You should carefully consider all the information in this document and, in particular, the risks and uncertainties described below before making an investment in our H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our H Shares could decline and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is exposed to price fluctuations in raw materials.

Raw materials have a great impact on our cost of sales. In each year during the Track Record Period, we incurred RMB5,888.5 million, RMB9,882.9 million and RMB9,827.0 million for the cost of material, fuel and power cost, which represented 67.5%, 79.0% and 81.5% of the total cost of sales in the same year, respectively. The prices of raw materials are subject to many factors, including development of the global economy and policies of exporting countries, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors which are beyond our control. We primarily take reference to prices on the SMM or the SHFE over an agreed period as the metal pricing benchmark, applying negotiated discount rates when pricing our products and sourcing raw materials, but the discount rates may differ. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. We cannot assure you that we can secure adequate supplies of raw materials at commercially reasonable prices to meet our production requirements, taking reference to the costs of the raw materials and manufacturing costs. If we are unable to adopt effective measures to mitigate fluctuations in raw material prices, our financial performance may be adversely affected. In particular, if raw material prices increase more rapidly than the selling prices of our products and/or we may not be able to source a sufficient supply of raw material at an acceptable level of quality or cost, our financial performance and operating results would be adversely affected.

Our business is exposed to price fluctuation in our products.

In each year during the Track Record Period, we generated revenue in the amount of RMB5,557.1 million, RMB9,976.4 million and RMB10,923.4 million from the production and sales of metal products and their alloys, representing 52.5%, 68.8% and 74.2% of our total revenue for the same years, respectively. Our product portfolios primarily involve electrolytic copper, gold ingots, silver ingots, gold and silver alloy, electrolytic lead, refined bismuth, antimony oxide platinum group metals and nickel-based products. See "Business – Our Business – Resources Recycling and Utilization." However, there are certain inherent risks associated with the sales of metal products. For example, the prices of metals such as copper, gold, silver, platinum, nickel and other metals are subject to significant volatility driven by factors including changes in global supply and demand, geopolitical instability, and economic conditions. This price volatility could result in fluctuations in our revenues and profit margins for sales of metal products, and we may incur losses if we fail to effectively hedge against price changes or if market prices decline unexpectedly. To a lesser extent and where appropriate, we also engage in speculative trading activities in metals, which exposes us to a number of risks brought by the price fluctuations of metals. Moreover, sales of metal products are subject to regulatory requirements, as changes in environmental laws, export/import restrictions, and compliance requirements may increase operational costs or disrupt trade flows. If we fail to address those inherent risks associated with sale of metal products, our business, results of operations and financial condition could be materially and adversely affected.

We face intense competition in the solid waste and hazardous waste recycling market

While there are certain entry barriers for the solid waste and hazardous waste recycling market, such as licensing and regulatory barrier, technology barrier, capital barrier and supply chain barrier, we face intense competition in the relevant segment. According to Frost & Sullivan, the resources recycling and utilization segments for copper, platinum-group metals, bismuth and antimony are each relatively concentrated. According to the same, in terms of revenue of 2024, we ranked third in the hazardous waste recycling market in China for each copper and platinum-group metals, with a market share of 9.2% and 6.7%, respectively, and ranked first in the hazardous waste recycling market in China for each bismuth and antimony, with a market share of 33.9% and 18.4%, respectively.

We cannot assure you that we will maintain the current market position and that our market share will not decline in the future. Similar to us, the existing competitors may endeavor to increase their market share through various measures, such as continued R&D efforts and optimized production processes. We are expected to face competition from both existing and new competitors as we are expanding our business into new geographic markets and product or service categories. In addition, our competitors may have a longer operating history and greater financial, technical and other resources, enabling them to achieve more efficient cost management and to devote more resources to the cost control, promotion and sale of their products or services. Furthermore, intensified competition may lead to price fluctuations in our products or services, as the prices of our products or services are affected by the prices of similar products or services offered by competitors. Competitors in the resources recycling and utilization, environmental services projects operation and environmental engineering services markets are expanding their production or operation capacity, which may outpace the demand and further impact market prices. We cannot assure you that the prices of our products or services will remain stable or align with our expectations in the future. A significant or sustained decline in the price of our products or services may lead to customers being unwilling to honor contractual commitments based on pre-agreed pricing terms, a reduction in the value of our products or services, lower revenue and profit margins, or even suspension of production or provision of services if operations or delivery of services become economically unviable. Conversely, a significant or sustained increase in our product or service prices may prompt customers to seek alternative products or services, which could reduce demand for our products or services. As a result, if we fail to compete effectively or cannot keep up with other competitors in the market, we may be unable to retain or expand our market share, and our sales volume, profitability and overall business performance may be materially and adversely affected.

