00	0.00	0.00	0.00	169,849,654.67	0.00
Total	101,662,154.66	69,580,000.00	0.00	-1,392,499.99	0.00	0.00	0.00	0.00	0.00	169,849,654.67	0.00

12. Other non-current financial assets

Unit: yuan

Item	Ending balance	Opening balance
Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.	296,742.15	296,742.15
Shenzhen Dingqing Venture Capital Partnership (Limited Partnership)	20,000,000.00	20,000,000.00
Changzhou Jiangnan Business Consulting Co., Ltd.	100,000.00	100,000.00
Total	20,396,742.15	20,396,742.15

13. Fixed assets

Unit: yuan

Item	Ending balance	Opening balance
Fixed assets	657,761,854.72	558,875,328.97
Total	657,761,854.72	558,875,328.97

(1) Fixed assets

Unit: yuan

Item	Houses and buildings	Experimental production equipment	Means of transportation	Electronic and office equipment	Energy saving service project assets	Total
I. Original Book Value:						
1. Opening balance	357,698,843.66	127,329,524.14	42,918,872.67	27,680,373.95	267,346,947.79	822,974,562.21
2. Increased amount in the current period	10,994,839.86	196,214,650.18	22,353,079.08	6,484,989.98	21,480,065.07	257,527,624.17
(1) Acquisition	2,454,174.76	195,126,296.61	22,359,045.84	4,656,872.78	4,652,482.47	229,248,872.46
(2) Transfer-in of construction in progress	8,627,479.10	1,100,137.88	0.00	1,840,155.52	16,827,582.60	28,395,355.10
(3) Increase in business combination	-86,814.00	-11,784.31	-5,966.76	-12,038.32	0.00	-116,603.39
3. Decrease in the current period	0.00	3,672,163.83	2,491,561.72	53,933.07	0.00	6,217,658.62
(1) Disposal or scrapping	0.00	3,672,163.83	2,491,561.72	53,933.07	0.00	6,217,658.62
4. Ending balance	368,693,683.52	319,872,010.49	62,780,390.03	34,111,430.86	288,827,012.86	1,074,284,527.76
II. Accumulated Depreciation						
1. Opening balance	66,885,046.04	66,135,172.62	26,739,704.30	20,690,694.81	83,648,615.47	264,099,233.24
2. Increased	14,930,039.66	54,735,128.68	7,512,965.14	2,792,278.79	75,304,455.42	155,274,867.69

amount in the current period						
(1) Accrual	14,938,325.68	54,744,422.16	7,517,187.01	2,802,148.23	75,304,455.42	155,306,538.50
Increase in business combination	-8,286.02	-9,293.48	-4,221.87	-9,869.44	0.00	-31,670.81
3. Decrease in the current period	0.00	740,435.29	2,371,743.69	50,371.12	0.00	3,162,550.10
(1) Disposal or scrapping	0.00	740,435.29	2,371,743.69	50,371.12	0.00	3,162,550.10
4. Ending balance	81,815,085.70	120,129,866.01	31,880,925.75	23,432,602.48	158,953,070.89	416,211,550.83
III. Provision for impairment						
1. Opening balance	0.00	0.00	0.00	0.00	0.00	0.00
2. Increased amount in the current period						
(1) Accrual	0.00	0.00	0.00	0.00	311,122.21	311,122.21
3. Decrease in the current period						
(1) Disposal or scrapping						
4. Ending balance	0.00	0.00	0.00	0.00	311,122.21	311,122.21
IV. Book Value						
1. Ending book value	286,878,597.82	199,742,144.48	30,899,464.28	10,678,828.38	129,562,819.76	657,761,854.72
2. Beginning book value	290,813,797.62	61,194,351.52	16,179,168.37	6,989,679.14	183,698,332.32	558,875,328.97

(2) Temporary idle fixed assets

None

(3) Fixed assets leased through financial leasing

None

(4) Fixed assets leased through operating leases

None

(5) Fixed assets whose property right certificate has not been completed

The Group has no fixed assets that have not completed the property right certificate.

(6) Liquidation of fixed assets

None

14. Construction in progress

Unit: yuan

Item	Ending balance	Opening balance
Construction in progress	422,860,008.14	311,633,566.38
Total	422,860,008.14	311,633,566.38

(1) Construction in progress

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Dunhua Incineration BOO Project	198,243,973.42		198,243,973.42	109,614,355.05		109,614,355.05
Wuming Bio-natural Gas Industrialization Project	115,539,163.56		115,539,163.56	102,900,846.57		102,900,846.57
Hazardous Waste Centralized Incineration Treatment Project	79,594,433.63		79,594,433.63	77,880,907.14		77,880,907.14
Bingsheng Chemical Boiler	19,910,646.60		19,910,646.60			

Project						
Landfill gas power generation project	4,077,803.43		4,077,803.43			
Catalytic Oxidation Experimental Equipment DL-C06000	1,249,417.78		1,249,417.78			
Exhibition Hall Decoration	1,192,465.94		1,192,465.94			
Sanya Leachate BOT Phase II	787,636.86		787,636.86	78,871.70		78,871.70
Condensing unit experimental equipment	747,269.55		747,269.55			
Adsorption unit experimental equipment	654,781.48		654,781.48			
Qingzhou Eternal Greenhouse	390,000.00		390,000.00			
Technical Transformation Project of 200 Industrial VOCs Recovery Equipment with Annual Output	271,471.26		271,471.26			
Double-tower pressure swing adsorption experimental device	200,944.63		200,944.63			
EMC Project				11,330,796.65		11,330,796.65
Environmental protection facilities				657,557.23		657,557.23
Construction Project of Industrialization Platform for				9,170,232.04		9,170,232.04

Localization of Key Equipment for Efficient Preparation and High Value Utilization of Bio-gas						
Total	422,860,008.14		422,860,008.14	311,633,566.38		311,633,566.38

(2) Changes of important construction projects in progress in current period

Unit: yuan

Item name	Budget amount	Opening balance	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other Decrease Amount in Current Period	Ending balance	Proportion of accumulated project investment to budget	Project Progress	Accumulated amount of interest capitalized	Of which: Capitalized amount of interest for the current period	Capitalization rate of interest for the current period	Sources of funds
Dunhua Incineration BOO Project	241,574,000.00	109,614,355.05	88,629,618.37	0.00	0.00	198,243,973.42	82.06%	Not Completed	0.00	0.00		Other
Wuming Bio-natural Gas Industrialization Project	126,770,300.00	102,900,846.57	12,638,316.99	0.00	0.00	115,539,163.56	91.14%	Not Completed	234.11	234.11	4.90%	Other
Hazardous Waste Centralized Incineration Treatment Project	84,566,600.00	77,880,907.14	1,713,526.49	0.00	0.00	79,594,433.63	94.12%	Not Completed	488.19	223.28	4.90%	Other
Technical Transformation Project of 200	20,000,000.00	0.00	271,471.26	0.00	0.00	271,471.26	1.36%	Not Completed	0.00	0.00		Other

Industrial VOCs Recovery Equipment with Annual Output												
Condensing unit experimental equipment	950,000.00	0.00	747,269.55	0.00	0.00	747,269.55	78.66%	Not Completed	0.00	0.00		Other
Adsorption unit experimental equipment	800,000.00	0.00	654,781.48	0.00	0.00	654,781.48	81.85%	Not Completed	0.00	0.00		Other
Double-tower pressure swing adsorption experimental device	300,000.00	0.00	200,944.63	0.00	0.00	200,944.63	66.98%	Not Completed	0.00	0.00		Other
Catalytic Oxidation Experimental Equipment DL-C06000	1,350,000.00	0.00	1,249,417.78	0.00	0.00	1,249,417.78	92.55%	Not Completed	0.00	0.00		Other
Total	476,310,900.00	290,396,108.76	106,105,346.55			396,501,455.31	--	--	722.30	457.39		--

(3) Provision for impairment of construction in progress accrued in the current period

There is no sign of significant impairment in the Company's construction in progress, and no impairment reserve has been accrued this year.

15. Intangible assets

(1) Intangible assets

Unit: yuan

Item	Land use right	Patent right	Non-patented technology	Franchise right	Software	Other	Total
I. Original book value							
1. Opening balance	49,145,552.82	41,040,049.00	5,226,940.00	1,344,828,652.38	3,164,985.61	31,000.00	1,443,437,179.81
2. Increased amount in the current period	0.00	341,769.40	0.00	170,453,288.91	470,631.02	0.00	171,265,689.33
(1) Acquisition	0.00	345,903.40	0.00	170,453,288.91	475,027.33	0.00	171,274,219.64
(2) Internal R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(3) Increase in business combination	0.00	-4,134.00	0.00	0.00	-4,396.31	0.00	-8,530.31
3. Decrease in the current period	0.00	0.00	0.00	8,407,843.15	0.00	0.00	8,407,843.15
(1) Disposal	0.00	0.00	0.00	8,407,843.15	0.00	0.00	8,407,843.15
4. Ending balance	49,145,552.82	41,381,818.40	5,226,940.00	1,506,874,098.14	3,635,616.63	31,000.00	1,606,295,025.99
II. Accumulated amortization							
1. Opening balance	5,773,147.72	18,403,495.14	2,741,905.83	118,974,132.74	2,127,293.06	30,400.00	148,050,374.49
2. Increased amount in the current period	1,075,925.60	2,734,724.52	372,694.00	41,344,932.26	707,264.13	600.00	46,236,140.51
(1) Accrual	1,075,925.60	2,734,931.22	372,694.00	41,344,932.26	710,646.49	600.00	46,239,729.57
(2) Increase in business	0.00	-206.70	0.00	0.00	-3,382.36	0.00	-3,589.06

combination							
3. Decrease in the current period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	6,849,073.32	21,138,219.66	3,114,599.83	160,319,065.00	2,834,557.19	31,000.00	194,286,515.00
III. Provision for impairment							
1. Opening balance							
2. Increased amount in the current period							
(1) Accrual							
3. Decrease in the current period							
(1) Disposal							
4. Ending balance							
IV. Book Value							
1. Ending book value	42,296,479.50	20,243,598.74	2,112,340.17	1,346,555,033.14	801,059.44	0.00	1,412,008,510.99
2. Beginning book value	43,372,405.10	22,636,553.86	2,485,034.17	1,225,854,519.64	1,037,692.55	600.00	1,295,386,805.32

The proportion of intangible assets formed through internal research and development in the balance of intangible assets at the end of this period.

(2) The situation of the land use right that has not completed the property right certificate

At the end of the year, there was no land use right that had not yet completed the property right certificate.

16. Goodwill

(1) Original book value of goodwill

Unit: yuan

Name of the invested entity or matters forming goodwill	Opening balance	Increase in current period		Decrease in the current period		Ending balance
		Formed by merger companies	Foreign Currency Statement Translation Difference	Disposal		
Beijing Huiheng Environmental Engineering Co., Ltd.	15,632,527.63					15,632,527.63
Changzhou Dawei Environmental Technology Co., Ltd.	443,295.48					443,295.48
Hangzhou Energy and Environmental Engineering Co., Ltd.	335,002,320.80					335,002,320.80
Changzhou Huiheng Membrane Technology Co., Ltd.	926,377.71					926,377.71
Changzhou Jinyuan Machinery Equipment Co., Ltd.	8,232,007.83					8,232,007.83
EuRec Environmental Technology Co., Ltd.	4,063,561.32					4,063,561.32
Suzhou Hanfeng Technology Development Engineering Co.,	484,024,023.93					484,024,023.93

Ltd.						
Nanjing Doule Refrigeration Equipment Co., Ltd.	201,211,952.35					201,211,952.35
Total	1,049,536,067.05					1,049,536,067.05

(2) Provision for impairment of goodwill

Unit: yuan

Name of the invested entity or matters forming goodwill	Opening balance	Increase in current period		Decrease in the current period		Ending balance
		Accrual		Disposal		
Beijing Huiheng Environmental Engineering Co., Ltd.	0.00	0.00				0.00
Changzhou Dawei Environmental Technology Co., Ltd.	0.00	443,295.48				443,295.48
Hangzhou Energy and Environmental Engineering Co., Ltd.	16,710,302.95	0.00				16,710,302.95
Changzhou Huiheng Membrane Technology Co., Ltd.	926,377.71	0.00				926,377.71
Changzhou Jinyuan Machinery Equipment Co., Ltd.	8,232,007.83	0.00				8,232,007.83
EuRec Environmental Technology Co.,	0.00	4,063,561.32				4,063,561.32

Ltd.					
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	0.00	19,642,966.09			19,642,966.09
Nanjing Doule Refrigeration Equipment Co., Ltd.	0.00	0.00			0.00
Total	25,868,688.49	24,149,822.89			50,018,511.38

Information about the asset group or combination of asset groups in which goodwill is located

Explain the goodwill impairment test process, key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. when predicting the present value of future cash flow) and the confirmation method of goodwill impairment loss:

1. The goodwill impairment test is as follows:

Item	Beijing Huiheng Environmental Engineering Co., Ltd. ①	HEEE Engineering Co., Ltd. ②	Suzhou Hanfeng Technology Development Engineering Co., Ltd. ③
Balance of goodwill book	15,632,527.63	335,002,320.80	484,024,023.93
Balance of goodwill impairment reserve	0.00	16,710,302.95	0.00
Book value of goodwill	15,632,527.63	318,292,017.85	484,024,023.93
Value of goodwill not recognized as attributable to minority shareholders' equity	10,421,685.09	0.00	0.00
Include the value of goodwill not recognized as attributable to minority shareholders	26,054,212.72	318,292,017.85	484,024,023.93
Book value of asset group	197,684,862.52	315,412,433.42	649,618,942.16
Fair value of asset groups including overall goodwill	223,739,075.24	633,704,451.27	1,133,642,966.09
The present value (recoverable amount) of the estimated future cash flow of the asset group	243,000,000.00	642,000,000.00	1,114,000,000.00
Impairment loss of goodwill	0.00	0.00	19,642,966.09

(continued)

Item	Nanjing Doule Refrigeration Equipment Co., Ltd. ④	Changzhou Dawei Environmental Technology Co., Ltd. ⑤	EuRec Environmental Technology Co., Ltd. ⑥
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Balance of goodwill book	201,211,952.35	443,295.48	4,063,561.32
Balance of goodwill impairment reserve	0.00	0.00	0.00
Book value of goodwill	201,211,952.35	443,295.48	4,063,561.32
Value of goodwill not recognized as attributable to minority shareholders' equity	0.00	0.00	1,741,526.28
Include the value of goodwill not recognized as attributable to minority shareholders	201,211,952.35	443,295.48	5,805,087.60
Book value of asset group	163,912,825.07	107,057,517.49	13,197,253.30
Fair value of asset groups containing overall goodwill	365,124,777.42	107,500,812.97	19,002,340.90
The present value (recoverable amount) of the estimated future cash flow of the asset group	419,000,000.00	105,000,000.00	11,566,940.00
Impairment loss of goodwill	0.00	443,295.48	4,063,561.32

Note 1: Asset Group ① Beijing Huiheng Environmental Engineering Co., Ltd.

Based on the appraisal scope of the appraisal base date, the Company is an asset group related to goodwill formed by the Company's acquisition of Beijing Huiheng Environmental Engineering Co., Ltd. (hereinafter referred to as Beijing Huiheng), which is an asset group including goodwill. Beijing Huiheng's assets and liabilities divided into asset groups include operating assets, fixed assets, intangible assets and operating liabilities. The estimated recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. on April 23, 2020 (No.0081, 2020) "Asset Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in the Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. to Acquire Shares in Beijing Huiheng Environmental Engineering Co., Ltd." According to the comprehensive analysis of Beijing Huiheng's long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend and reasons for change, macro-economic situation, influence of industry development trend on the overall change trend of future operating income and future company development direction, Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 243,000,000.00 yuan, with a discount rate of 11.00%.

After testing, the goodwill formed by the Company's acquisition of Beijing Huiheng does not need to be impaired.

Note 2: Asset Group 2 HEEE Engineering Co., Ltd

Based on the appraisal scope of the appraisal base date, the Company is an asset group related to goodwill formed by the Company's acquisition of HEEE Engineering Co., Ltd. (hereinafter referred to as HEEE), and is an asset group including goodwill. The assets and liabilities of Hangneng Environment (consolidated statement) divided into asset groups include operating assets, fixed assets, intangible assets, long-term prepaid expenses and operating liabilities. The estimated recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. on April 23rd, 2020 (No.0079, 2020) "Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. to Acquire Equity of Hangzhou Energy and Environmental Engineering Co., Ltd." According to the comprehensive analysis of the long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend and reasons for change, macro-economic situation, influence of industry development trend on the overall change trend of future operating income and future company development direction and other factors signed by HEEE, Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 642,000,000.00 yuan, with a discount rate of 10.30%.