Our business operations and reputation are subject to risks relating to ESG.

We are subject to environmental protection laws and regulations as well as the complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance and could adversely affect our business and financial performance.

There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. We believe that it is our responsibility to devote substantial time and resources to developing technology and products designed to reduce our carbon footprint and maintain environmentally friendly business operations. In addition, we have adopted a comprehensive set of ESG-related policies and procedures to ensure our long-term and sustainable growth and have established an ESG committee to oversee the implementation of these policies. See "Business – Environmental, Social and Governance". However, the process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all. Furthermore, our ESG-related policies and procedures may not always be effective, or at all, to tackle the ESG-related risks which we may be exposed to.

Additionally, our business is subject to extensive and increasingly stringent environmental protection laws and regulations, which can make our construction and manufacturing activities more expensive or prohibit them altogether. In particular, our operations involve the handling and storage of toxic and hazardous dangerous substances and stringent environmental protection laws and regulations in China require us to adopt measures to effectively control and properly dispose solid and hazardous waste, waste gases, wastewater and other environmental waste materials. Incidents arising from the mishandling of dangerous materials may occur during our business operations. The occurrence of any of these risks and hazards could result in damage to or destruction of production facilities, personal injury, environmental damage, business interruption, suspension or revocation of operating permits, delay in production, increased production costs, monetary losses and possible legal liability (including compensatory claims, fines and penalties) to us, which could materially and adversely affect our business, financial condition and results of operations. See "Business – Legal Proceedings and Compliance – Environmental Pollution Incident" for our non-compliance incidents during the Track Record Period. Save for the non-compliance incidents disclosed in this document, we had complied with the relevant laws and regulations in all material aspects in the jurisdictions where we operate during the Track Record Period.

There is no assurance that we will not be challenged or penalized for our non-compliance with environmental protection laws and regulations as the interpretations and requirements of the competent authorities may vary in the future. We have invested substantial resources into environmental protection measures, including recycling of wastewater, waste gas processing and systematic management for solid and hazardous waste to comply with environmental protection laws. In addition, new environmental issues could arise and lead to currently unanticipated investigations, assessments or costs.

Compliance with the evolving ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be adversely impacted.

Our R&D efforts may not yield the benefits that we expect.

Technology innovation is critical to our success. We made significant investments in product and technology R&D, as we believe that R&D is crucial for our future growth and prospects. Our R&D expenses amounted to RMB324.0 million, RMB509.1 million and RMB458.5 million in each year during the Track Record Period, respectively. In order to maintain and expand our competitive advantages, additional resources may need to be devoted to R&D activities. However, as R&D activities are inherently uncertain, there is no assurance that R&D projects will lead to successful results or be completed within the anticipated time frame and budget, or that newly developed products will achieve wide market acceptance. Even if such results/products can be successfully commercialized, there is no assurance that they will be accepted by our customers and achieve anticipated sales target or profit. In addition, it cannot be assured that our existing or potential competitors will not develop products which are similar or superior to our products, or enhance their production efficiency, reduce their costs or expand their product portfolios through their R&D efforts. Due to uncertainties in the time frame for developing new products and the duration of market window for these products, there is a substantial risk that a potential product that is no longer commercially viable may have to be abandoned, even after we have invested significant resources in the development of such product.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at production facilities.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur, although we did not experience any major disputes that lead to disruptions in our Group's operations. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect results of operation, financial conditions, business and prospects.

We may face risks associated with enhancing our manufacturing capabilities, including production difficulties and fluctuations in utilization rates, any of which may materially and adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our advantage and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors and vendors, as well as equipment malfunctions and breakdowns;

- our ability to obtain or renew the required permits, licenses and approvals from relevant government authorities;

- availability of the necessary technology or equipment from third parties or our R&D department;

- diversion of management attention and other resources; and

- manufacturing interruption caused by natural disasters or other unforeseen events.

Construction of new production facilities or expansion of existing ones requires substantial upfront capital investment and may involve a prolonged ramp-up period before reaching expected capacity or breakeven. Any failure to complete such projects on schedule or at all may strain our financial resources and adversely affect our business, financial condition and results of operations. Both new and existing facilities are subject to production challenges, including capacity limitations, mechanical and system failures, delays in construction or upgrades, and late delivery of machinery. These issues may lead to production suspension or reduced output. In addition, scheduled and unscheduled maintenance programs may further impact production efficiency. Any significant disruption to our manufacturing operations could impair our ability to produce and deliver products, resulting in lost sales and reputational damage. Such disruptions may have a material and adverse effect on our business, financial condition and results of operations.