After testing, the goodwill formed by the Company's acquisition of Hangneng Environment does not need to be impaired.

Note 3: Asset Group 3 Suzhou Hanfeng Technology Development Engineering Co., Ltd.

Based on the appraisal scope of the appraisal base date, the Company is an asset group related to goodwill formed by the Company's acquisition of Suzhou Hanfeng Technology Development Engineering Co., Ltd. (hereinafter referred to as HANFENG&TECHNOLOGY), and is an asset group including goodwill. HANFENG&TECHNOLOGY's assets and liabilities divided into asset groups include operating assets, fixed assets, intangible assets and operating liabilities. The estimated recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. on April 22nd, 2020 (No.0072, 2020) "Asset Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in the Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. to Acquire Shares in Suzhou HANFENG&TECHNOLOGY Co., Ltd." According to the comprehensive analysis of the long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend

and reasons for change, macro-economic situation, influence of industry development trend on the overall change trend of future operating income and future company development direction signed by HANFENG&TECHNOLOGY; Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 1,114,000,000.00 yuan, with a discount rate of 11.40%.

The performance commitment and performance realization of the net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses of HANFENG&TECHNOLOGY are as follows (unit: 10,000 yuan)

Year	Number of performance commitments	Performance achievements	Variance number	Completion rate
2016	2,500.00	2,768.56	268.56	98.38%
2017	5,000.00	4,768.33	-231.67	
2018	8,000.00	8,353.53	353.53	
2019	11,800.00	10,968.40	-831.60	

HANFENG&TECHNOLOGY's performance in 2016-2019 is lower than its performance commitment by 4.412 million yuan, and its performance commitment in 2016-2019 has not been fully realized.

After testing, the goodwill formed by the Company's acquisition of HANFENG&TECHNOLOGY needs to be provided with impairment reserve of 19,642,966.09 yuan in the current period.

Note 4: Asset Group ④ Nanjing Doule Refrigeration Equipment Co., Ltd.

Based on the appraisal scope of the appraisal base date, the Company is an asset group related to goodwill formed by the Company's acquisition of Nanjing Doule Refrigeration Equipment Co., Ltd. (hereinafter referred to as Nanjing Doule), which is an asset group including goodwill. The assets and liabilities of Nanjing Doule (consolidated statement) divided into asset groups include operating assets, fixed assets, construction in progress, intangible assets and operating liabilities. The estimated recoverable amount of the asset group has been utilized by Jiangsu Jinzhengtong Asset Appraisal Real Estate Appraisal Co., Ltd. on April 21st, 2020 (No.0070, 2020) "Evaluation Report on Recoverable Amount of Goodwill-related Asset Groups Involved in Impairment Test of Goodwill Formed by WELLE Environmental Group Co., Ltd. to Acquire Equity of Nanjing Doule Refrigeration Equipment Co., Ltd." According to the comprehensive analysis of the long-term cooperation agreement, sales contract, orders in hand, proportion of historical operating income, growth trend and reasons for change, macro-economic situation, influence of industry development trend on the overall

change trend of future operating income and future company development direction signed by Nanjing Doule, Forecast the volatility of future operating income, operating costs, taxes and surcharges, sales expenses, management expenses, research and development expenses, income tax expenses, net profit before interest and after tax, depreciation and amortization, capital expenditures and increase in operating capital. The future free cash flow of the asset group is discounted and summed up, and the operating asset value of the evaluated asset group is 419,000,000.00 yuan, with a discount rate of 10.80%.

Nanjing Doule's performance commitment and performance realization of net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses are as follows (unit: 10,000 yuan)

Year	Number of performance commitments	Performance achievements	Variance number	Completion rate
2016	1,000.00	1,292.62	292.62	107.35%
2017	2,000.00	2,000.35	0.35	
2018	3,100.00	3,280.63	180.63	
2019	4,400.00	4,698.23	298.23	

Nanjing Doule's performance achievement in 2016-2019 is higher than its performance commitment, and its performance commitment in 2016-2019 has been realized.

After testing, there is no impairment of goodwill formed by the Company's acquisition of Nanjing Doule.

Note 5: Asset Groups ⑤ and ⑥ Changzhou Dawei Environmental Technology Co., Ltd. And EuRec Environmental Technology Co., Ltd.

The recoverable amount of the Company's own goodwill is calculated according to the present value of the estimated future cash flow. The estimated cash flow is based on the 5-year cash flow forecast of Changzhou Dawei and EuRec Environmental Protection Technology Co., Ltd., The discount rate used in Changzhou Dawei's cash flow forecast is 11.50%, and the discount rate used in EUREC Environmental Protection Technology Co., Ltd. 's cash flow forecast is 10.5%. According to historical actual operating data, industry development trend, expected income growth rate, gross profit rate and other indicators, the cash flow forecast for the next 5 years will remain unchanged after the forecast period.

Other key data used in the impairment test include: the estimated selling price, sales volume, production cost and other related expenses of the product. The Company determines the above key data based on historical experience and forecast of market development. The discount rate adopted is the pre-tax interest rate that reflects the time value of current market money and the specific risks of relevant asset groups.

After testing, the goodwill formed by acquiring Changzhou Dawei Environmental Technology Co., Ltd.

And EUREC Environmental Technology Co., Ltd. has been accrued with goodwill impairment reserves of 443,295.48 yuan and 4,063,561.32 yuan respectively this year.

17. Long-term prepaid expenses

Unit: yuan

Item	Opening balance	Amount increased in the current period	Amortization amount for the current period	Other reductions	Ending balance
Decoration cost	3,033,302.42	8,166,757.08	1,019,955.44	0.00	10,180,104.06
Nursery stock	165,650.94	900,000.00	52,700.94	0.00	1,012,950.00
Total	3,198,953.36	9,066,757.08	1,072,656.38	0.00	11,193,054.06

18. Deferred income tax assets/deferred income tax liabilities

(1) Unoffset deferred income tax assets

Unit: yuan

Item	Ending balance		Opening balance	
	Deductible variance	temporary deferred income tax assets	Deductible variance	temporary deferred income tax assets
Provision for impairment of assets	159,361,997.34	24,568,231.35	136,077,111.29	20,885,108.88
Deductible loss	1,649,461.23	412,365.31	1,724,114.63	431,028.66
Deferred revenue	22,711,176.14	3,406,676.42	34,051,778.16	5,107,766.72
Accrued expenses	34,047,342.88	5,107,101.43	31,085,636.12	4,662,845.42
Total	217,769,977.59	33,494,374.51	202,938,640.20	31,086,749.68

(2) Unoffset deferred income tax liabilities

None

(3) Deferred income tax assets or liabilities listed in net amount after offset

Unit: yuan

Item	Deferred income tax assets and liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Deferred income tax assets and liabilities at the beginning of the period	Deferred income tax assets or liabilities opening balance after offset
Deferred income tax		33,494,374.51		31,086,749.68

assets				
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(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Ending balance	Opening balance
Deductible temporary variance	9,263,633.96	7,648,026.49
Deductible loss	85,842,340.36	72,325,314.71
Total	95,105,974.32	79,973,341.20

(5) The deductible loss of unrecognized deferred income tax assets will expire in the following years

Unit: yuan

Year	Ending amount	Opening Amount	Comments
2019		2,941,764.12	
2020	418,402.27	418,402.27	
2021	5,360,669.43	6,411,036.42	
2022	9,443,971.56	9,443,971.56	
2023	4,731,044.58	4,732,413.56	
2024	31,712,628.72	23,310,875.75	
2025	3,729,833.98	3,729,833.98	
2026	10,692,750.26	10,692,750.26	
2027	0.00	0.00	
2028	5,920,939.12	5,920,939.12	
2029	1,113,136.08	0.00	
Indefinite	12,718,964.36	4,723,327.67	Overseas subsidiary
Total	85,842,340.36	72,325,314.71	--

19. Short-term loans**(1) Classification of short-term loans**

Unit: yuan

Item	Ending balance	Opening balance
Pledged Loan		140,221,849.98
Mortgage Loan	14,045,522.54	54,033,229.17

Guaranteed Loan	134,190,034.85	0.00
Credit Loan	427,442,245.48	339,883,457.67
Undue Discounted Bill	9,696,666.67	954,121.83
Total	585,374,469.54	535,092,658.65

(2) Overdue short-term loans

None

20. Bills payable

Unit: yuan

Category	Ending balance	Opening balance
Bank acceptance bill	380,739,797.00	262,243,915.55
Total	380,739,797.00	262,243,915.55

The total amount of bills payable due and unpaid at the end of this period is RMB.

21. Accounts payable**(1) Presentation of accounts payable**

Unit: yuan

Item	Ending balance	Opening balance
Within 1 year	799,188,667.65	709,952,349.41
1-2 years	195,023,610.55	167,757,534.06
2-3 years	79,577,214.94	40,303,443.47
More than 3 years	39,907,636.05	38,100,709.38
Total	1,113,697,129.19	956,114,036.32

(2) Important accounts payable with an aging of more than 1 year

Unit: yuan

Item	Ending balance	Reasons not reimbursed or carried forward
First place	91,916,105.92	Unpaid Subcontract Payment
Second place	9,077,820.51	Unpaid amount for engineering materials
Third place	8,844,545.45	Unpaid Subcontract Payment
Fourth place	8,713,422.03	Unpaid amount for engineering materials
Fifth place	7,049,211.36	Unpaid Subcontract Payment

Sixth place	5,993,475.90	Unpaid sewage treatment fee
Seventh place	5,770,878.00	Unpaid Subcontract Payment
Eighth place	4,814,871.81	Unpaid Subcontract Payment
Ninth place	4,494,000.00	Unpaid Subcontract Payment
10th place	4,350,861.16	Unpaid Subcontract Payment
11th place	4,200,782.64	Unpaid amount for engineering materials
Total	155,225,974.78	--

Other Notes:

Important accounts payable with an age of more than one year totaled 155,225,974.78 yuan, accounting for 49.36% of the total amount of accounts payable for more than one year, including 127,240,473.7 yuan for unpaid project subcontracting, 21,992,025.15 yuan for unpaid project materials and 5,993,475.90 yuan for unpaid sewage treatment fees.

22. Advance payment

Has the new revenue criteria been implemented

Yes No

(1) Presentation of advance receipts

Unit: yuan

Item	Ending balance	Opening balance
Within 1 year	234,264,466.28	166,323,999.72
1-2 years	9,420,892.14	31,809,276.84
2-3 years	4,280,735.00	1,077,883.27
More than 3 years	1,582,699.12	633,115.00
Total	249,548,792.54	199,844,274.83

(2) Important advance receipts with an aging of more than 1 year

Unit: yuan

Item	Ending balance	Reasons not reimbursed or carried forward
First place	6,721,182.13	Payments not arriving at the project node
Second place	1,328,400.00	Payments not arriving at the project node
Third place	1,868,200.00	Advance collection of sales revenue not yet realized

Fourth place	674,444.44	Advance collection of sales revenue not yet realized
Fifth place	428,275.85	Advance collection of sales revenue not yet realized
Total	11,020,502.42	--

(3) Settled and unfinished projects formed by the end-of-term construction contract

Unit: yuan

Item	Amount
Accumulated incurred costs	207,379,297.38
Accumulated Gross Profit Recognized	93,334,157.42
Minus: Expected loss	0.00
Amount settled	305,410,016.72
Settled unfinished projects resulting from construction contracts	-4,696,561.92

Note: The ending balance is the reclassification of settled unfinished assets formed by the end-of-year construction contract to the accounts received in advance.

23. Remuneration payable to employees

(1) List of salary payable to employees

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
I. Short-term Salary	19,484,619.15	264,433,447.24	259,456,795.96	24,461,270.43
2. Post-employment Benefits-Setting Contribution Plan	229,772.24	17,904,380.29	17,925,478.06	208,674.47
III. Dismissal Benefits	13,618.80	414,782.19	428,400.99	0.00
Total	19,728,010.19	282,752,609.72	277,810,675.01	24,669,944.90

(2) Presentation of short-term remuneration

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
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1. Wages, bonuses, allowances and allowances	16,413,437.76	229,057,183.64	224,063,712.54	21,406,908.86
2. Employee Welfare Expenses	258,148.70	9,400,494.00	9,620,778.72	37,863.98
3. Social insurance premium	128,781.67	11,347,226.93	11,289,710.55	186,298.05
Of which: medical insurance premium	112,375.60	9,772,019.66	9,751,335.10	133,060.16
Injury injury insurance premium	5,964.17	540,656.23	541,087.78	5,532.62
Maternity insurance premium	10,441.90	1,034,551.04	997,287.67	47,705.27
4. Housing accumulation fund	201,184.36	7,966,802.92	7,520,691.92	647,295.36
5. Trade union funds and staff education funds	906,677.26	4,024,186.61	4,431,380.48	499,483.39
6. Short-term paid absence	0.00	0.00	0.00	0.00
7. Short-term Profit Sharing Plan	0.00	0.00	0.00	0.00
8. Other	1,576,389.40	2,637,553.14	2,530,521.75	1,683,420.79
Total	19,484,619.15	264,433,447.24	259,456,795.96	24,461,270.43

(3) Set the contribution plan for listing

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
1. Basic old-age insurance	218,942.46	17,057,773.89	17,081,283.55	195,432.80
2. Unemployment insurance premium	10,829.78	846,606.40	844,194.51	13,241.67
3. Payment of company annuity	0.00	0.00	0.00	0.00
Total	229,772.24	17,904,380.29	17,925,478.06	208,674.47

24. Taxes payable

Unit: yuan

Item	Ending balance	Opening balance
VAT	205,603,991.39	190,243,116.81
Company income tax	42,289,564.16	31,260,639.15
Individual Income Tax	271,290.37	182,946.53
City maintenance and construction tax	13,317,267.13	12,354,257.89
Education surcharge	10,277,138.48	9,427,660.09
Local funds	54,486.10	3,036.67
Property tax	903,540.60	698,747.68
Land use tax	230,998.54	300,288.67
Stamp duty	219,742.32	135,715.63
Total	273,168,019.09	244,606,409.12

25. Other payables

Unit: yuan

Item	Ending balance	Opening balance
Other payables	103,483,896.27	79,082,725.11
Total	103,483,896.27	79,082,725.11

(1) Other payables**1) List other payables by nature**

Unit: yuan

Item	Ending balance	Opening balance
Deposit and deposit	13,440,477.18	7,272,340.91
Collection and payment on behalf of	9,547,145.74	11,935,828.85
Expenses accrued on accrual basis	40,797,462.29	34,889,053.66
Current accounts	38,426,190.57	24,732,325.73
Other	1,272,620.49	253,175.96
Total	103,483,896.27	79,082,725.11

2) Important other payables older than 1 year

Unit: yuan

Item	Ending balance	Reasons not reimbursed or carried forward
Expenses accrued on accrual basis	14,927,205.66	Not yet settled
Transfer of equity	3,860,802.00	Not yet settled
Talent Fund	4,661,241.79	Not yet paid
Total	23,449,249.45	--

26. Non-current liabilities due within one year

Unit: yuan

Item	Ending balance	Opening balance
Long-term loans due within one year	483,184,600.00	80,081,330.00
Long-term payables due within one year	7,044,341.70	
Total	490,228,941.70	80,081,330.00

27. Other current liabilities

Has the new revenue criteria been implemented

 Yes No

Unit: yuan

Item	Ending balance	Opening balance
Bills receivable not derecognized at the end of the year	66,975,861.56	67,456,344.88
Total	66,975,861.56	67,456,344.88

28. Long-term loan

(1) Classification of long-term loans

Unit: yuan

Item	Ending balance	Opening balance
Pledged Loan	96,154,778.75	108,723,106.53
Guaranteed Loan	224,947,033.03	83,703,455.22
Credit Loan	264,203,078.44	729,053,698.40
Total	585,304,890.22	921,480,260.15

Description of long-term loan classification:

Other explanations, including interest rate range:

Note 1: The long-term loan interest rate at the end of the year is 4.51%-5.9%.

Note 2: The pledge of the pledge loan at the end of the year is the land use right franchise of Shaoxing WELLE Food waste Recycling Co., Ltd.

Note 3: The guaranteed loans at the end of the year are all guarantees provided by the Company for the loans of its subsidiaries Changzhou WELLE Food Waste Treatment Co., Ltd., Changzhou Dawei Environmental Technology Co., Ltd., Shenyang WELLE Environmental Service Co., Ltd., Zongyang WELLE Environmental Service Co., Ltd. and Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.

29. Long-term payables

Unit: yuan

Item	Ending balance	Opening balance
Long-term payables	32,955,658.30	0.00
Total	32,955,658.30	0.00

(1) List long-term payables by nature

Unit: yuan

Item	Ending balance	Opening balance
Finance lease payment	32,955,658.30	0.00

Other Notes:

30. Deferred revenue

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance	Cause of formation
Government subsidies	191,274,822.92	37,458,115.00	39,482,407.02	189,250,530.90	See Government Subsidy Items
Total	191,274,822.92	37,458,115.00	39,482,407.02	189,250,530.90	--

Projects involving government subsidies:

Unit: yuan

Liability Items	Opening balance	New Subsidy Amount in Current Period	Amount included in non-operating income for the current period	Amount included in other income for the current period	Current Offset Expense Amount	Cost	Other changes	Ending balance	Related to assets/income
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Subsidy for Land Leveling Funds	1,403,278.55			75,023.24			1,328,255.31	Related to assets
Special Funds for Key Industry Revitalization and Technological Transformation Projects (Landfill Leachate Treatment Equipment Industrialization Project)	2,035,000.00			370,000.00			1,665,000.00	Related to assets
Research and Development and Industrialization of Food waste Resource Treatment Technology, Complete Equipment	8,000,000.00						8,000,000.00	Related to assets
Integration and Comprehensive Demonstration of Sludge and Waste Disposal and Resource Utilization Technologies	3,378,510.61	7,799,400.00		4,071,849.38		5,532,100.00	1,573,961.23	Related to assets
International	300,000.00						300,000.00	Revenue-

scientific and technological cooperation								related
Study on Stabilization, Solidification and Remediation Technology of Heavy Metal	50,000.00						50,000.00	Revenue-related
104 Circular Economy Standardization Pilot	160,000.00						160,000.00	Revenue-related
Research Topic on Industrialization Secondary Development and Marketization Promotion of Key Technological Achievements of Water Project	18,724,989.00	11,806,600.00		2,106,044.40		23,143,700.00	5,281,844.60	Related to assets
Demonstration of Complete Technical Projects for Efficient Pyrolysis of Urban and Industrial Organic Solid Wastes (Indirect Cost)		51,700.00					51,700.00	Related to assets

Demonstration of Complete Technical Projects for Efficient Pyrolysis of Urban and Industrial Organic Solid Wastes (Direct Cost)		355,300.00					355,300.00	Related to assets
Integration of Low Cost Harmless Landfill and Leachate Treatment Technology for Rural Domestic Waste and Its Residues		363,789.00					363,789.00	Related to assets
Development of Anaerobic Digestion Reactor with High Body Content and Monitoring System and Creation of Key Equipment		230,000.00					230,000.00	Related to assets
Equipment Integration and Engineering Demonstration of Anaerobic Digestion		400,000.00					400,000.00	Related to assets

Technology for High Inherent Mechanical Solid Waste								
Sino-German Energy Saving Decoration Subsidy		2,951,326.00					2,951,326.00	Related to assets
Report on the Use of Special Subsidy Funds for the Eighth Phase of Comprehensive Treatment of Taihu Lake Water Environment	35,220,264.00			2,644,222.00			32,576,042.00	Related to assets
The second batch of food waste recycling and harmless treatment pilot	22,566,652.00			1,239,468.00			21,327,184.00	Related to assets
Central Subsidy Fund for Shaoxing Food waste Treatment Project	12,429,855.09						12,429,855.09	Related to assets
Construction of Bio-gas Industrialization Platform	8,566,666.67			300,000.00			8,266,666.67	Related to assets

Financial Subsidy for Ecological Civilization Construction Funds		13,000,000.00					13,000,000.00	Related to assets
Incubator Rewards		500,000.00					500,000.00	Related to assets
Key Projects of Resource Conservation and Recycling	4,690,000.00						4,690,000.00	Related to assets
Funds (Assets) for Preliminary Work of PPP Project	750,000.00						750,000.00	Related to assets
Compensation for Land Expropriation and Demolition (Assets)	5,239,607.00						5,239,607.00	Related to assets
Receive financial subsidy income (assets) from domestic waste incineration projects	16,760,000.00						16,760,000.00	Related to assets
Pilot Project of Large-scale Bio-natural Gas Project	45,000,000.00						45,000,000.00	Related to assets
Special Funds for Transformation of	6,000,000.00						6,000,000.00	Revenue-related

Provincial Scientific and Technological Achievements								
Total	191,274,822.92	37,458,115.00		10,806,607.02		28,675,800.00	189,250,530.90	

Other Notes:

Note 1: The company and Changzhou Municipal Bureau of Land and Resources signed the "Contract for Assignment of the Right to Use State-owned Construction Land". The Xuejia People's Government of Xinbei District of Changzhou City gave subsidies to land leveling funds accordingly. As of the end of this period, the balance of deferred revenue was 1,328,255.31 yuan.

Note 2: According to Changzhou Municipal Development and Reform Commission's Notice on Forwarding the Reply of the Provincial Development and Reform Commission on the Application Report of Special Funds for Revitalization and Technological Transformation of Key Industries in 2010 for Landfill Leachate Treatment Equipment Industrialization Project of Jiangsu WELLE Environmental Protection Technology Co., Ltd., Companies received special funds. As of the end of the current period, the balance of deferred revenue was 1,665,000 yuan.

Note 3: According to the "Jiangsu Province Special Fund Project Contract for Transformation of Scientific and Technological Achievements" issued by Changzhou Xinbei District Finance Bureau, subsidy funds were received. As of the end of the period, the balance of deferred revenue was 8,000,000 yuan.

Note 4: According to the Reply of the Ministry of Environmental Protection of the People's Republic of China and the Ministry of Housing and Urban-Rural Development of the People's Republic of China on Projects (Topics) Initiated in 2017 for Major Projects of Water Pollution Control and Treatment Science and Technology No.268, 2017 subsidy funds of 7,799,400 yuan were received in this period. As of the end of the period, the balance of deferred revenue was 1,573,961.23 yuan.

Note 5: According to the Notice on Issuing the 16th Batch of Science and Technology Plan (International Science and Technology Cooperation) Projects in Changzhou City in 2017 issued by Changzhou Municipal Science and Technology Bureau, Changzhou Municipal Finance Bureau No.133, 2017 and No.50, 2017, subsidy funds were received. By the end of the period, the balance of deferred revenue was 300,000 yuan.

Note 6: Jiangsu Provincial Key Laboratory of Environmental Engineering allocated 50,000 yuan for the research project on stabilization, solidification and remediation technology of heavy metal contaminated soil. By the end of the period, the balance in deferred revenue was 50,000 yuan.

Note 7: According to the Notice on 37 Units such as Shandong Hongda Biotechnology Co., Ltd. To Carry out National Circular Economy Standardization Pilot No.93, 2014 issued by the National Standard Committee of Jiangsu Provincial Bureau of Quality and Technical Supervision, the balance of deferred revenue at the end of this period was 160,000 yuan.

Note 8: According to the Notice of the Ministry of Finance on Issuing the 2018 Central Fiscal Fund Budget for Major Projects of Water Pollution Control and Treatment Science and Technology, 11,806 subsidy funds were received in the current period in 600 yuan, with a final balance of 5,281,844.6 yuan in deferred revenue.

Note 9: According to the Notice on the 2018 Project Initiation of the National Key Research and Development Plan "Solid Waste Recycling" Key Special Project No.27, 2018 issued by China Agenda 21 Management Center, the demonstration (indirect cost) of the complete set of high-efficiency pyrolysis technology for urban and industrial organic solid waste in this period received subsidy funds of 51,700 yuan.

Note 10: According to the Notice on the 2018 Project Initiation of the National Key Research and Development Plan "Solid Waste Recycling" Key Special Project No.27. 2018 issued by China Agenda 21 Management Center, the demonstration (direct cost) of the complete set of high-efficiency pyrolysis technology for urban and industrial organic solid waste in this period received subsidy funds 355,300 yuan.

Note 11: According to the Notice of China Rural Technology Development Center on Issuing Special Funds for 2019 for Key Special Projects of National Key Research and Development Plan issued by China Rural Technology Development Center Guoke Agricultural Technology No.13, 2019, subsidy funds of 363,789 yuan were received for the integration of low-cost harmless landfill and leachate treatment technologies for rural domestic waste and its residues in this period.

Note 12: According to the Notice on the Establishment of 2018 Projects for the Key Special Project of "Solid Waste Recycling" of the National Key Research and Development Plan No.27. 2018 issued by the National Science and Technology Agenda Office of China Agenda 21 Management Center, the development of high-content anaerobic digestion reactor and monitoring system and the creation of key equipment and equipment received 230,000 yuan of subsidy funds in this period.

Note 13: According to the Notice on the Initiation of 2018 Projects for the Key Special Project of "Solid

Waste Recycling" of the National Key Research and Development Plan No.27. 2018 issued by the National Science and Technology Agenda Office of China Agenda 21 Management Center, this period received a subsidy of 400,000 yuan for the integration and engineering demonstration of solid waste anaerobic digestion technology and equipment with high inherent content.

Note 14: According to the Agreement on the Joint Construction of "Sino-German Energy Conservation and Environmental Protection Technology Innovation Center in Changzhou High-tech Zone" by Changzhou National High-tech Zone Management Committee and Jiangsu WELLE Environmental Protection Technology Co., Ltd., a decoration subsidy of 2,951,326 yuan was received in this period.

Note 15: According to the Report on the Use of Special Subsidy Funds for the Eighth Phase of Comprehensive Management of Taihu Lake Water Environment issued by the Municipal Development and Reform Commission, the Finance Bureau and the Urban Management Bureau, the subsidy funds were obtained, and the balance of deferred revenue at the end of the current period was 32,576,042 yuan.

Note 16: According to the document "Development and Reform Office No. 1071, 2017" issued by the General Offices of the National Development and Reform Commission, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development, subsidy funds were received, and the balance of deferred revenue at the end of the current period was 21,327,184 yuan.

Note 17: According to the documents of the General Office of the National Development and Reform Commission and the General Office of the Ministry of Finance, Shaoxing City, as the fifth batch of pilot cities for recycling and harmless treatment of food wastes, has received state financial subsidies, and the balance of deferred revenue at the end of the current period is 12,429,855.09 yuan.

Note 18: According to the National Development and Reform Commission's "Development and Reform Investment No.1029, 2013" Notice of the National Development and Reform Commission on Issuing the First Batch of Central Budget Investment Plans for Strategic Emerging Industries (Energy) in 2013, Hangzhou Energy and Environmental Engineering Co., Ltd., a subsidiary of the Company, received subsidies 1 for the "Bio-gas Industrialization Platform" project and the two projects of land use right in 2013. 10 million yuan was included in deferred revenue when it was actually received. After the relevant assets reached the usable condition, the depreciation and amortization progress of the matched assets was included in profit and loss. The amortization time was changed in 2017. The amortization time for the construction of bio-gas industrialization platform was changed from December 1st, 2014 to October 1st, 2014, and the land use right was changed from June 1st, 2013 to January 2013. The amount carried forward from deferred revenue to other

income this year is 300,000.00 yuan. The balance of deferred revenue at the end of the current period was 8,266,666.67 yuan.

Note 19: Jilin Provincial Development and Reform Commission has received 13 million funds for ecological civilization construction according to No.241, 2019 regarding the issuance of the 2019 Central Budget Investment Plan for the Special Ecological Civilization Construction Project.

Note 20: According to No.39, 2019 issued by the Science and Technology Bureau and Finance Bureau of Changzhou National High-tech Zone (Xinbei District), regarding the issuance of the eighth batch of science and technology plans (incubator-accelerator award) documents of Changzhou National High-tech Zone (Xinbei District) in 2019, deferred revenue received 500,000 yuan this year.

Note 21: According to Jiangsu Development and Reform Commission No. 2007, the Notice on Reply to Investment Projects within the Central Budget of 2017 for Key Projects of Resource Conservation and Recycling was issued by Jiangsu Development and Reform Commission. On September 27th, 2017, Jiangsu Provincial Development and Reform Commission issued 4.69 million yuan of government subsidy funds for key projects of resource conservation and recycling.

Note 22: Yanbian North Korea Autonomous Prefecture Finance Bureau Document Yanzhou No.258, 2015. The Notice on Issuing the 2015 Central Infrastructure Investment (PPP Project Preliminary Work Funds) Budget is issued by Yanbian Prefecture Finance Bureau. From August 25th, 2016, Dunhua Municipal Development and Reform Bureau issued a statement on the preliminary work funds for PPP projects. It arranged 500,000 yuan for the preliminary work funds. Dunhua Municipal Development and Reform Bureau No.279, 2017 on Decomposing and Issuing the Notice on Declaring the Investment Plan of Subsidy Funds for Investment Projects within the Central Budget in 2018; From December 25th, 2017, Dunhua Municipal Development and Reform Bureau issued a statement on the preliminary work funds for PPP projects. 250,000 yuan of preliminary work funds were allocated.

Note 23: Jilin Province's state-owned land use right bidding, auction and listing and agreement transfer income liquidation form, allocated 5,239,607.00 yuan in compensation for land acquisition and demolition.

Note 24: Yanzhou Caijian refers to No. 83, 2018. It is now issued that the central infrastructure investment fund for 2018 is 16.76 million yuan, which will be earmarked for the construction of ecological civilization.

Note 25: According to the Notice of the National Development and Reform Commission and the Ministry of Agriculture on Issuing the Investment Plan within the Central Budget of Rural Biogas Projects in 2015 in No. 1377, 2015, Guangxi Zhuang Autonomous Region Development and Reform Commission Document

No.997, 2015 Notice on Issuing the Investment Plan within the Central Budget of Guangxi Rural Biogas Project in 2015, No.878, 2016 Reply on Approval of Application Report for Pilot Funds for Preparation of Bio-natural Gas Industrialization from Mixed Waste Liquid of Multiple Raw Materials, Notice of the National Development and Reform Commission, Ministry of Agriculture, Development and Reform Investment No. 2666, 2016 on Adjusting the Investment Plan in the Central Budget of the Pilot Project of Large-scale Bio-natural Gas Project in 2015, According to the Notice of the Ministry of Agriculture of the National Development and Reform Commission on Adjusting the Investment Plan in the Central Budget of the Pilot Project of Large-scale Bio-natural Gas Project in 2015 forwarded by the Forestry Department of Guangxi Zhuang Autonomous Region Development and Reform Commission No.34, 2017 Guangxi Wuming WELLE received 15 million from the Finance Bureau in 2016 and 30 million from the Finance Bureau in 2017. The central budget has invested 50 million yuan, 45 million yuan has been received, and the remaining 5 million yuan has been paid by the project completion finance.

Note 26: The special fund for the transformation of provincial scientific and technological achievements is the special fund for the research and development and industrialization of VOCs gas purification and recycling process equipment allocated to the Company by Jiangsu Provincial Science and Technology Department. On December 12th, 2018, the Company signed a "Jiangsu Province Special Fund Project Contract for Transformation of Scientific and Technological Achievements" with the Jiangsu Provincial Science and Technology Department under the project name of "Research and Development and Industrialization of VOCs Gas Purification and Resource Recycling Process Equipment". According to the contract, Jiangsu Provincial Science and Technology Department allocated 6 million yuan of special funds for the transformation of scientific and technological achievements to the Company on December 24th, 2018. The subsidy will be included in the current profits and losses in one lump sum after the scientific research project passes the acceptance. The balance of deferred revenue at the end of the current period was 6 million yuan.

31. Share capital

Unit: yuan

	Opening balance	Increase or decrease in this change (+,-)					Ending balance
		Issue new shares	Stock delivery	Conversion of provident fund into shares	Other	Subtotal	
Total Shares	814,112,830.00				-30,327,873.00	-30,327,873.00	783,784,957.00

Other Notes:

On July 20th, 2018, the Company convened the first extraordinary shareholders' meeting in 2018 to consider and pass the "Proposal on Repurchase of Shares of the Company". Upon the expiration of the share repurchase period on January 20th, 2019, the Company has accumulated 30,327,873 shares through centralized competitive bidding through the special share repurchase account. The Company completed the cancellation procedures of the above 30,327,873 shares in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on January 30th, 2019, and the total share capital of the Company was changed from 814,112,830 shares to 783,784,957 shares.

32. Capital reserve

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
Capital premium (equity premium)	2,113,046,313.73			2,113,046,313.73
Other capital reserves	22,592,487.37			22,592,487.37
Total	2,135,638,801.10			2,135,638,801.10

Other explanations, including the increase or decrease in the current period and the explanation of the reasons for the changes:

33. Treasury stock

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
Share repurchase	30,327,873.00		30,327,873.00	
Total	30,327,873.00		30,327,873.00	

Other explanations, including the increase or decrease in the current period and the explanation of the reasons for the changes:

Note: Please refer to Notes VII. 31 Capital Stock for changes in treasury stocks during the year.