Our operations are inherently subject to operational and safety risks.

Our business involves hazardous activities such as using heavy machinery and handling hazardous waste, flammable, and explosive materials. Operation risks include equipment failure, improper use of chemicals, labor issues, weather disruptions, natural disasters, environmental hazards, and industrial accidents. These can lead to injuries, fatalities, property damage, environmental damage, and potential legal penalties, affecting our operations and reputation. Our employees face higher risks of workplace accidents compared to other industries, potentially incurring significant compensation costs. Hazardous waste may contain unexpected elements requiring temporary suspension for removal or treatment. Despite precautions, we cannot guarantee complete prevention of environmental or safety incidents or full compliance with safety standards. Any significant incidents or non-compliance could adversely affect our business, finances, and prospects.

Our business depends on a number of key personnel, including our senior management, and the loss of, or our inability to attract or retain such persons could materially and adversely affect our business, prospects, and financial condition.

Our continued success is closely tied to the leadership, vision, and expertise of our senior management team. These individuals possess deep industry knowledge, long-standing relationships with key stakeholders, and a nuanced understanding of the regulatory and operational landscape in which we operate. The departure of any member of our senior management whether due to resignation, retirement, health reasons, or otherwise could disrupt our strategic execution and delay critical decision-making processes. In such cases, we may not be able to identify or recruit suitable replacements in a timely manner, on commercially acceptable terms, or at all. In addition to senior leadership, our operations rely heavily on the contributions of experienced engineers, environmental compliance officers, project managers, and technical specialists. These personnel are essential to the design, construction, and operation of our biomass incineration, waste treatment, and renewable energy facilities. However, competition for such talent is intense, particularly in the PRC where the environmental services sector is expanding rapidly. We may face challenges in attracting and retaining qualified professionals due to market competition, compensation expectations, or geographic constraints. If we are unable to maintain a stable and skilled workforce, our ability to execute projects, comply with regulatory requirements, and deliver consistent service quality may be compromised. This could, in turn, have a material and adverse effect on our business, financial condition, results of operations, and prospects.

The failure to maintain an effective quality management system may result in a material and adverse effect on our business, reputation, financial condition, and results of operations.

Our reputation and operational integrity depend significantly on the effectiveness of our quality management system, which governs the performance, safety, and environmental compliance of our facilities and services. This system encompasses a wide range of protocols, including equipment calibration, emissions monitoring, waste handling procedures, and employee training. It is designed to ensure that our operations meet or exceed the standards set by applicable national and industry regulations, such as the Guiding Opinions on Further Strengthening Environmental Management of Hazardous Waste and Strictly Preventing and Controlling Environmental Risks (《關於進一步加強危險廢物環境治理嚴密防控環境風險的指導意見》). The effectiveness of our quality management system is influenced by several factors, including the robustness of its design, the reliability of the machinery and monitoring tools we deploy, the competence of our personnel, and the consistency with which our policies are implemented across sites. Any lapse in these areas, such as failure to detect equipment malfunctions, inadequate staff training, or inconsistent adherence to protocols, could lead to operational errors, environmental violations, or safety incidents. For example, if a waste incineration facility fails to maintain proper combustion temperatures due to a calibration error, it could result in excessive emissions and trigger regulatory penalties or community complaints. Moreover, we are subject to periodic audits and inspections by regulatory authorities and third-party certifiers. A significant failure in our quality management system could result in the suspension or revocation of critical certifications, such as ISO 9001, ISO 14001, ISO

45001, which are often prerequisites for participating in government tenders or maintaining client contracts. Such outcomes could damage our reputation, limit our market access, and adversely affect our financial performance.

Developments in the labor market, increases in labor costs, or any possible labor unrest may materially and adversely affect our business and results of operations.

As of December 31, 2025, we comprised 4,834 employees, and we anticipate further expansion of our workforce as our business continues to grow. A strong and stable workforce is integral to maintaining operational efficiency, meeting customer expectations, and ensuring the smooth execution of our projects. As we scale, we remain committed to implementing policies and initiatives that safeguard employee welfare, enhance working conditions, and foster a positive workplace culture. However, despite these efforts, we cannot entirely eliminate the possibility of labor-related challenges, including collective bargaining demands, workplace disputes, strikes, or difficulties in attracting and retaining qualified personnel. Any disruption in workforce stability could lead to work stoppages or labor shortages. Addressing labor disputes, recruiting temporary staff, and implementing contingency plans to mitigate workforce shortages could result in unforeseen costs, impacting our overall financial health. Delays in delivery schedules due to labor constraints could lead to reputational damage and lost business opportunities, further exacerbating financial strain. In order to retain a skilled workforce and remain competitive, we may need to enhance compensation packages, increase employee benefits, or invest in additional workforce development initiatives, all of which could significantly raise operational expenses. Additionally, evolving labor regulations, particularly the implementation of stricter minimum wage laws across different jurisdictions, could drive up labor costs, placing further pressure on our profit margins. Given these potential challenges, maintaining cost efficiency while ensuring workforce stability is crucial to sustaining long-term profitability. If labor costs rise substantially without corresponding improvements in productivity or cost-saving measures, our profit margins may be adversely affected. To mitigate this risk, we must continuously refine our workforce management strategies, optimize operational efficiencies, and explore sustainable cost-reduction measures. Nevertheless, if we fail to effectively manage labor-related challenges, our business, financial condition, and overall results of operations could be materially and adversely impacted.

Any change or discontinuation of preferential tax treatment we currently enjoy would increase our tax charge.

During the Track Record Period, our Company benefited from certain preferential tax treatment, such as preferential income tax rates arising from the qualification of several of our subsidiaries in Chinese Mainland as high-tech enterprises and our engagement in certain encouraged industries in the western regions of the PRC as well as in policy-encouraged businesses, which contributed to our financial position and operational efficiency. These advantages were granted under specific PRC tax policies designed to support enterprises in certain industries or regions. However, the regulatory environment governing tax incentives is subject to change, and there is no certainty that these benefits will remain in place. The PRC government may revise, restrict, or even discontinue preferential tax treatments, and our eligibility for such incentives may be re-evaluated or withdrawn. Should there be any changes in policy or the cancellation of these preferential tax benefits, our Company would become subject to the standard corporate income tax rate of 25% on taxable income. This shift could result in a significant increase in tax expenses, impacting our overall cost structure and financial performance. Any unexpected rise in tax liabilities could exert pressure on our profitability, limiting our capacity to reinvest in expansion initiatives and potentially altering our strategic direction. Consequently, uncertainties surrounding future tax treatment introduce an element of financial risk that could materially and adversely affect our business operations, financial condition, and long-term growth prospects.

Our business and operations are capital intensive, and the recovery of capital investment in our projects may take a long time.

Expanding our operations requires substantial capital investment, and the recovery of such expenditures often takes place over an extended period. Each project demands significant upfront cash outlays, including costs associated with acquiring land use rights, constructing facilities and procuring property, plant, and equipment. These initial investments are essential for establishing a strong operational foundation, yet they present financial challenges due to their magnitude and long-term nature. The construction phase alone typically spans several months, during which considerable capital is deployed before any revenue is generated. Beyond these initial investments, our financial obligations extend to the ongoing costs of operations, maintenance, and periodic repairs. The long-term sustainability of our facilities depends on continuous upkeep, and in the case of Build-Operate-Transfer projects, maintenance responsibilities persist throughout the concession periods. Additionally, major overhauls, technological upgrades, or renovations to existing infrastructure may necessitate further capital expenditure, amplifying financial demands over time.

The ability to execute and sustain these capital-intensive projects is contingent upon securing adequate external financing. However, access to financing is influenced by various uncertainties, including the regulatory landscape governing funding approvals in domestic and international markets, our financial health, operating performance, cash flow stability, and creditworthiness. Furthermore, restrictive covenants under existing debt arrangements can limit our financing flexibility, while fluctuations in global and domestic credit and capital markets may affect the availability and cost of funding. Changes in PRC monetary policies that impact bank lending practices could also pose challenges, affecting our ability to access necessary capital.

If we are unable to generate sufficient cash flow from operations, we may face difficulty meeting our capital contribution obligations for ongoing and future projects. Additionally, the accumulation of substantial debt could significantly increase our finance costs, raising our exposure to economic and industry downturns, compelling us to allocate a greater portion of cash flow to debt servicing and constraining our flexibility in business planning and execution. A heightened debt burden may also increase the cost of securing additional financing, further complicating efforts to maintain liquidity. Failure to secure adequate funding or generate sufficient internal cash flow to support capital-intensive projects could materially and adversely affect our business operations, financial condition, and overall growth prospects. Sustaining a stable financial position while expanding operations requires careful financial planning, disciplined cost management, and proactive risk mitigation strategies to safeguard against financial uncertainties and maintain long-term viability.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