34. Other comprehensive income

Unit: yuan

Item	Opening balance	Amount incurred in current period						Ending balance
		Amount before	Minus: included	Minus: in	Minus: included in	After-tax attribution	After-tax attribution	

		current income tax	other comprehen sive income in the previous period and transferred to profits and losses in the current	other comprehe nsive income in the previous period and transferred to retained earnings in the current period	expense	to parent company	to minority shareholde rs	
II. Other comprehensive income reclassified into profit and loss	3,142,808.74	776,869.11				776,869.11		3,919,677.85
Difference in translation of foreign currency financial statements	3,142,808.74	776,869.11				776,869.11		3,919,677.85
Total other comprehensive income	3,142,808.74	776,869.11				776,869.11		3,919,677.85

Other explanations, including the adjustment of the effective part of the cash flow hedging profit and loss to the initial recognition amount of the hedged item:

35. Surplus reserves

Unit: yuan

Item	Opening balance	Increase in current period	Decrease in the current period	Ending balance
Statutory surplus reserve	54,790,691.29	11,793,648.95		66,584,340.24
Total	54,790,691.29	11,793,648.95		66,584,340.24

Description of surplus reserves, including the increase or decrease in the current period and the reason for the change:

Note: The surplus reserve increased this year to the statutory surplus reserve accrued at 10% of the parent company's net profit this year.

36. Undistributed Profits

Unit: yuan

Item	Current Period	Previous Period
Undistributed profit at the end of the previous period before adjustment	641,617,197.96	463,926,318.48
Adjusted opening undistributed profit	641,617,197.96	463,926,318.48
Plus: Net profit attributable to the owner of the parent company for the current period	316,710,725.54	232,366,860.28

Minus: Withdrawal of statutory surplus reserve	11,793,648.95	9,448,183.98
Common stock dividend payable	39,189,247.85	45,227,796.82
Undistributed profit at the end of the period	907,345,026.70	641,617,197.96

Adjust Opening Undistributed Profit Details:

- 1) Due to the retrospective adjustment of the Accounting Standards for Companies and its relevant new regulations, the undistributed profit at the beginning of the period was affected by 0.00 yuan.
- 2) Due to the change of accounting policies, the undistributed profit at the beginning of the period is affected by 0.00 yuan.
- 3) Due to the correction of significant accounting errors, the undistributed profit at the beginning of the period was affected by 0.00 yuan.
- 4) The change of consolidation scope caused by the same control affects the undistributed profit at the beginning of the period by 0.00 yuan.
- 5) The total of other adjustments will affect the undistributed profit at the beginning of the period by 0.00 yuan.

37. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	2,702,384,117.43	1,876,276,108.60	2,043,582,354.44	1,378,494,803.08
Other businesses	28,264,028.31	21,226,256.43	21,261,369.47	14,145,079.12
Total	2,730,648,145.74	1,897,502,365.03	2,064,843,723.91	1,392,639,882.20

Has the new revenue criteria been implemented

Yes No

Other Notes

38. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
City maintenance and construction tax	7,496,806.65	7,331,029.05
Education surcharge	5,390,622.53	5,404,146.94
Resource tax		4,404.00
Property tax	2,886,852.32	2,614,039.97
Land use tax	1,107,167.72	990,533.74
Vehicle and vessel use tax	62,121.61	62,879.71
Stamp duty	1,319,730.45	957,719.79
Business tax	57,889.95	5,758.13
Total	18,321,191.23	17,370,511.33

39. Sales expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Staff Remuneration	31,040,215.93	20,161,770.37
Operating expenses	22,963,252.67	23,380,120.49
Quality premium	27,515,975.41	28,295,669.14
Business entertainment expenses	12,068,656.81	10,103,450.65
Travel expenses	6,749,597.52	7,579,628.34
Service fee for winning the bid	4,700,678.98	6,308,821.42
Depreciation expense	2,646,063.15	1,837,662.57
Business promotion expenses	1,431,979.56	1,232,386.60
Other	6,328,907.43	5,746,904.01
Total	115,445,327.46	104,646,413.59

40. Administrative expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Staff remuneration	74,490,976.27	56,618,329.02
Office expenses	55,620,014.73	44,836,781.08
Depreciation and amortization	23,362,863.63	20,957,313.45
Other	13,337,866.52	9,271,137.00
Total	166,811,721.15	131,683,560.55

41. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Direct input material	42,703,993.72	25,003,740.30
Personnel labor	37,380,184.70	32,258,997.16
Other expenses	6,968,928.75	7,312,516.58
Depreciation and amortization	3,000,987.10	2,658,861.35
Total	90,054,094.27	67,234,115.39

42. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expense	73,671,545.12	55,088,149.20
Minus: Interest income	24,053,494.10	17,627,475.76
Plus: Exchange losses	-2,610,862.08	-2,640,749.89
Plus: Other expenditures	3,050,986.17	1,663,860.53
Total	50,058,175.11	36,483,784.08

43. Other income

Unit: yuan

Sources of other income	Amount incurred in current period	Amount incurred in previous period
Government subsidies	25,345,697.39	20,333,365.01
Among them: VAT will be levied and refunded immediately.	12,992,533.77	10,672,841.29
Government subsidies related to research and development projects	10,616,683.78	6,200,603.63
Government subsidies related to long-term asset investments	1,631,282.44	3,375,514.00
Local Tax Return Personal Tax Handling Fee	105,197.40	84,406.09
Total	25,345,697.39	20,333,365.01

44. Investment Income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term Equity Investment Income Accounting by Equity Method	-1,392,499.99	1,231,208.76
Investment Income from Disposal of Long-term Equity Investment		142,227.68
Investment income of available-for-sale financial assets during the holding period	6,403.11	6,587.30
Investment Income from Purchasing Financial Products	697,375.00	7,208,119.93
Total	-688,721.88	8,588,143.67

45. Credit impairment loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Bad debt losses of other receivables	1,519,615.97	
Bad Debt Loss of Accounts Receivable	-27,760,485.48	
Impairment loss of bills receivable	-540,329.15	
Total	-26,781,198.66	

46. Asset impairment loss

Has the new revenue criteria been implemented

 Yes No

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
I. Bad Debt Losses		-35,329,814.70
VII. Impairment Loss of Fixed Assets	-311,122.21	
13. Impairment loss of goodwill	-24,149,822.89	-25,868,688.49
Total	-24,460,945.10	-61,198,503.19

47. Income from disposal of assets

Unit: yuan

Sources of income from asset disposal	Amount incurred in current period	Amount incurred in previous period
Income from disposal of non-current assets	63,883.44	176,559.76
Of which: income from disposal of non-current assets not classified as held for sale	63,883.44	176,559.76
Of which: income from disposal of fixed assets	63,883.44	176,559.76
Total	63,883.44	176,559.76

48. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in current non-recurring gains and losses
Government subsidies	6,871,906.00	4,125,935.36	6,871,906.00
Compensation for Client's	91,125.31		91,125.31

Cancellation of Contract			
Other	495,525.95	341,324.39	495,525.95
Total	7,458,557.26	4,467,259.75	7,458,557.26

Government subsidies included in current profits and losses:

Unit: yuan

Subsidized Items	Issuing Entity	Issue Reason	Nature Type	Does the subsidy affect the profit and loss of the year	Is there a special subsidy	Amount incurred in current period	Amount incurred in previous period	Related to assets/income
Financial Subsidy from Tonglu County Development and Reform Bureau						1,320,000.00		Revenue-related
The Second Batch of Provincial Special Funds for Transformation and Upgrading of Industry and Information Industry in 2018						1,250,000.00		Revenue-related
Yongyang Town Urban Infrastructure Subsidy						726,000.00		Revenue-related
Special Funds for the First Batch of International Science and Technology Cooperation Projects in 2019						700,000.00		Revenue-related

Provincial Policy Guidance Plan								
Little Giant Subsidy						700,000.00		Revenue-related
Yongyang Town Finance and Asset Management Bureau Special Fund for Advanced Manufacturing Industry						553,000.00	755,000.00	Revenue-related
Lishui District Science and Technology Bureau						300,000.00	200,000.00	Revenue-related
Trinity Special Fund						277,000.00		Revenue-related
Science and Technology Bureau Science and Technology Innovation Subsidy						250,000.00		Revenue-related
2018 Recognition of Company Technology Center Award						200,000.00		Revenue-related
In 2017, brand strategy awards will be implemented in depth.						100,000.00		Revenue-related

Patent Awards						100,000.00	201,400.00	Revenue-related
Lishui District Finance Bureau Science and Technology Innovation Award						100,000.00	150,000.00	Revenue-related
Technological transformation incentive fund						90,000.00		Revenue-related
Provincial Company Technology Center to Re-identify High-tech Companies						60,000.00		Revenue-related
Patent subsidy						42,400.00		Revenue-related
Appropriation of Special Funds for Going Global Development						11,300.00		Revenue-related
Chaoyang District Patent Subsidy and Award						5,900.00		Revenue-related
Subsidy Funds for the First Batch of Pollution Source Automatic Monitoring Equipment							526,000.00	Revenue-related

Construction Projects in 2018								
The First Batch of Provincial Special Funds for Transformation and Upgrading of Industrial Information Industry in 2018							500,000.00	Revenue-related
Special Funds for Chaoyang District to Promote Listed Companies and Mergers and Acquisitions							500,000.00	Revenue-related
Lishui District Finance Bureau Treasury Center Funds							250,000.00	Revenue-related
Top 10 Company Awards							250,000.00	Revenue-related
Award and Compensation for Implementation of Standards for Company Intellectual Property Management							200,000.00	Revenue-related

(Xinbei District Finance Bureau)								
Advanced Company Award for Pioneering Meritorious Service							130,000.00	Revenue-related
In 2017, the city recognized the incentive funds of the company technology center.							100,000.00	Revenue-related
Science and Technology Awards for Top 100 Innovative Companies in Jiangsu Province							100,000.00	Revenue-related
Award for Implementation of Intellectual Property Standards							100,000.00	Revenue-related
Special Fund for Online Monitoring of Pollution Sources							55,755.36	Revenue-related
Other						86,306.00	107,780.00	Revenue-related
Total						6,871,906.00	4,125,935.36	

Other Notes:

Note 1: According to the Notice of Tonglu County Development and Reform Bureau, Tonglu County Finance Bureau and Tonglu County Urban Management Bureau (No.26, 2019) on Issuing the "Special Funds for Allocating the Second Batch of Pilot City Projects for Comprehensive Utilization and Harmless Disposal of Provincial Food waste Resources", the Company received 1.32 million yuan of subsidy funds this year.

Note 2: According to Jiangsu Provincial Department No.419, 2018 "Notice on Issuing the Second Batch of Provincial Special Fund Indicators for the Transformation of Provincial Industry and Information Industry in 2018", special funds of 1,250,000 yuan were received in this period.

Note 3: Yongyang Town's urban infrastructure subsidy is 726,000.00 yuan.

Note 4: According to Changzhou National High-tech Zone (Xinbei District) Market Supervision and Administration Bureau No. 2019 "Notice on Organizing the Application of Provincial and Municipal Invention Patent Maintenance Subsidy", special funds of 700,000 yuan were received in this period.

Note 5: According to No.65, 2019 "Notice on Organizing to Declare Support Funds for 2019 Small Giant Company Cultivation Action Plan", the Company received 700,000 yuan of subsidy funds this year.

Note 6: In order to give full play to the guidance and leverage of special financial funds, according to the "Several Policies on Accelerating the Development of Advanced Manufacturing Industry" (No.55, 2017), Nanjing Doule received 553,000.00 yuan in 2018 for special fund projects and fund sub-regions for accelerating the development of advanced manufacturing industry in Lishui District.

Note 7: Nanjing Lishui District People's Government No.127, 2016 Notice of Nanjing Lishui District People's Government on Printing and Distributing "Lishui District Implementing the Outline of the National Innovation-Driven Development Strategy and Several Policies and Measures to Promote the Transformation of Scientific and Technological Achievements", Nanjing Doule received 300,000.00 yuan.

Note 8: According to Changzhou Municipal Bureau of Industry and Information Technology, Changzhou Municipal Development and Reform Commission, Changzhou Municipal Bureau of Science and Technology, Changzhou Municipal Finance Bureau No.192, 2019 "Notice on Issuing 2019" Trinity "Special Funds to Accelerate Companies to Effectively Invest Project Funds", special funds of 277,000 yuan were received in this period.

Note 9: Nanjing Municipal Science and Technology Commission Nanjing Municipal Finance Bureau No. 418, 2018, No. 984, 2018 Notice on Issuing Nanjing's 2018 Science and Technology Development Plan and

Science and Technology Funding Indicators (20th Batch), Nanjing Doule received 250,000.00 yuan.

Note 10: According to Changzhou National High-tech Zone (Xinbei District) Economic Development Bureau and Changzhou National High-tech Zone (Xinbei District) Finance Bureau No.7, 2019 "Notice on Issuing 2018 National, Provincial and Municipal Recognition of Company Technology Center Award Funds", the award funds received in this period are 200,000 yuan.

Note 11: According to the Notice on Issuing Incentive Funds for Further Implementation of Brand Strategy in 2017 issued by Changzhou National High-tech Zone (Xinbei District) Market Supervision and Management Bureau and Changzhou Xinbei District Finance Bureau No.94, 2018, the incentive funds received in this period are 100,000 yuan.

Note 12: Changzhou Jinyuan Machinery received a government subsidy of 100,000.00 yuan according to the Notice of Jiangsu Provincial Department of Finance and Jiangsu Provincial Department of Science and Technology issued by No.34, 2019 on the issuance of the second batch of provincial financial incentive funds for company research and development expenses in 2018.

Note 13: No.3, 2019 of Nanjing Lishui District Science and Technology Bureau issued a Notice on Carrying out the Cashing of the Second Batch of Science and Technology Innovation Vouchers in Lishui District in 2018. Changzhou National High-tech Zone (Xinbei District) applied for a patent subsidy of 100,000.00 yuan.

Note 14: Changzhou Jinyuan Machinery received 90,000.00 yuan according to No.17, 2019 Notice of Changzhou Xinbei District on Organizing to Declare 2019 "Several Policies to Further Promote Real Economic Development and Accelerate Economic Transformation and Upgrading" to Encourage More Investment Projects.

Note 15: According to No.1, 2019 of Xuejia Town Committee of Xinbei District, Changzhou City, the CPC "Reward Opinions on Encouraging Innovation and Development of Companies in Life and Health Industrial Park (Xuejia Town) and Promoting High-quality Economic Development in 2019", this period received 50,000 yuan from the provincial company technology center and 10,000 yuan from the re-recognized high-tech companies.

Note 16: According to the Notice on Issuing 2018 Patent Subsidy (First Batch) issued by Changzhou National High-tech Zone (Xinbei District) Market Supervision and Administration Bureau and Changzhou

National High-tech Zone (Xinbei District) Finance Bureau No.56, 2019, 42,400 yuan was received in this period.

Note 17: According to the Notice of Changzhou Municipal Finance Bureau No.377, 2019 "On Issuing Special Funds for Changzhou's Foreign Trade and Economic Cooperation Development in 2018 ("Going Global "Part)", 11,300 yuan was received in this period.

Note 18: I received a subsidy of 5,900 yuan from Chaoyang District Science and Technology Committee of Beijing, which is a patent subsidy and reward for Chaoyang District. No.8, 2010.

49. Non-operating expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in current non-recurring gains and losses
Foreign donation	332,000.00	482,800.00	332,000.00
Local funds	741,672.85	613,589.82	741,672.85
Write off receivables	80,952.00	761,924.34	80,952.00
Business indemnity and late fees	1,187,548.65	215,789.40	1,187,548.65
Other	2,422,722.05	1,683,235.67	2,422,722.05
Total	4,764,895.55	3,757,339.23	4,764,895.55

50. Income tax expense

(1) Income tax expense table

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expense	49,730,642.22	45,471,346.74
Deferred income tax expense	-2,407,624.83	-9,082,746.90
Total	47,323,017.39	36,388,599.84

(2) Accounting profit and income tax expenses adjustment process

Unit: yuan

Item	Amount incurred in current period
Total Profit	368,627,648.39
Income tax expenses calculated at legal/applicable tax rates	55,294,147.26

Impact of different tax rates applied to subsidiaries	-1,639,442.08
Effect of adjusting income tax for previous periods	-4,140,738.36
Impact of non-taxable income	-6,819,428.05
Impact of non-deductible costs, expenses and losses	8,235,612.34
Effect of using deductible losses of unrecognized deferred income tax assets in the previous period	-2,123,877.59
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	5,333,517.39
The impact of research and development fee plus deduction	-6,816,773.52
Income tax expense	47,323,017.39

51. Other comprehensive income

For details, please refer to the relevant contents of note "34 Other Comprehensive Income".

52. Cash flow statement items

(1) Other cash received related to business activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Financial interest income	23,172,624.17	19,200,659.59
Deposit and deposit	12,693,471.73	15,923,258.71
Current accounts	24,462,818.71	644,598.59
Deferred revenue received	37,458,115.00	54,130,507.00
Collection and payment on behalf of	467,507.40	12,186,213.00
Non-operating income	8,559,305.29	5,634,222.42
Reserve fund	972,231.03	639,527.28
Other	831,485.67	3,057,758.56
Total	108,617,559.00	111,416,745.15

Description of other cash received related to business activities:

(2) Other cash paid related to business activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Payment of fees	127,704,306.30	105,559,147.49
Deposit and deposit	90,230,948.72	72,709,994.96
Current accounts	3,522,777.31	3,244,589.99
Collection and payment on behalf of	29,729,997.28	17,527,304.63
Reserve fund	14,138,858.00	4,902,529.67
Expenditure on donations	320,000.00	11,800.00
Late fee	452,663.11	15,282.97
Other	4,133,070.43	1,484,072.40
Total	270,232,621.15	205,553,722.11

Description of other cash paid related to business activities:

(3) Other cash received related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Operating Payment Received by BOT Company during Trial Operation	95,380,391.10	14,480,576.62
Other	222,819.46	59,299.15
Total	95,603,210.56	14,539,875.77

Description of other cash received related to investment activities:

(4) Other cash payments related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Disposal of closing cash balance of subsidiaries		5,839,812.29
Total		5,839,812.29

Description of other cash paid related to investment activities:

(5) Other cash received in connection with fund-raising activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Other monetary funds-non-cash equivalents	188,083,987.45	15,062,113.68
Total	188,083,987.45	15,062,113.68

Description of other cash received in connection with fund-raising activities:

(6) Other cash payments related to fund-raising activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Other monetary funds-non-cash equivalents	69,545,264.43	270,739,830.49
Fund-raising consultancy fees, capital verification fees, transaction fees, etc.		402,303.92
Repayment of other loans	43,117.89	1,309,500.00
Other		66,275.82
Total	69,588,382.32	272,517,910.23

Description of other cash disbursements related to fund-raising activities:

53. Supplementary information of cash flow statement**(1) Supplementary information of cash flow statement**

Unit: yuan

Supplementary information	Current period amount	Previous period amount
1. Adjust net profit to cash flow from operating activities:	--	--
Net profit	321,304,631.00	247,006,342.70
Plus: asset impairment reserve	51,242,143.76	61,198,503.19
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	154,278,137.48	67,871,562.46
Amortization of intangible assets	45,227,498.62	45,241,993.59
Amortization of long-term prepaid expenses	1,439,756.99	514,480.32
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are filled with "-")	-37,087.37	160,893.64
Financial expenses (income is filled with "-")	71,556,094.47	51,728,220.75
Investment loss (income is filled with "-")	732,517.94	-7,435,631.69
Decrease in deferred income tax assets (increase is filled with "-")	-2,407,624.83	-9,082,167.90
Decrease in inventory (increase is filled with "-")	-428,666,980.86	-196,821,639.98
Decrease in operating receivables (increase is filled with "-")	-334,627,036.96	-361,900,981.51

Increase in operating payable items (decrease is filled with "-")	315,415,144.09	347,613,508.53
Net cash flow from operating activities	195,457,194.33	246,095,084.10
2. Major investment and fund-raising activities that do not involve cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--
Cash closing balance	602,305,007.98	767,595,876.38
Minus: Cash opening balance	767,595,876.38	942,964,356.19
Net increase in cash and cash equivalents	-165,290,868.40	-175,368,479.81

(2) Net cash paid in the current period to obtain subsidiaries

None

(3) Net cash received for disposal of subsidiaries in the current period

None

(4) Composition of cash and cash equivalents

Unit: yuan

Item	Ending balance	Opening balance
1. Cash	602,305,007.98	767,595,876.38
Including: cash on hand	908,074.63	242,186.16
A bank deposit that can be used for payment at any time.	562,263,326.70	693,620,716.86
Other monetary funds readily available for payment	39,133,606.65	73,732,973.36
3. Balance of cash and cash equivalents at the end of the period	602,305,007.98	767,595,876.38

Other Notes:

54. Notes on items in statement of changes in owner's equity

None

55. Assets with restricted ownership or use rights

Unit: yuan

Item	Book value at the end of the period	Reason for restriction
Monetary fund	216,716,979.70	Guarantee, bank acceptance bill and deposit of letter of credit
Bills Receivable	19,904,481.44	Deposit for bank acceptance bill
Fixed assets	35,316,967.05	Bank loan mortgage
Intangible assets	76,991,917.71	Bank loan mortgage
Total	348,930,345.90	--

56. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: yuan

Item	Balance in foreign currency at the end of the period	Conversion exchange rate	Balance converted into RMB at the end of the period
Monetary fund	--	--	33,498,143.63
Of which: United States dollars	56,661.31	6.9762	395,280.63
Euro	3,069,050.78	7.8155	23,986,166.37
Hong Kong Dollar			
Thai baht	39,161,067.98	0.2328	9,116,696.63
Accounts Receivable	--	--	38,679,639.60
Of which: United States dollars	3,863,457.89	6.9762	26,952,254.93
Euro	420,103.26	7.8155	3,283,317.03
Hong Kong Dollar			
Thai baht	36,271,768.20	0.2328	8,444,067.64
Long-term borrowing	--	--	
Of which: United States dollars			
Euro			
Hong Kong Dollar			
Other receivables			1,077,025.59
Of which: Euro	115,451.92	7.8155	902,314.48
Thai baht	750,477.29	0.2328	174,711.11
Accounts Payable			11,635,640.11
Of which: Euro	461,915.56	7.8155	3,610,101.06
Thai baht	34,473,964.98	0.2328	8,025,539.05
Other payables			1,183,531.55

Of which: Euro	147,454.35	7.8155	1,152,429.47
Thai baht	133,600.00	0.2328	31,102.08

(2) The description of overseas operating entities, including for important overseas operating entities, shall disclose their main overseas operating places, bookkeeping functional currency and selection basis, and shall also disclose the reasons for changes in bookkeeping functional currency.

√ Applicable □ Not Applicable

Company Name	Main overseas business place	Bookkeeping base currency	Bookkeeping functional currency selection basis
WELLE Environmental (Luxembourg) S.a.r.l	Luxembourg	United States dollars	Registered capital currency
European WELLE Environmental Protection Technology Co., Ltd.	Germany	Euro	Local requirements
EuRec Environmental Technology Co., Ltd.	Germany	Euro	Local requirements
WELLE Environmental Services (Thailand) Co., Ltd.	Bangkok, Thailand	Thai baht	Thai currency

57. Government subsidies

(1) Basic information on government subsidy

Unit: yuan

Category	Amount	Presentation items	Amount included in current profits and losses
Pilot Project of Large-scale Bio-natural Gas Project	45,000,000.00	Deferred revenue	
Report on the Use of Special Subsidy Funds for the Eighth Phase of Comprehensive Treatment of Taihu Lake Water Environment	32,576,042.00	Deferred revenue	
The second batch of food waste recycling and harmless treatment pilot	21,327,184.00	Deferred revenue	
Receive financial subsidy income (assets) from domestic waste incineration projects	16,760,000.00	Deferred revenue	
Financial Subsidy for Ecological	13,000,000.00	Deferred revenue	

Civilization Construction Funds			
Central Subsidy Fund for Shaoxing Food waste Treatment Project	12,429,855.09	Deferred revenue	
Construction of Bio-gas Industrialization Platform	8,266,666.67	Deferred revenue	300,000.00
Research and Development and Industrialization of Food waste Resource Treatment Technology, Complete Equipment	8,000,000.00	Deferred revenue	
Special Funds for Transformation of Provincial Scientific and Technological Achievements	6,000,000.00	Deferred revenue	
Research Topic on Industrialization Secondary Development and Marketization Promotion of Key Technological Achievements of Water Project	5,281,844.60	Deferred revenue	2,106,044.40
Compensation for Land Expropriation and Demolition (Assets)	5,239,607.00	Deferred revenue	
Key Projects of Resource Conservation and Recycling	4,690,000.00	Deferred revenue	
Sino-German Energy Saving Decoration Subsidy	2,951,326.00	Deferred revenue	
Special Funds for Key Industry Revitalization and Technological Transformation Projects (Landfill Leachate Treatment Equipment Industrialization Project)	1,665,000.00	Deferred revenue	
Integration and Comprehensive Demonstration of Sludge and Waste Disposal and Resource Utilization Technologies	1,573,961.23	Deferred revenue	4,071,849.38
Subsidy for Land Leveling Funds	1,328,255.31	Deferred revenue	
Funds (Assets) for Preliminary Work of PPP Project	750,000.00	Deferred revenue	

Incubator Rewards	500,000.00	Deferred revenue	
Equipment Integration and Engineering Demonstration of Anaerobic Digestion Technology for High Inherent Mechanical Solid Waste	400,000.00	Deferred revenue	
Integration of Low Cost Harmless Landfill and Leachate Treatment Technology for Rural Domestic Waste and Its Residues	363,789.00	Deferred revenue	
Demonstration of Complete Technical Projects for Efficient Pyrolysis of Urban and Industrial Organic Solid Wastes (Direct Cost)	355,300.00	Deferred revenue	
International scientific and technological cooperation	300,000.00	Deferred revenue	
Development of Anaerobic Digestion Reactor with High Body Content and Monitoring System and Creation of Key Equipment	230,000.00	Deferred revenue	
104 Circular Economy Standardization Pilot	160,000.00	Deferred revenue	
Demonstration of Complete Technical Projects for Efficient Pyrolysis of Urban and Industrial Organic Solid Wastes (Indirect Cost)	51,700.00	Deferred revenue	
Study on Stabilization, Solidification and Remediation Technology of Heavy Metal	50,000.00	Deferred revenue	
Industrialization Project of Landfill Leachate Treatment Equipment	370,000.00	Other income	370,000.00
Land leveling fund	75,023.24	Other income	75,023.24
Integration and Comprehensive Demonstration of Sludge and Waste Disposal and Resource Utilization Technologies	4,071,849.38	Other income	4,071,849.38

Research Topic on Industrialization Secondary Development and Marketization Promotion of Key Technological Achievements of Water Project	2,106,044.40	Other income	2,106,044.40
Sino-German Energy Conservation Allocation	1,086,259.20	Other income	1,086,259.20
Reward for large-scale industrial companies	100,000.00	Other income	100,000.00
Yuhang Science and Technology Bureau Company Research and Development Investment Subsidy Funds	255,100.00	Other income	255,100.00
Construction of Bio-gas Industrialization Platform	300,000.00	Other income	300,000.00
Special Subsidy Fund for Comprehensive Treatment of Taihu Lake Water Environment in Jiangsu Province	2,644,222.00	Other income	2,644,222.00
Changzhou Food Waste Waste Resource Utilization and Harmless Treatment Pilot	1,239,468.00	Other income	1,239,468.00
Financial Subsidy from Tonglu County Development and Reform Bureau	1,320,000.00	Non-operating income	1,320,000.00
The Second Batch of Provincial Special Funds for Transformation and Upgrading of Industry and Information Industry in 2018	1,250,000.00	Non-operating income	1,250,000.00
Yongyang Town Urban Infrastructure Subsidy	726,000.00	Non-operating income	726,000.00
Special Funds for the First Batch of International Science and Technology Cooperation Projects in 2019 Provincial Policy Guidance Plan	700,000.00	Non-operating income	700,000.00
Little Giant Subsidy	700,000.00	Non-operating income	700,000.00
Yongyang Town Finance and Asset Management Bureau Special Fund for Advanced	553,000.00	Non-operating income	553,000.00

Manufacturing Industry			
Lishui District Science and Technology Bureau	300,000.00	Non-operating income	300,000.00
Trinity Special Fund	277,000.00	Non-operating income	277,000.00
Science and Technology Bureau Science and Technology Innovation Subsidy	250,000.00	Non-operating income	250,000.00
2018 Recognition of Company Technology Center Award	200,000.00	Non-operating income	200,000.00
In 2017, brand strategy awards will be implemented in depth.	100,000.00	Non-operating income	100,000.00
Patent Awards	100,000.00	Non-operating income	100,000.00
Lishui District Finance Bureau Science and Technology Innovation Award	100,000.00	Non-operating income	100,000.00
Technological transformation incentive fund	90,000.00	Non-operating income	90,000.00
Provincial Company Technology Center to Re-identify High-tech Companies	60,000.00	Non-operating income	60,000.00
Patent subsidy	42,400.00	Non-operating income	42,400.00
Appropriation of Special Funds for Going Global Development	11,300.00	Non-operating income	11,300.00
Chaoyang District Patent Subsidy and Award	5,900.00	Non-operating income	5,900.00
Other	86,306.00	Non-operating income	86,306.00

(2) Return of government subsidies

Applicable Not Applicable

58. Other

None

8. Changes in the scope of consolidation

1. Reverse purchase

There was no reverse purchase in the Group during the year

2. Disposal of subsidiaries

Is there any case where the control right is lost when the investment in subsidiaries is disposed of once

Yes No

Is there any case where the investment in subsidiaries is disposed of step by step through multiple transactions and the control right is lost in the current period?

Yes No

3. Changes in the scope of consolidation due to other reasons

Explain the changes in the scope of merger caused by other reasons (e.g. New subsidiaries, liquidation subsidiaries, etc.) and their related information:

Details of the newly established subsidiaries in this period are as follows:

Name of Subsidiary	Establishment Date/Investment Date	Place of registration	Main business	Registered capital	Proportion of shareholding (%)	
					Direct	Indirect
Quanzhou WELLE Environmental Service Co., Ltd.	2019-10-31	Quanzhou, Fujian	Landfill leachate treatment	3 million		100.00
Changzhou Weizhong New Energy Co., Ltd.	2019-5-13	Changzhou, Jiangsu Province	Tidal power generation; Biogas power generation; Landfill gas power generation; Environmental protection technology development, technical consultation, technology transfer and technical services; Environmental protection engineering construction	35 million		51.00
Xi'an WELLE Environmental Services Co., Ltd.	2019-5-20	Xi'an, Shaanxi Province	Landfill leachate treatment	10 million	100.00	

IX. Rights and interests in other subjects

1. Interests in subsidiaries

(1) Composition of company groups

Name of Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Acquisition Method
				Direct	Indirect	

Changzhou WELLE Environmental Service Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	BOT Project Construction and Operation	100.00%		Establishment
Beijing Huiheng Environmental Engineering Co., Ltd.	Beijing	Beijing	Project contracting and equipment sales	59.71%		Merger of Companies Not under the Same Control
Changzhou Huiheng Membrane Technology Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Film production and sales		59.71%	Merger of Companies Not under the Same Control
Bama Huiheng environmental protection Co., Ltd	Guangxi Bama	Guangxi Bama	Sewage Treatment Project Company		59.71%	Establishment
Heyang Huiheng Huatian environmental protection Co., Ltd	Heyang, Shaanxi	Heyang, Shaanxi	Sewage Treatment Project Company		59.71%	Establishment
Qingyang Huiheng Huatian Water Treatment Co., Ltd.	Qingyang, Anhui Province	Qingyang, Anhui Province	Sewage treatment		59.71%	Establishment
Tengzhou Huiteng Environmental Protection Technology Co., Ltd.	Tengzhou, Shandong Province	Tengzhou, Shandong Province	Sewage treatment		59.71%	Establishment
Changzhou WELLE Food Waste Treatment Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	BOT Project Construction and Operation	100.00%		Establishment
Hainan WELLE Environmental Service Co., Ltd.	Sanya, Hainan	Sanya, Hainan	BOT Project Construction and Operation	100.00%		Establishment
Changzhou ELEX Environmental Protection Technology Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Design, Sales and Technical Services	66.26%		Merger of Companies Not under the Same Control
Hunan Renhe Huiming environmental protection technology Co., Ltd	Liuyang, Hunan	Liuyang, Hunan	BOT Project Construction and Operation	100.00%		Merger of Companies Not under the Same Control
Changzhou Dawei	Changzhou,	Changzhou,	Sales of environmental protection	100.00%		Merger of