We are, from time to time, involved in various legal proceedings, regulatory inquiries, and arbitration claims, which may arise from a range of issues including intellectual property disputes, allegations of fraud, unfair business practices, employee-related grievances, breach of contract matters, and securities actions. Furthermore, alleged non-compliance with laws and regulations may expose us to additional litigation and regulatory scrutiny. In certain instances, our Directors may also be subject to claim and disputes. For example, in May 2025, two of our Directors received a warning letter from each of Beijing Regulatory Bureau of the CSRC and the Shanghai Stock Exchange and in August 2025, one of our Directors received a warning letter from the Beijing Regulatory Bureau of the CSRC. See "Directors and Senior Management – Directors – Further Information about our Directors" for details of such incidents. In certain instances, we may also initiate legal actions against former employees involved in fraudulent activities or pursue claims against customers for outstanding payments. Regardless of the legitimacy of such claims, any associated negative publicity – whether accurate or not – could harm our reputation and brand perception, potentially eroding customer trust and investor confidence.

Defending against legal claims or mitigating reputational risks linked to litigation can be both time-consuming and costly. The process often requires significant financial resources, legal expenditures, and dedicated management attention, diverting focus from our day-to-day business operations. The inherent unpredictability of litigation makes it difficult to assess the likely outcomes, and there is no assurance that we will prevail in defending against such claims or proceedings. Additionally, our management's evaluation of the material impact of these matters, including associated accounting provisions, may not always align with the final resolution of such disputes. Unfavorable developments in legal proceedings, such as monetary judgments, penalty fees, injunctions, or the denial or revocation of licenses and permits, could result in material adverse effects on our business, financial condition, and future prospects. Should we fail to successfully defend or settle legal or arbitral proceedings, or if we miscalculate the significance of a claim, we may incur liabilities that exceed insurance coverage, further straining financial resources. Any prolonged or unresolved litigation may impair our ability to execute strategic initiatives, impact operational efficiency, and affect investor sentiment, ultimately posing a substantial risk to our overall stability and long-term success.

Failure to make adequate contributions to various employee benefit plans may subject us to penalties.

In the PRC, we are obliged to make social insurance payments and housing provident fund contributions for our employees. As advised by our PRC Legal Advisor, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if our Group fails to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) in the event that our Group is required by the housing provident fund management agency to make up the housing provident funds and fails to pay the relevant funds within a prescribed time limit, our Group may be ordered to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), for outstanding social insurance fund contributions that our Group did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that our Group pay the outstanding social insurance contributions within a stipulated deadline and it may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if our Group fails to make such payments within the stipulated deadline, it may be liable to a fine of one to three times the outstanding contribution amount. Additionally, evolving labor regulations, particularly the implementation of stricter minimum wage laws across different jurisdictions, could drive up labor costs, placing further pressure on our profit margins. Given these potential challenges, maintaining cost efficiency while ensuring workforce stability is crucial to sustaining long-term profitability. If labor costs rise substantially without corresponding improvements in productivity or cost-saving measures, our profit margins may be adversely affected. During the Track Record Period, we did not make the full contribution of social insurance payments and housing provident fund contributions for our employees. While our PRC Legal Advisor believes that, under the assumptions that no material changes to prevailing policies, regulations and the local government enforcement and requirements, and absence of material complaints from employees, the risk of concentrated rectification or material administrative penalties by regulatory authorities, is remote and unlikely to have a material and adverse effect on our Company, we cannot guarantee that government authorities will share this view.

We may face penalties for the non-registration of our lease agreements in China.

As of the Latest Practicable Date, the lease agreement with respect to the properties our Company and our major subsidiaries leased for staff accommodation and offices in the PRC had not conducted filing registration with the relevant PRC government authorities. As advised by our PRC Legal Advisor, failure to complete the lease registration will not affect the validity of the lease agreement according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. See "Business – Properties – Leased Properties." During the Track Record Period and up to the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant PRC government authorities. We cannot assure you that our lessor will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future. Any of these may have an adverse effect on our results of operation, financial conditions, business and prospects.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third parties to protect our intellectual property rights. See "Business – Intellectual Property." Although we have applied and obtained a number of trademarks and patents for the operations of our business, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, for such applications are expensive and time consuming. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved. Even if these patent applications are registered and approved, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect our competitive advantage, dilute our brand and materially and adversely affect our results of operations.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative R&D activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including intellectual property infringement suits and related legal and administrative proceedings, can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or be restricted by injunctions. These factors could effectively prevent us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, financial condition and results of operations.

We are subject to anti-corruption and anti-bribery and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies, state-owned entities and affiliates in the ordinary course of business. These interactions subject us to an increased level of compliance related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Any disruption to our information technology systems or any system security threats may pose a risk to our systems, networks, products and services.

The efficient operation of our business depends on the smooth and efficient operation of the information technology systems. These enterprise systems encompass core operational domains including inventory management, production processes, quality assurance, internal collaboration, and operational oversight. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems. Such systems are subject to certain risks, such as malfunction, nature disasters and the cyber security risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our information technology systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our information technology systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our information technology systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our information technology system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. Any disruption to our information technology systems may cause interruptions in the manufacturing capacity and maintenance of proper business operations and may cause further adverse impact on our reputation and the perception of our product quality. We cannot guarantee that any disruption to our information technology systems or any system security risks will not occur in the future and we could repair or replace information technology systems in a timely and cost-effective manner, all of which could adversely affect our business, financial condition and results of operations.

If we fail to maintain effective internal controls, our business, financial results and reputation could be materially and adversely affected.

We have put in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations. See "Business – Internal Control and Risk Management." We need to maintain effective internal controls during our business operations. As we continue to expand, we need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our business, financial results and reputation. Our efforts in improving our internal control system may not eliminate all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business, financial results and reputation may be affected.

Our operations may be disrupted for reasons beyond our control.

Our operation may be subject to disruptions arising from factors beyond our control. These may include extreme weather conditions, natural catastrophes, pandemics, geological disasters (such as earthquakes, landslides, and mudslides), infectious disease outbreaks, shortages in raw material supply, equipment or system failures, workforce shortages, and limitations in transportation resources. Any significant disruption to our operations could adversely affect our ability to operate efficiently, which may in turn negatively impact our business, financial condition, and operating results. In addition, due to the nature of our business, the operations of our facilities are exposed to inherent operating risks. These include risks associated with unloading raw materials at site areas, processing chemicals, transporting materials, and the use of electricity and mechanical equipment. Such risks may result in personal injury or death, property damage, environmental harm, and could lead to civil liability, administrative or criminal penalties, or loss of revenue. The occurrence of any of these events could adversely affect the productivity and profitability of individual facilities and, more broadly, our overall business, financial condition, and operating results.

Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.

Our business is exposed to various risks, and to mitigate potential financial impacts, we maintain insurance policies covering key aspects of our operations. As of the Latest Practicable Date, we had insurance coverage for key personnel, material assets (including production facilities and equipment), environmental pollution liabilities and workplace safety and production-related risks. Despite these measures, there is no guarantee that our insurance coverage will be adequate to fully protect against potential losses, nor can we ensure that claims will be processed successfully or in a timely manner. If we incur losses that are either uninsured or insufficiently compensated under our existing policies, it could result in significant financial strain. Unexpected events, such as operational disruptions, regulatory changes, or unforeseen liabilities, may exceed our coverage limits, leaving us exposed to additional costs. Failure to secure adequate insurance protection or recover claims as anticipated could materially and adversely affect our financial condition, operational stability, and overall business performance. As the scope and nature of risks evolve, we may need to reassess and expand our insurance portfolio, which could further increase our costs.

Future acquisitions may be costly or unsuccessful, and we may not be able to effectively integrate acquired businesses into our operations.

We seek growth through strategic acquisitions of facilities and businesses that align with and enhance our existing operations. As part of our expansion efforts, we continuously assess potential investment opportunities and engage in discussions regarding prospective acquisitions. However, identifying suitable acquisition targets is not guaranteed, and even when opportunities arise, integrating a newly acquired company, business, asset, or technology can present unforeseen operational challenges and financial expenditures. The execution of our acquisition strategy is subject to multiple risks, including substantial costs associated with identifying and finalizing acquisitions, difficulties in merging acquired businesses and personnel into our existing framework, and integration expenses that may exceed initial projections. Additionally, acquisitions may expose us to liabilities stemming from pre-existing conditions or activities, as well as litigation or other claims from the acquired businesses. There may be delays or setbacks in realizing the expected benefits of an acquisition, compounded by challenges in securing necessary regulatory approvals or navigating shifting market conditions and customer demands. Furthermore, the process of acquiring and integrating new entities requires significant management attention, potentially diverting focus from our core business activities. Should we fail to adequately address these risks or other complications associated with acquisitions, we may struggle to achieve the anticipated advantages, encounter unforeseen liabilities, and experience adverse effects on our overall operations. Even when acquisitions are successfully completed, we cannot ensure that their returns will align with our expectations. Any failure to identify, acquire, or integrate targeted businesses effectively could have a material negative impact on our financial condition, operational results, and long-term prospects.

Our overseas operations and development plans are subject to risks and restrictions associated with international business.