Environmental Technology Co., Ltd.	Jiangsu Province	Jiangsu Province	technical services and environmental protection equipment			Companies Not under the Same Control
Wenling WELLE Environmental Services Co., Ltd.	Wenling, Zhejiang	Wenling, Zhejiang	BOT Project Construction and Operation	100.00%		Establishment
Hangzhou Energy and Environmental Engineering Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	General Contracting for Biogas Project Design and Construction and Manufacturing and Sales of Complete Equipment	100.00%		Merger of Companies Not under the Same Control
Hangzhou Puda Renewable Energy Equipment Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Production and sales of renewable energy equipment and materials		100.00%	Merger of Companies Not under the Same Control
Tonglu WELLE Water Co., Ltd.	Tonglu, Zhejiang	Tonglu, Zhejiang	BOT Project Construction and Operation	100.00%		Establishment
Tonglu Shawan Fanvili Sewage Treatment Co., Ltd.	Tonglu, Zhejiang	Tonglu, Zhejiang	BOT Project Construction and Operation	100.00%		Establishment
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	Jilin Dunhua	Jilin Dunhua	BOO Project Construction and Operation	80.00%		Merger of Companies Not under the Same Control
WELLE Environmental (Luxembourg) S.a.r.l	Luxembourg	Luxembourg	Investment company	100.00%		Establishment
European WELLE Environmental Protection Technology Co., Ltd.	Germany	Germany	Sales of environmental protection technical services and environmental protection equipment		100.00%	Establishment
EuRec Environmental Technology Co., Ltd.	Germany	Germany	Production and sales of environmental protection equipment		70.00%	Merger of Companies Not under the Same Control
WELLE Environmental Services (Thailand) Co., Ltd.	Thailand	Thailand	Waste incineration power generation		100.00%	Establishment
Tonglu Hengcun Town Sewage Treatment Co., Ltd.	Tonglu, Zhejiang	Tonglu, Zhejiang	BOT Project Construction and Operation	100.00%		Merger of Companies Not under the Same

						Control
Zongyang WELLE Environmental Services Co., Ltd.	Zongyang, Anhui Province	Zongyang, Anhui Province	Construction and Operation of Sewage Treatment Facilities	90.00%		Establishment
Jiangsu WELLE Environmental Group Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Sales of environmental protection projects and environmental protection equipment	100.00%		Establishment
Xi'an WELLE Environmental Protection Technology Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	BOT Project Construction and Operation	100.00%		Establishment
Changzhou Jinyuan Machinery Equipment Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Machining	100.00%		Merger of Companies Not under the Same Control
Jiangsu WELLE Environmental Investment Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Investment company	100.00%		Establishment
Shaoxing WELLE Food waste Recycling Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Food waste disposal		80.00%	Establishment
Shan County WELLE Environmental Service Co., Ltd.	Heze, Shandong Province	Heze, Shandong Province	Landfill leachate treatment	100.00%		Establishment
Changchun WELLE Food waste Treatment Co., Ltd.	Changchun, Jilin	Changchun, Jilin	Food waste disposal	100.00%		Establishment
Tonglu WELLE Food waste Treatment Co., Ltd.	Tonglu, Zhejiang	Tonglu, Zhejiang	Food waste disposal		100.00%	Establishment
Shenyang WELLE Environmental Service Co., Ltd.	Shenyang, Liaoning	Shenyang, Liaoning	Landfill leachate treatment		100.00%	Establishment
Ningde WELLE Environmental Protection Technology Co., Ltd.	Ningde, Fujian	Ningde, Fujian	Food waste disposal	100.00%		Merger of Companies Not under the Same Control
Suzhou Hanfeng Technology Development	Suzhou, Jiangsu	Suzhou, Jiangsu	Energy saving service	100.00%		Merger of Companies Not under the Same Control

Engineering Co., Ltd.						Control
Nanjing Doule Refrigeration Equipment Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Manufacturing and Sales of Oil and Gas Recovery Equipment	100.00%		Merger of Companies Not under the Same Control
Nanjing Doule Environmental Protection Technology Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Manufacturing and sales of air purification equipment		100.00%	Merger of Companies Not under the Same Control
Lotto WELLE Environmental Services Co., Ltd.	Ledong	Ledong	Business Services		100.00%	Establishment
Shenyang WELLE Environmental Technology Co., Ltd.	Shenyang	Shenyang	Business Services		100.00%	Establishment
Changzhou WELLE Ecological Agriculture Development Co., Ltd.	Changzhou Wujin	Changzhou Wujin	Science and Technology Promotion and Application Service Industry		100.00%	Establishment
Dongyang WELLE Environmental Services Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Residential services, repair and other services		100.00%	Establishment
Changzhou WELLE Dehua Energy Saving Technology Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Professional and technical service industry		100.00%	Establishment
Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	Guangxi Wuming	Guangxi Wuming	Electricity, heat production and supply industry	100.00%		Merger of Companies Not under the Same Control
Quanzhou WELLE Environmental Service Co., Ltd.	Quanzhou, Fujian	Quanzhou, Fujian	Landfill leachate treatment		100.00%	Establishment
Changzhou Weizhong New Energy Co., Ltd.	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Tidal power generation; Biogas power generation; Landfill gas power generation; Environmental protection technology development, technical consultation, technology transfer and technical services; Environmental		51.00%	Establishment

			protection engineering construction			
Xi'an WELLE Environmental Services Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Landfill leachate treatment	100.00%		Establishment

(2) Important non-wholly owned subsidiaries

Unit: yuan

Name of Subsidiary	Proportion of shares held by minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Balance of minority shareholders' equity at the end of the period
Beijing Huiheng Environmental Engineering Co., Ltd.	40.29%	6,335,654.57	2,095,080.00	92,028,570.87
Changzhou ELEX Environmental Protection Technology Co., Ltd.	33.74%	53,647.93	0.00	-1,852,827.67
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	20.00%	-97,927.30	0.00	1,619,095.27
Zongyang WELLE Environmental Services Co., Ltd.	10.00%	-21,292.02	0.00	1,054,829.76
EuRec Environmental Technology Co., Ltd.	30.00%	-1,750,613.44	0.00	4,009,610.76
Shaoxing WELLE Food waste Recycling Co., Ltd.	20.00%	-152,297.53	0.00	10,793,015.76
Changzhou Weizhong New Energy Co., Ltd.	49.00%	-48,896.45	0.00	4,361,103.55

(3) Main financial information of important non-wholly-owned subsidiaries

Unit: yuan

Name of Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Beijing Huiheng	384,514,	31,629,9	416,144,	187,729,		187,729,	379,184,	28,186,1	407,370,	189,480,		189,480,

Environmental Engineering Co., Ltd.	844.36	85.57	829.93	414.51		414.51	744.05	26.03	870.08	583.91		583.91
Changzhou ELEX Environmental Protection Technology Co., Ltd.	32,909,353.23	96,066.10	33,005,419.33	35,358,904.38		35,358,904.38	37,558,038.20	52,065.87	37,610,104.07	40,122,593.05		40,122,593.05
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	29,232,509.94	198,651,139.50	227,883,649.44	184,038,566.08	35,749,607.00	219,788,173.08	19,105,566.95	109,911,713.63	129,017,280.58	97,682,560.73	22,749,607.00	120,432,167.73
Zongyan WELLE Environmental Services Co., Ltd.	21,302,064.45	22,500,058.14	43,802,122.59	28,741,356.24	4,512,468.75	33,253,824.99	18,975,576.41	17,430,547.69	36,406,124.10	18,144,906.30	7,500,000.00	25,644,906.30
EuRec Environmental Technology Co., Ltd.	29,667,651.44	3,134,053.48	32,801,704.92	19,892,328.30		19,892,328.30	48,809,829.64	2,161,451.37	50,971,281.01	31,241,521.50		31,241,521.50
Shaoxing WELLE Food waste Recycling Co.,	35,707,209.58	201,455,691.46	237,162,901.04	31,617,766.35	151,580,055.90	183,197,822.25	35,151,514.21	179,574,525.29	214,726,039.50	49,569,617.97	11,429,855.09	159,999,473.06

Ltd.												
Changzhou Weizhong New Energy Co., Ltd.	6,131,401.72	4,259,526.43	10,390,928.15	1,490,716.83		1,490,716.83						

Unit: yuan

Name of Subsidiary	Amount incurred in current period				Amount incurred in previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Beijing Huiheng Environmental Engineering Co., Ltd.	92,552,338.05	15,725,129.25	15,725,129.25	-344,331.21	139,623,772.73	23,495,720.20	23,495,720.20	45,677,846.62
Changzhou ELEX Environmental Protection Technology Co., Ltd.	29,438,976.10	159,003.93	159,003.93	-5,398,704.27	27,736,376.81	-2,179,616.28	-2,179,616.28	9,092,045.95
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	0.00	-489,636.49	-489,636.49	44,042,447.41		-406,129.74	-406,129.74	14,093,450.46
Zongyang WELLE Environmental Services Co., Ltd.	0.00	-212,920.20	-212,920.20	401,939.15		-108,048.13	-108,048.13	-215,480.35
EuRec Environmental Technology Co., Ltd.	40,823,072.79	-6,754,143.86	-6,754,143.86	10,067,139.16	70,450,093.60	17,905,992.90	17,905,992.90	21,389,146.36
Shaoxing	234,345.14	-761,487.65	-761,487.65	2,744,875.10	70,172.50	-120,700.07	-120,700.07	1,693,966.90

WELLE Food waste Recycling Co., Ltd.								
Changzhou Weizhong New Energy Co., Ltd.		-99,788.68	-99,788.68	-132,162.94				

(4) Significant restrictions on the use of company group assets and the discharge of company group debts

None

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

The Company provides guarantee for the long-term loans of its subsidiaries Changzhou WELLE Food Waste Treatment Co., Ltd., Changzhou Dawei Environmental Technology Co., Ltd., Shenyang WELLE Environmental Service Co., Ltd., Zongyang WELLE Environmental Service Co., Ltd. And Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.

2. Interests in joint ventures or joint ventures

(1) Important joint ventures or joint ventures

Name of joint venture or joint venture	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Accounting Treatment Methods for Investment of Joint Ventures or Joint Ventures
				Direct	Indirect	
Guangzhou Wanwei environmental protection Co., Ltd	Guangzhou, Guangdong	Guangzhou, Guangdong	Garbage disposal services	49.00%		Equity method of accounting
Guangzhou Yinli Environmental Service Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Environmental Protection Engineering Construction and Service	35.00%		Equity method of accounting
Haikou Shenwei Environmental Service Co., Ltd.	Haikou, Hainan	Haikou, Hainan	BOT Project Construction and Operation	30.00%		Equity method of accounting
Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Ecological Protection and Environmental Management Industry		40.00%	Equity method of accounting

Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	Jingmen, Hubei Province	Jingmen, Hubei Province	Intravenous industry consulting services, waste management		30.00%	Equity method of accounting
Zhongguanghe Tuquan Bioenergy Co., Ltd.	Inner Mongolia	Inner Mongolia	Manufacturing of chemical raw materials and chemicals	30.00%		Equity method of accounting

(2) Main financial information of important joint ventures

None

(3) Main financial information of important associated companies

Unit: yuan

	Ending Balance/Amount in Current Period						Opening Balance/Amount of Previous Period				
	Guangzhou Wanwei environmental protection Co., Ltd	Guangzhou Yinli Environmental Service Co., Ltd.	Haikou Shenwei Environmental Service Co., Ltd.	Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.	Zhongguanghe Tuquan Bioenergy Co., Ltd.	Guangzhou Wanwei environmental protection Co., Ltd	Guangzhou Yinli Environmental Service Co., Ltd.	Haikou Shenwei Environmental Service Co., Ltd.	Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.
Current assets	397,684.17	57,803,116.32	74,681,015.31	90,246,797.82	16,400,608.66	47,902,035.55	794,300.04	92,000,324.55	27,623,545.36	49,634,841.93	9,760,632.49
Non-current assets	7,329,439.21	431,796,086.84	90,365,617.34	313,787,784.18	89,884,677.03	8,448,244.49	7,084,691.55	205,264,292.66	77,231,099.17	365,158.07	48,265,102.73
Total assets	7,727,123.38	489,599,203.16	165,046,632.65	404,034,582.00	106,285,285.69	56,350,280.04	7,878,991.59	297,264,617.21	104,854,644.53	50,000,000.00	58,025,735.22
Current Liabilities	-27,179.91	97,022,909.65	22,140,852.49	-73,076,418.00	5,089,971.75	350,280.04	3,173.02	15,334,004.59	21,422,359.90	0.00	262,781.36
Non-current liabilities	0.00	245,000,000.00	53,000,000.00	290,000,000.00	43,540,000.00	0.00	0.00	178,000,000.00	57,000,000.00	0.00	0.00
Total liabilities	-27,179.91	342,022,909.65	75,140,852.49	216,923,582.00	48,629,971.75	350,280.04	3,173.02	193,334,004.59	78,422,359.90	0.00	262,781.36

Shareholders' equity attributable to the parent company	7,754,303.29	147,576,293.51	89,905,780.16	187,111,000.00	57,655,313.94	56,000,000.00	7,875,818.57	103,930,612.62	26,432,284.63	50,000,000.00	57,762,953.86
Share of net assets calculated according to shareholding ratio	3,799,608.61	51,651,702.73	26,971,734.05	56,133,300.00	23,062,125.58	16,800,000.00	3,859,151.10	36,375,714.42	7,929,685.39	15,000,000.00	23,105,181.54
Book Value of Equity Investment in Associated Companies	3,799,608.61	51,651,702.73	26,971,734.05	56,133,300.00	23,062,125.58	16,800,000.00	3,859,151.10	36,375,714.42	7,929,685.39	15,000,000.00	23,105,181.54
Operating income			32,909,364.56	0.00					38,294,020.73	0.00	
Net profit	-6,282.88	1,222,494.29	2,842,516.64	0.00	-82,061.49	0.00	125,161.04	1,209,079.33	872,285.48	0.00	165,999.51
Net profit from termination of operations	0.00	0.00									
Total comprehensive income	-6,282.88	1,222,494.29	2,842,516.64	0.00	-82,061.49	0.00	125,161.04	1,209,079.33	872,285.48	0.00	165,999.51
Financial expenses	517.00	7,672.41	3,045,119.48	0.00	5,293.49	0.00	1,607.28	16,758.32	3,072,009.41	0.00	-4,384.44
Income tax expense			220,873.38	0.00					787,514.25	0.00	

(4) Summarized financial information of unimportant joint ventures and joint ventures

Unit: yuan

	Ending Balance/Amount in Current Period	Opening Balance/Amount of Previous Period
Joint Venture:	--	--
The total of the following items calculated by shareholding ratio	--	--
Joint Venture:	--	--
Total book value of investments	88,800.00	242,943.22
The total of the following items calculated by shareholding ratio	--	--
-Net profit	-7,949.19	144,165.86
-Total comprehensive income	-7,949.19	144,165.86

(5) Explanation of significant restrictions on the ability of the joint venture or joint venture to transfer funds to the Company

None

(6) Excess losses incurred by joint ventures or joint ventures

None

(7) Unconfirmed commitments related to joint venture investment

None

(8) Contingent liabilities related to the investment of joint ventures or joint ventures

None

3. Interests in structured entities not included in the scope of consolidated financial statements

None

4. Other

None

X. Risks related to financial instruments

The Group's major financial instruments include loans, receivables, payables, etc. See Note 6 for details of various financial instruments. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are described below. Group management manages and monitors these exposures to ensure that the above risks are controlled within a limited range.

Various risk management objectives and policies

The Group's goal in risk management is to strike an appropriate balance between risks and returns, reduce the negative impact of risks on the Group's operating performance to a minimum level, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to determine and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and carry out risk management, supervise various risks in a timely and reliable manner, and control risks within a limited range.

(1) Market risk

Exchange rate risk

The Group's exposure to exchange rate risk is mainly related to USD, EUR and Thai Baht, Except that the Company sells in US dollars, its subsidiary Changzhou Jinyuan Machinery and Equipment Co., Ltd. sells in US dollars and euros, and Changzhou ELEX Environmental Protection Technology Co., Ltd. purchases in euros, and its overseas subsidiaries settle in US dollars, euros and Thai baht. Other major business activities of the Group are denominated and settled in Renminbi. As at December 31st, 2019, the Group's assets and liabilities are RMB balances except for the US dollar, Euro and Thai baht balances of the assets and liabilities described in the following table. Exchange rate risks arising from the assets and liabilities of these US dollar, euro and Thai baht balances may affect the Group's operating results.

Project	December 31st, 2019	December 31st, 2018
Monetary Fund-US Dollar	56,661.31	3,544,554.49
Monetary Funds-Euro	3,069,050.78	3,010,915.51

Monetary Fund-Thai Baht	39,161,067.98	23,608,781.50
Accounts Receivable-USD	3,863,457.89	13,722.00
Accounts Receivable-Euro	420,103.26	826,550.17
Accounts Receivable-Thai Baht	36,271,768.20	
Advances-Euro	16,043.49	133,803.46
Advance payment-Thai baht	36,000.00	29,057,598.25
Other receivables-Euro	115,451.92	51,835.43
Other receivables-Thai baht	750,477.29	688,422.69
Inventory-Euro	3,088,788.15	2,959,095.37
Other current assets-Euro		81,760.61
Other liquid assets-Thai baht	2,566,976.53	
Fixed assets-Euro	2,663,397.79	2,665,025.94
Fixed Assets-Thai Baht	1,215,008.22	216,074.37
Intangible assets-Euro	178,191.20	155,385.20
Goodwill-Euro		517,829.23
Accounts Payable-Euro	461,915.56	376,816.58
Accounts Payable-Thai Baht	34,473,964.98	
Advance receipts-EUR	83,390.00	700,830.00
Employee Compensation Payable-EUR	356,354.32	312,175.38
Taxes Payable-Euro	253,062.97	232,951.62
Taxes payable-Thai baht	124,693.84	5,477.18
Other payables-EUR	147,454.35	117,670.52
Other payables-Thai baht	133,600.00	
Non-current liabilities due within one year-Euro		2,100,000.00

2) Interest rate risk

The Group's interest rate risk mainly comes from bank loans. Financial liabilities with floating interest rates will expose the Group to cash flow interest rate risks, while financial liabilities with fixed interest rates will expose the Group to fair value interest rate risks. The Group determines the relative ratio of fixed interest rate and floating interest rate contracts according to the prevailing market environment. As at December 31st, 2019, the Group's interest-bearing debts were mainly fixed-rate loan contracts in RMB, with a total loan amount of 1,661,211,600 yuan.