As we expand our business operations internationally, we encounter a variety of risks and restrictions that could impact our ability to operate effectively in foreign markets. These challenges include navigating complex legal and regulatory requirements, adhering to local industry standards, especially those concerning resource management and environmental protection and managing potential litigation risks outside of China. Additionally, we must contend with political and economic instability in certain regions, high entry barriers in developed markets, and fluctuations in foreign exchange rates. Operating in unfamiliar environments presents further obstacles, such as a lack of familiarity with local business practices and market conditions, cultural and language differences, and restrictive trade policies. Protectionist measures, economic sanctions, and technology-related barriers could hinder our expansion efforts, while intense competition from international producers may pressure our market positioning. Staffing and managing localized overseas operations also demand careful oversight, particularly in complying with diverse labor regulations, stringent environmental and safety standards, and ensuring alignment with local workplace requirements. Maintaining strong customer relationships and securing payments from international clients can be another operational challenge. Any of these risks could significantly affect our ability to sustain and grow our overseas presence, potentially impacting on our financial condition and performance. Given the unpredictable nature of global economic and political shifts, the feasibility and costs associated with our foreign projects remain difficult to forecast. These factors may ultimately influence the success of our expansion strategy and shape the future trajectory of our business.

If our customers, suppliers, other business partners or current or former employees engage in illegal, fraudulent, improper or unethical conduct, such as bribery and corruption, we may be subject to potential liability and negative publicity, and our reputation as well as business could be harmed.

We are exposed to the risk that our customers, suppliers, other business partners we have contracted or current or former employees may engage in illegal, fraudulent, improper or unethical conduct. We have put in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations. See "Business – Internal Control and Risk Management." However, misconduct by these individuals and institutions could include intentional, reckless and/or negligent conduct that violates the relevant laws and regulations. Such misconduct could also involve fraud, corruption, bribery, tax evasion and other illegal practices. There is no assurance there will be no such misconduct, arising from actions taken by business partners and current or former employees without our knowledge. We may not be able to identify and deter misconduct by such foregoing persons and the precautions we take to detect and prevent such misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with relevant laws or regulations. If this occurs, we and/or our relevant business partners and current or former employees may be subject to investigations, administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses. If we are associated with potential liabilities and negative publicity resulting from illegal, fraudulent, improper, or unethical conduct, or allegations of such conduct, by our employees and business partners, our brands and reputation, business and results of operations will be affected.

We are exposed to the credit risks of our customers.

Our financial stability and profitability are closely tied to the creditworthiness of our customers and their ability to make timely payments. During the Track Record Period, we generally extended credit terms up to 90 days, but there is no guarantee that our customers will consistently meet these payment deadlines. Any delays in collections could lead to slow turnover of trade and bills receivables, restricting our working capital resources and affecting liquidity. As of December 31, 2023, 2024 and 2025, our trade receivables totaled RMB1,818.2 million, RMB2,173.3 million and RMB2,483.6 million, accounting for 13.9%, 15.4% and 17.1% of our current assets, respectively. During the same years, the turnover days for these receivables stood at 67.4 days, 59.5 days and 67.0 days, respectively. If any of our customers encounters unforeseen financial difficulties, suffers a decline in creditworthiness, or becomes unable to meet their payment obligations, we may struggle to collect full or partial payments. Enforcing judgment debts against such customers could also prove challenging. These circumstances may result in miscalculations or inaccuracies in our expected credit loss provisions, potentially leading to financial losses greater than initially estimated. Additionally, an increase in overdue payments could force us to allocate additional resources to debt collection efforts, diverting management focus and increasing operational costs. Failure to receive payments on schedule could have material adverse effects on our cash flow, liquidity, and financial condition. Prolonged delays or defaults could disrupt our ability to fund new projects, meet existing obligations, and sustain our operations. While we actively monitor customer credit risk and implement measures to mitigate exposure, there remains an inherent uncertainty in managing receivables, and any deterioration in collections could significantly impact our financial performance and overall business stability.

We are subject to various risks relating to third-party payment arrangements.

During the Track Record Period, some of our customers based in the PRC settled its outstanding payments to us through a third-party payer, which is of the same group of these customers. The aggregate amount that was settled through the third party amounted to RMB2.8 million, nil and nil in 2023, 2024 and 2025, respectively. We provided environmental engineering services to these customers. For the purpose to settle the outstanding accounts receivable due from these customers in a timely manner, we agreed to accept the settlement payment by the payer who is of the same group with these customers. However, third-party payments may subject us to various legal risks, including: (i) possible claims for return of funds from the third-party payer who was not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilized by the third-party payer, such as possible money laundering risks; and (iii) possible claims from liquidators of the third-party payer. Any such claim, prosecution or investigation against us may cost us significant time and financial and managerial resources and may materially and adversely affect our business, financial condition, reputation, results of operations and prospects.