3) Price risk

The Group purchases raw materials such as steel products at market prices and is therefore affected by such price fluctuations.

(2) Credit risk

On December 31st, 2019, the maximum credit risk exposure that may cause financial losses to the Group mainly comes from the losses of the Group's financial assets caused by the failure of the other party to perform its obligations and the financial guarantees undertaken by the Group, mainly including the credit risks of working capital and receivables.

The Group's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

The Group's receivables are generated from business activities. The Group has adopted necessary policies to ensure that sales customers have good credit records, set up special departments to determine credit lines, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue creditor's rights. In addition, the Group reviews the recovery of each individual receivable on each balance sheet date to ensure that sufficient provision for bad debts is made for unrecoverable amounts. Therefore, the management of the Group believes that the credit risk borne by the Group has been greatly reduced and within the control range. Except for the disclosed long-term receivables (amount 23.1237 million yuan) and the top five receivables (total amount of the top five is 294.6358 million yuan), the Group has no other significant credit concentration risks.

(3) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at maturity. The Group's principle of managing liquidity risk is to ensure sufficient liquidity to fulfill maturing debts without causing unacceptable losses or damage to the reputation of the company. The Group effectively controls and reduces liquidity risks by implementing the following major liquidity risk management policies, mainly including: regular analysis of debt structure and maturity to ensure sufficient funds; Monitor the use of bank loans and strictly abide by the loan agreement; Conduct financing negotiations with financial institutions to maintain a certain credit line, etc.

At present, the Group uses bank loans as its main source of financing and corporate bonds as its auxiliary source of financing. As at December 31st, 2019, the Group's unused bank credit line was 1, 085.1076 million yuan.

The financial assets and financial liabilities held by the Group at the end of the year are analyzed as follows according to the maturity period of undiscounted remaining contractual obligations:

Amount as at December 31st, 2019:

Item	Within one year	One to two years	Two to five years	More than five years	Total
Financial assets					
Monetary fund	819,021,987.68	0.00	0.00	0.00	819,021,987.68
Accounts Receivable	1,306,608,615.41	0.00	0.00	0.00	1,306,608,615.41
Bills Receivable	91,720,334.48	0.00	0.00	0.00	91,720,334.48
Receivables financing	55,745,035.47	0.00	0.00	0.00	55,745,035.47
Other receivables	162,854,249.34	0.00	0.00	0.00	162,854,249.34
Non-current assets due within one year	40,377,358.49	0.00	0.00	0.00	40,377,358.49
Long-term receivables	0.00	23,123,650.90	0.00	0.00	23,123,650.90
Financial liabilities					
Short-term borrowing	585,374,469.54	0.00	0.00	0.00	585,374,469.54
Accounts Payable	1,113,697,129.19	0.00	0.00	0.00	1,113,697,129.19
Bills payable	374,739,797.00	0.00	0.00	0.00	374,739,797.00
Other payables	103,483,896.27	0.00	0.00	0.00	103,483,896.27
Remuneration payable to employees	24,669,944.90	0.00	0.00	0.00	24,669,944.90
Non-current liabilities due within one year	490,228,941.70	0.00	0.00	0.00	490,228,941.70
Long-term borrowing	1,621,605.78	174,052,000.00	254,596,000.00	155,035,284.44	585,304,890.22
Long-term payables		7,492,712.37	25,462,945.93	0.00	32,955,658.30

XI. Disclosure of fair value

1. The ending fair value of assets and liabilities measured at fair value

Unit: yuan

Item	Fair value at the end of the period			
	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Total
I. Continuous fair value measurement	--	--	--	--
1. Financial assets measured at fair value and whose changes are included in the profits and losses of the current period			20,396,742.15	20,396,742.15
II. Non-continuous fair value measurement	--	--	--	--

2. Basis for determining the market price of continuous and non-continuous first-level fair value measurement items

None

3. Qualitative and quantitative information of continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and important parameters

None

4. Qualitative and quantitative information of continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and important parameters

None

5. Continuous third-level fair value measurement items, adjustment information between book values at the beginning and end of the period and sensitivity analysis of unobservable parameters

None

6. For continuous fair value measurement items, if there is a conversion between different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point.

None

7. Changes in valuation technology and reasons for changes in the current period

None

8. Fair value of financial assets and financial liabilities not measured at fair value

Receivables financing at the end of the year are all bank acceptance bills, and the Group takes the par value as its reasonable estimate of fair value.

At the end of the year, the Company took the unobservable input value (investment cost) of relevant assets or liabilities as the reasonable estimate of its fair value for the investments in Shenzhen Dingqing Venture Capital Partnership (Limited Partnership), Changzhou Jiangnan Business Consulting Co., Ltd. and Jiangsu Jiangnan Rural Commercial Bank Co., Ltd. Of other non-current assets.

9. Other

None

XII. Related parties and related party transactions

1. Information of the parent company of the company

Name of parent company	Place of registration	Nature of business	Registered capital	The shareholding ratio of the parent company to the company	Proportion of voting rights of the parent company to the company
Changzhou Deze Industrial Investment Co., Ltd.	Xinbei District, Changzhou City	Industrial Investment	10 million yuan	35.16%	35.16%

Description of the parent company of the company

The ultimate controlling party of the company is Li Yuezhong.

2. Subsidiaries of the company

For details of subsidiaries of this company, please refer to the relevant contents of notes "IX, 1.

(1) Composition of company groups".

3. Information on joint ventures and joint ventures of the company

For details of important joint ventures or joint ventures of this company, please refer to the relevant contents of Notes "IX, 2. (1) Important Joint Ventures or Joint Ventures".

4. Information of other related parties

Names of other related parties	Relationship between other related parties and the company
Li Yao	The immediate family members of Mr. Li Yuezhong, Director and Actual Controller
Beijing Dianlu Technology Co., Ltd.	Companies controlled by Li Yao
Xiamen Muyun Data Technology Co., Ltd.	A company controlled by an executive (deputy general manager) of the company.
Haikou Shenwei Environmental Service Co., Ltd.	The invested company with a direct shareholding ratio of 30% at the end of the year
Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	The invested company with an indirect shareholding ratio of 30% at the end of the year

5. Related party transactions

(1) Related party transactions in purchasing and selling commodities, providing and receiving labor services

Products Purchased/Services Accepted Table

Unit: yuan

Related parties	Contents of related party transactions	Amount incurred in current period	Approved Transaction Limit	Is the transaction limit exceeded	Amount incurred in previous period
Xiamen Muyun Data Technology Co., Ltd.	Purchase products/receive services	2,253,762.14			371,102.91

Table of Products Sold/Services Provided

Unit: yuan

Related parties	Contents of related party transactions	Amount incurred in current period	Amount incurred in previous period
Haikou Shenwei Environmental Service Co., Ltd.	Sell products/provide services	54,644,316.82	11,623,909.69
Zhongdeyuan (Jingmen) Vein Industry Co., Ltd.	Sell products/provide services	175,277,045.17	

(2) Related Guarantee

The Company acts as the guarantor

Unit: yuan

Guaranteed Party	Guarantee Amount	Warranty commencement date	Warranty Expiration Date	Has the guarantee been fulfilled
Guangzhou Yinli Environmental Service Co., Ltd.	119,000,000.00	July 22 nd , 2017	July 21 st , 2032	No
Shaoxing WELLE Food waste Recycling Co., Ltd.	80,000,000.00	March 26 th , 2018	December 24 th , 2032	No
Changzhou WELLE Food Waste Treatment Co., Ltd.	45,000,000.00	April 27 th , 2015	April 27 th , 2023	No
Changzhou Dawei Environmental Technology Co., Ltd.	50,000,000.00	July 13 th , 2017	July 12 th , 2025	No
Hangzhou Energy and Environmental Engineering Co., Ltd.	50,000,000.00	December 10 th , 2018	June 4 th , 2020	No

Suzhou Hanfeng Technology Development Engineering Co., Ltd.	30,000,000.00	August 8 th , 2018	July 5 th , 2021	No
Zongyang WELLE Environmental Services Co., Ltd.	13,000,000.00	July 28 th , 2017	June 21 st , 2022	No
Haikou Shenwei Environmental Service Co., Ltd.	17,100,000.00	September 30 th , 2017	September 29 th , 2027	No
Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	50,000,000.00	January 14 th , 2019	January 14 th , 2028	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	40,000,000.00	January 15 th , 2019	November 19 th , 2020	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	30,000,000.00	January 18 th , 2019	April 30 th , 2020	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	50,000,000.00	May 21 st , 2019	May 21 st , 2020	No
Shaoxing WELLE Food waste Recycling Co., Ltd.	50,000,000.00	June 20 th , 2022	December 10 th , 2033	No
Taizhou Fuxing WELLE Environmental Protection Technology Co., Ltd.	48,000,000.00	June 13 th , 2019	June 13 th , 2032	No
Nanjing Doule Refrigeration Equipment Co., Ltd.	20,000,000.00	June 21 st , 2019	June 20 th , 2020	No
Guangzhou Yinli Environmental Service Co., Ltd.	8,750,000.00	August 27 th , 2019	August 26 th , 2020	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	49,500,000.00	August 8 th , 2018	July 5 th , 2021	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	30,000,000.00	December 13 th , 2019	December 13 th , 2022	No
Hangzhou Energy and	80,000,000.00	August 26 th , 2019	July 16 th , 2020	No

Environmental Engineering Co., Ltd.				
Hangzhou Energy and Environmental Engineering Co., Ltd.	80,000,000.00	August 27 th , 2019	August 26 th , 2020	No
Shenyang WELLE Environmental Service Co., Ltd.	79,000,000.00	August 27 th , 2019	August 26 th , 2020	No
Changzhou Jinyuan Machinery Equipment Co., Ltd.	7,000,000.00	September 18 th , 2019	November 24 th , 2031	No
Ningde WELLE Environmental Protection Technology Co., Ltd.	40,000,000.00	October 15 th , 2019	October 14 th , 2020	No
Suzhou Hanfeng Technology Development Engineering Co., Ltd.	50,000,000.00	December 25 th , 2019	December 30 th , 2026	No
Asset Pool	150,000,000.00	October 21 st , 2019	October 20 th , 2020	No

(3) Remuneration of key management personnel

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
	13,659,540.73	8,401,100.00

(4) Other related transactions

None

6. Receivables and payables from related parties

(1) A/R Items

Unit: yuan

Item name	Related parties	Ending balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts Receivable	Haikou Shenwei Environmental Service Co., Ltd.	5,804,200.00	0.00	11,318,450.00	0.00

(2) A/P Items

Unit: yuan

Item Name	Related parties	Ending book balance	Opening book balance
Accounts Payable	Xiamen Muyun Data Technology Co., Ltd.		15,313.60

7. Commitment of related parties

None

8. Other

None

XIII. Share-based payment**1. General situation of share-based payment**Applicable Not Applicable**2. Share-based payment settled by equity**Applicable Not Applicable**3. Share-based payment settled in cash**Applicable Not Applicable**4. Modification and termination of share-based payment**

None

5. Other

None

XIV. Commitments and Contingencies**1、 Important commitments**

None

2. Contingencies

The Company does not have any important contingencies that need to be disclosed.

3. Other

None

XV. Events after the balance sheet date**1. Important non-adjustment matters**

Unit: yuan

Item	Content	Number of impacts on financial position and operating results	The reason why the impact number cannot be estimated
Issuance of stocks and bonds			

WELLE Environmental Group Co., Ltd. has obtained the approval of Document No.21, 2020 of the China Securities Regulatory Commission for the public issuance of convertible corporate bonds.

This time, 917.2387 million yuan of convertible bonds were issued, each with a face value of 100 yuan, totaling 9,172,387.

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2. Profit distribution

Unit: yuan

Profits or dividends to be distributed	78,378,495.70
Profits or dividends declared and distributed after examination and approval	0.00

3. Sales return

None

4. Description of other events after the balance sheet date

None

XVI. Other important matters**1. Other**

1. Realization of the Company's Profit Forecast for Assets Purchased by Issuing Shares in 2017

According to the "Proposal on the Company's Plan to Issue Shares, Pay Cash to Purchase Assets and Raise Supporting Funds" deliberated and passed by the Company's Second Extraordinary General Meeting in 2016, As well as the Reply on Approving Jiangsu WELLE Environmental Protection Technology Co., Ltd. to Issue Shares to Chen Weizu and Other Companies to Purchase Assets issued by China Securities Regulatory Commission on April 20th, 2017 "Securities Regulatory Permit No.537, 2017". The Company purchased 100% equity of Suzhou Hanfeng Technology Development Engineering Co., Ltd. (hereinafter referred to as HANFENG&TECHNOLOGY) from 19 natural person shareholders such as Chen Weizu, Xu Yankai and Zhang Qunhui by issuing shares and paying cash. From 19 natural person shareholders such as Zhang Guide, Yang Wenjie and Zhu Zhiping, they purchased their 100% equity in Nanjing Doule Refrigeration Equipment Co., Ltd. (hereinafter referred to as DOULE REFRIGERATION) by issuing shares.

As of December 31st, 2019, the cumulative profit of HANFENG&TECHNOLOGY from 2016 to 2019 was 268,588,248.67 yuan, 4,411,751.33 yuan less than the cumulative profit forecast commitment of Chen Weizu, Xu Yankai and Zhang Qunhui (hereinafter referred to as Chen Weizu). The profit forecast commitment of Chen Weizu and other three promisors to HANFENG&TECHNOLOGY was not fully realized. The cumulative profit of DOULE REFRIGERATION from 2016 to 2019 is 112,718,335.45 yuan, which is higher than the cumulative performance forecast commitment of natural persons such as Zhang Guide. The profit forecast of DOULE REFRIGERATION by natural persons such as Zhang Guide has been realized.

According to the Profit Forecast Compensation Agreement signed by the Company and Chen Weizu and other three promisors, Chen Weizu and other three promisors shall compensate the Company for the unfinished accumulated profit forecast of HANFENG&TECHNOLOGY by 9,696,156.77 yuan, equivalent to 1,101,141 shares of the Company. Due to impairment of goodwill, the Company shall be additionally compensated 9,946,809.32 yuan, equivalent to 1,129,606 shares of the Company. Chen Weizu and other three promisors shall compensate the Company in total of 19,642,966.09 yuan, equivalent to 2,230,747 shares of the Company.

As of the date of approval of the financial report, the shares of the Company held by Chen Weizu and Zhang Qunhui are under judicial freeze. Due to prudent considerations, the Company has not yet carried out accounting treatment on the above matters that Chen Weizu and other three promisors should compensate the Company's shares in the 2019 financial statements. For goodwill formed by merging HANFENG&TECHNOLOGY under different control, the Company has accrued a goodwill impairment reserve of 19,642,966.09 yuan in the 2019 financial statements.

2. Apart from other important matters disclosed above, the Group has no other important matters.

XVII. Notes on major items in the parent company's financial statements

1. Accounts receivable

(1) Classification disclosure of accounts receivable

Unit: yuan

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable for which provision for bad debts is accrued on a single basis	293,211,114.31	40.54%	0.00	0.00%	293,211,114.31	243,637,188.17	38.56%	0.00	0.00%	243,637,188.17
Of which:										
1. Single accrual combination	95,924,895.13	13.26%	0.00	0.00%	95,924,895.13					
2. Related Party Portfolio	197,286,219.18	27.28%	0.00	0.00%	197,286,219.18	243,637,188.17	38.56%	0.00	0.00%	243,637,188.17
Accounts receivable for which provision for bad debts is accrued by combination	430,056,580.36	59.46%	49,735,433.62	11.56%	380,321,146.74	388,214,219.06	61.44%	46,019,313.14	11.85%	342,194,905.92
Of which:										

1. Aging portfolio	430,056,580. 36	59.46%	49,735,433. 62	11.56%	380,321,146. 74	388,214,219. 06	61.44%	46,019,313. 14	11.85%	342,194,905. 92
Total	723,267,694. 67		49,735,433. 62		673,532,261. 05	631,851,407. 23		46,019,313. 14		585,832,094. 09

Provision for bad debts accrued by combination: accounts receivable for which provision for bad debts is accrued by aging analysis method

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of accrual
Within 6 months	206,807,541.47		0.00%
7-12 months	29,098,359.27	1,454,917.96	5.00%
1-2 years	136,019,394.59	13,601,939.46	10.00%
2-3 years	26,324,242.65	7,897,272.80	30.00%
3-4 years	8,511,295.90	4,255,647.95	50.00%
4-5 years	3,850,455.17	3,080,364.14	80.00%
More than 5 years	19,445,291.31	19,445,291.31	100.00%
Total	430,056,580.36	49,735,433.62	--

Description for determining the basis of this combination:

In the portfolio, the accounts receivable of the related party portfolio

Company Name	Year-end balance		
	Accounts Receivable	Provision for bad debts	Proportion of accrual (%)
Jiangsu WELLE Environmental Group Co., Ltd.	112,147,026.73	0.00	0
Shan County WELLE Environmental Service Co., Ltd.	8,000,000.00	0.00	0
Quanzhou WELLE Environmental Service Co., Ltd.	236,069.14	0.00	0
Hangzhou Energy and Environmental Engineering Co., Ltd.	6,848,800.00	0.00	0
Dongyang WELLE Environmental Services Co., Ltd.	5,630,099.04	0.00	0
Changzhou ELEX Environmental Protection Technology Co., Ltd.	164,000.00	0.00	0
Changzhou WELLE Food Waste Treatment Co., Ltd.	62,337,709.37	0.00	0
Changzhou WELLE Environmental Service Co., Ltd.	1,922,514.9	0.00	0
Total	197,286,219.18	0.00	—

If bad debt reserves for accounts receivable are accrued according to the general model of expected credit losses, please refer to the disclosure methods of other receivables to disclose relevant information on bad debt reserves:

Applicable Not Applicable

Disclosure by Aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	434,192,776.96
0-6 months	360,146,964.37
7-12 months	74,045,812.59
1 to 2 years	170,622,584.94
2 to 3 years	59,251,498.00
More than 3 years	59,200,834.77
3 to 4 years	32,911,238.29
4 to 5 years	4,639,305.17
More than 5 years	21,650,291.31
Total	723,267,694.67

(2) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of change in current period				Ending balance
		Accrual	Withdraw switch back	or Write-off	Other	
By Combination	46,019,313.14	22,712,075.20	18,995,954.71			49,735,433.62
Total	46,019,313.14	22,712,075.20	18,995,954.71			49,735,433.62

(3) Actual write-off of accounts receivable in the current period

None

(4) The accounts receivable of the top five at the end of the period collected by the defaulting party

Unit: yuan

Company Name	Ending balance of accounts receivable	Proportion to the total balance of accounts receivable at the end of the period	Bad Debt Provision Ending Balance
First place	112,147,026.73	15.51%	
Second place	66,176,614.48	9.15%	
Third place	62,337,709.37	8.62%	

Fourth place	41,979,045.13	5.80%	2,083,032.92
Fifth place	34,550,734.68	4.78%	3,815,073.47
Total	317,191,130.39	43.86%	

(5) Accounts receivable derecognized due to transfer of financial assets

None

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

2. Other receivables

Unit: yuan

Item	Ending balance	Opening balance
Dividends receivable	33,319,071.33	55,000,000.00
Other receivables	626,945,562.50	429,570,756.95
Total	660,264,633.83	484,570,756.95

(1) Interest receivable**1) Interest receivable classification**

None

2) Important overdue interest

None

3) Bad debt provision accrual

None

(2) Dividends receivable**1) Dividend receivable classification**

Unit: yuan

Item(invested entity)	Ending balance	Opening balance
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Hangzhou Energy and Environmental Engineering Co., Ltd.	0.00	30,000,000.00
Tonglu WELLE Water Co., Ltd.	26,617,441.06	10,000,000.00
Hunan Renhe Huiming environmental protection technology Co., Ltd	0.00	9,000,000.00
Tonglu Hengcun Town Sewage Treatment Co., Ltd.	6,701,630.27	3,000,000.00
Hainan WELLE Environmental Service Co., Ltd.	0.00	2,000,000.00
Changzhou WELLE Environmental Service Co., Ltd.	0.00	1,000,000.00
Total	33,319,071.33	55,000,000.00

2) Important dividends receivable with an aging of more than 1 year

None

3) Bad debt provision accrual

None

(3) Other receivables

1) Classification of other receivables by nature

Unit: yuan

Nature of payment	Ending book balance	Opening book balance
Current accounts	593,944,287.54	397,434,269.50
Deposit and deposit	36,991,028.30	40,674,760.30
Reserve fund	4,602,760.45	
Other	1,088,013.89	1,159,519.64
Total	636,626,090.18	439,268,549.44

2) Bad debt provision accrual

Unit: yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected Credit Loss	Expected credit loss for the	Expected credit loss for the	

	in the next 12 Months	whole duration (no credit impairment occurred)	whole duration (credit impairment has occurred)	
Balance on January 1 st , 2019		9,697,792.49		9,697,792.49
The balance on January 1 st , 2019 is in the current period.	--	--	--	--
Accrual for current period		3,695,048.95		3,695,048.95
Reversal of current period		3,712,313.76		3,712,313.76
Balance as at December 31 st , 2019		9,680,527.68		9,680,527.68

Loss reserve Changes in book balances with significant changes in the current period

Applicable Not Applicable

Disclosure by Aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	309,342,166.58
0-6 months	227,539,288.98
7-12 months	81,802,877.60
1 to 2 years	188,798,697.30
2 to 3 years	20,045,000.00
More than 3 years	118,440,226.30
3 to 4 years	47,979,625.00
4 to 5 years	65,313,963.50
More than 5 years	5,146,637.80
Total	636,626,090.18

3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: yuan

Category	Opening balance	Amount of change in current period				Ending balance
		Accrual	Withdraw or switch back	Write-off	Other	
Accrual by Combination	9,697,792.49	3,695,048.95	3,712,313.76			9,680,527.68
Total	9,697,792.49	3,695,048.95	3,712,313.76			9,680,527.68

In the portfolio, other receivables of related party portfolios

Company Name	Year-end balance		
	Other receivables	Provision for bad debts	Proportion of accrual (%)
Changzhou Jinyuan Machinery Equipment Co., Ltd.	35,590,413.00	0.00	0
Jiangsu WELLE Environmental Protection Technology Co., Ltd.	151,432,811.91	0.00	0
Shenyang WELLE Environmental Service Co., Ltd.	66,706,645.00	0.00	0
Tonglu Shawan Fanvili Sewage Treatment Co., Ltd.	6,000,000.00	0.00	0
Wenling WELLE Environmental Services Co., Ltd.	3,494,310.00	0.00	0
Total	263,224,179.91	0.00	—

Among them, the reversal or recovery amount of bad debt reserves in the current period is important:

Unit: yuan

Company Name	Withdraw or switch back amount	Withdraw method
Yiwu City Investment and Construction Group Co., Ltd.	1,428,010.24	Individual identification
Changchun Municipal Finance Bureau	1,157,266.90	Individual identification
Total	2,585,277.14	--

4) Other receivables actually written off in the current period

None

5) Other receivables of the top five at the end of the period collected by the defaulting party

Unit: yuan

Company Name	Nature of the money	Ending balance	Aging	Proportion to total balance of other receivables at the end of the period	Bad Debt Provision Ending Balance
Dunhua Zhongneng Environmental Protection Power Co., Ltd.	Current accounts	160,066,310.33	Within 2 years	25.14%	0.00
Tonglu WELLE Water	Current accounts	98,000,000.00	Within 5 years	15.39%	0.00

Co., Ltd.					
Xi'an Villy Environmental Protection Technology Co., Ltd.	Current accounts	71,750,000.00	Within 2 years	11.27%	0.00
Changzhou WELLE Food Waste Treatment Co., Ltd.	Current accounts	71,380,000.00	Within 2 years	11.21%	0.00
Ningde Weili Environmental Protection Technology Co., Ltd.	Current accounts	56,654,379.28	Within 2 years	8.90%	0.00
Total	--	457,850,689.61	--	71.92%	

6) Receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities resulting from transfer of other receivables and continued involvement

None

2. Long-term equity investment

Unit: yuan

Item	Ending balance			Opening balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	2,843,110,140.15	0.00	2,843,110,140.15	2,808,540,140.15	0.00	2,808,540,140.15
Investment in joint ventures and joint ventures	90,663,059.09	0.00	90,663,059.09	48,556,973.12	0.00	48,556,973.12
Total	2,933,773,199.24		2,933,773,199.24	2,857,097,113.27	0.00	2,857,097,113.27

(1) Investment in subsidiaries

Unit: yuan

Invested entity	Opening balance (book value)	Increase or decrease in current period				Ending balance (book value)	Ending balance of impairment provision
		Additional Investment	Reduce investment	Provision for impairment	Other		
1. Changzhou ELEX Environmental Protection Technology Co., Ltd.	5,609,279.10	0.00	0.00	0.00	0.00	5,609,279.10	
2. Changzhou WELLE Environmental Service Co., Ltd.	86,720,145.00	0.00	0.00	0.00	0.00	86,720,145.00	
3. Changzhou Dawei Environmental Technology Co., Ltd.	50,358,402.40	0.00	0.00	0.00	0.00	50,358,402.40	
4. Beijing Huiheng Environmental Engineering Co., Ltd.	11,576,606.26	0.00	0.00	0.00	0.00	11,576,606.26	
5. Changzhou WELLE Food Waste Treatment Co., Ltd.	164,734,000.00	30,720,000.00	0.00	0.00	0.00	195,454,000.00	
6. Hainan WELLE Environmental Service Co., Ltd.	23,070,000.00	0.00	0.00	0.00	0.00	23,070,000.00	
7. Hunan Renhe Huiming Environmental Protection Technology Co., Ltd.	55,483,900.00	0.00	0.00	0.00	0.00	55,483,900.00	
8. Wenling WELLE Environmental Services Co.,	33,490,000.00	0.00	0.00	0.00	0.00	33,490,000.00	

Ltd.							
9. Hangzhou Energy and Environmental Engineering Co., Ltd.	459,999,894.46	0.00	0.00	0.00	0.00	459,999,894.46	
10. Tonglu WELLE Water Co., Ltd.	60,000,000.00	0.00	0.00	0.00	0.00	60,000,000.00	
11. Tonglu Shawan Fan WELLE Sewage Treatment Co., Ltd.	60,000,000.00	0.00	0.00	0.00	0.00	60,000,000.00	
12. Dunhua Zhongneng Environmental Protection Power Co., Ltd.	8,000,000.00	0.00	0.00	0.00	0.00	8,000,000.00	
13. Tonglu Hengcun Town Sewage Treatment Co., Ltd.	80,000,000.00	0.00	0.00	0.00	0.00	80,000,000.00	
14. WELLE Environmental (Lux) s.a.r.l	74,045,200.00	0.00	0.00	0.00	0.00	74,045,200.00	
15. Zongyang WELLE Environmental Services Co., Ltd.	9,900,000.00	0.00	0.00	0.00	0.00	9,900,000.00	
16. Jiangsu WELLE Environmental Group Co., Ltd.	200,000,000.00	0.00	0.00	0.00	0.00	200,000,000.00	
17. Xi'an Villy Environmental Protection Technology Co., Ltd.	67,850,000.00	0.00	0.00	0.00	0.00	67,850,000.00	

18. Changzhou Jinyuan Machinery Equipment Co., Ltd.	78,142,712.93	0.00	0.00	0.00	0.00	78,142,712.93	
19. Jiangsu WELLE Environmental Investment Co., Ltd.	24,550,000.00	0.00	0.00	0.00	0.00	24,550,000.00	
20. Shan County WELLE Environmental Service Co., Ltd.	8,500,000.00	2,000,000.00	0.00	0.00	0.00	10,500,000.00	
21. Ningde WELLE Environmental Protection Technology Co., Ltd.	12,500,000.00	0.00	0.00	0.00	0.00	12,500,000.00	
22. Changchun WELLE Food waste Treatment Co., Ltd.	5,000,000.00	0.00	0.00	0.00	0.00	5,000,000.00	
23. Suzhou Hanfeng Technology Development Engineering Co., Ltd.	800,000,000.00	0.00	0.00	0.00	0.00	800,000,000.00	
24. Nanjing Doule Refrigeration Equipment Co., Ltd.	300,010,000.00	0.00	0.00	0.00	0.00	300,010,000.00	
25. Guangxi Wuming WELLE Energy Environmental Protection Co., Ltd.	30,000,000.00	0.00	0.00	0.00	0.00	30,000,000.00	
26. West	0.00	1,850,000.00	0.00	0.00	0.00	1,850,000.00	

WELLE Environmental Services Co., Ltd.							
Total	2,808,540,140.15	34,570,000.00				2,843,110,140.15	0.00

(2) Investment in joint ventures and joint ventures

Unit: yuan

Investment company	Opening balance (book value)	Increase or decrease in current period								Ending balance (book value)	Ending balance of impairment provision
		Additional Investment	Reduce investment	Investment gains and losses recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declare cash dividends or profits	Provision for impairment	Other		
I. Joint Venture											
2. Associated Companies											
1. Guangzhou Wanwei Environmental Protection Co., Ltd.	3,859,151.09	0.00		-59,708.90						3,799,442.19	
2. Guangzhou Yinli Environmental Service Co., Ltd.	36,375,714.42	15,400,000.00		-427,873.00						51,347,841.42	
3. Haikou Shenwei Environmental Service Co., Ltd.	8,079,164.39	11,250,000.00		-852,754.99						18,476,409.40	
4. Jiangsu	242,943.2	0.00		-3,577.14						239,366.0	

Yanjiang Ecological Protection Engineering Co., Ltd.	2									8	
5. Zhongguanghe Tuquan Bioenergy Co., Ltd.	0.00	16,800,000.00		0.00						16,800,000.00	
Subtotal	48,556,973.12	43,450,000.00		-1,343,914.03						90,663,059.09	
Total	48,556,973.12	43,450,000.00		-1,343,914.03						90,663,059.09	0.00

(3) Other explanations

None

4. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	1,356,242,934.94	1,052,593,419.85	698,066,085.48	509,167,988.02
Other businesses	22,312,745.49	17,536,745.04	20,829,810.47	11,946,286.74
Total	1,378,555,680.43	1,070,130,164.89	718,895,895.95	521,114,274.76

Has the new revenue criteria been implemented

Yes No

5. Income from investment

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term Equity Investment Income	30,209,109.31	44,000,000.00

Accounting by Cost Method		
Long-term Equity Investment Income Accounting by Equity Method	-1,343,914.03	-16,121.68
Investment Income from Purchasing Financial Products	604,875.00	7,009,965.44
Total	29,470,070.28	50,993,843.76

6. Other

None

XVIII. Supplementary information

1. Current non-recurring profit and loss schedule

Applicable Not Applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	100,054.25	
Government subsidies included in the profits and losses of the current period (except government subsidies that are closely related to the business of companies and enjoy in accordance with the unified national standard quota or quantity)	21,190,400.63	
In addition to the effective hedging business related to the normal operation of the Company, Profits and losses on changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other creditor's rights investments	6,403.11	
Other non-operating income and expenses other than the above items	-3,955,407.73	
Investment Income from Purchasing	690,971.89	

Financial Products		
Minus: Income tax impact	205,191.17	
Impact of minority shareholders' equity	702.56	
Total	17,826,528.42	--

For the non-recurring profit and loss items defined by the Company according to the definition of "Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public□Non-recurring Profit and Loss", As well as defining the non-recurring profit and loss items listed in the Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public□Non-recurring Profit and Loss as recurring profit and loss items, the reasons shall be explained.

Applicable Not Applicable

2. Return on equity and earnings per share

Profits for the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	8.44%	0.40	0.40
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	7.97%	0.380	0.380

3. Differences of accounting data under domestic and overseas accounting standards

(1) Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards at the same time

Applicable Not Applicable

(2) Differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards at the same time

Applicable Not Applicable

(3) Explain the reasons for the differences in accounting data under the domestic and overseas accounting standards. If the differences are adjusted for the data audited by an overseas audit institution, the name of the overseas institution shall be indicated.

None

4. Other

None

Section XIII Contents of Documents for Future Reference

I. Text of 2019 Annual Report Signed by Mr. Li Yuezhong, Legal Representative of the Company.

II. The text of the financial report containing the signatures and seals of Mr. Li Yuezhong, the legal representative of the Company, Zhu Min, the person in charge of accounting, and He Jian, the person in charge of accounting.

3. The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.

4. During the reporting period, all original documents and original announcements announced on the website designated by the CSRC.

5. Other documents.

Location of the above documents for future reference: Securities Investment Department of the Company