We are subject to inventory risks.

To operate our business successfully and to meet our customers' demands and expectations, we must maintain a certain level of raw materials, work-in-progress, finished goods, low-value consumables and goods in transit. As of December 31, 2023, 2024 and 2025, our inventory amounted to RMB4,931.3 million, RMB5,165.3 million and RMB5,997.0 million, respectively. Such inventories may be subject to fluctuations in the market prices of raw materials. As of December 31, 2023, 2024 and 2025, our raw material accounted for 40.5%, 30.9% and 23.2% of our total inventories (excluding provision for impairment loss), respectively. As we generally purchase raw materials in advance in accordance with our procurement and inventory policy, changes to the prevailing market prices for raw materials cannot be timely reflected in the actual production costs. Such time lag in reflecting the market price fluctuations in the balance of the inventories may adversely affect our business, financial condition and results of operations.

In addition, forecasts for our inventory volume are inherently uncertain. If the forecasted demand is lower than what eventually transpires, we may not be able to maintain an adequate inventory level of our raw materials, work-in-progress, finished products, low-value consumables and goods in transit or manufacture the products in a timely manner, and we may lose sales and market share to the competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventory of the products or raw materials, work-in-progress, finished goods, low-value consumables and goods in transit. Excess inventory levels may lead to increases in inventory costs, risks of inventory obsolescence and provisions for write-downs, which will materially and adversely affect our business, financial condition and results of operations. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may also result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability.

In order to maintain an appropriate inventory level to meet market demand, we may adjust the procurement amount, production schedule and sales strategy from time to time based on our production capacity and production plans. We also carry out inventory review and aging analysis on a regular basis. However, there is no guarantee that these measures will always be effective and that we will be able to maintain an appropriate inventory level. We may still be exposed to the risk of holding excessive inventory, which may increase the inventory holding costs and subject us to the risk of price fluctuations or increased holding costs, which could have a material and adverse effect on our business, financial condition and results of operations.

Our level of indebtedness may expose us to liquidity risks.

We rely on both internally generated cash flows and external financing, including bank loans, to support our capital requirements. As of February 28, 2026, our level of indebtedness (including borrowings and lease liabilities (both current and non-current portions)) stood at RMB13,335.8 million, reflecting the significant financial commitments required to sustain and expand our operations. See "Financial Information – Indebtedness." While access to credit enables strategic investments, a high debt burden introduces liquidity risks that could impact on our financial flexibility, profitability, and overall business stability. Managing debt obligations including principal repayments and interest payments depends on maintaining stable cash flows and securing external financing under favorable terms. However, factors beyond our control, such as economic downturns, fluctuating interest rates, and tightening credit markets, may make refinancing or securing additional funding more challenging. If we encounter difficulties in servicing our debt, we may need to rely on alternative financing arrangements, restructure existing loans, or adjust operational expenditures, any of which could materially and adversely affect our financial condition and long-term growth prospects.

In addition, restrictive covenants in our existing debt agreements may limit our ability to pursue strategic opportunities, raise additional financing, or allocate capital toward business expansion. A high level of leverage could also heighten our vulnerability to adverse industry conditions, requiring us to divert a significant portion of operating cash flows toward debt servicing instead of reinvesting in operations, infrastructure, or research and development. There is no assurance that we will be able to refinance our bank loans upon maturity, repay them when due, or secure new funding to meet ongoing capital commitments. Non-compliance with loan covenants or failure to service our debt obligations could result in penalties, increased interest rates, accelerated repayment schedules, or legal actions by creditors, any of which could have a material and adverse impact on our liquidity, financial performance, and ability to execute our long-term strategy.

We are exposed to fair value changes for financial instruments and valuation uncertainty due to the use of unobservable inputs that require judgement and assumptions which are inherently uncertain.

During the Track Record Period, our financial assets at fair value through profit or loss primarily included unlisted equity investments, and the fair value of such unlisted equity investments that are not traded in an active market is determined by using valuation techniques, which require judgement and assumptions and involve the use of unobservable inputs. We use our judgement to make assumptions that are mainly based on the then prevailing market conditions at the end of each reporting year. See Note 3.5 to the Accountants' Report set out in Appendix I in this document. Changes in these assumptions and estimates could materially affect the fair value of these unlisted financial products. Factors beyond our control, including but not limited to, general economic conditions, changes in market interest rates and stability of the capital markets, can significantly influence and cause adverse changes to the estimates we use, and thereby affect the fair value. As of December 31, 2023, 2024 and 2025, we had financial assets at fair value through profit or loss at level 3 of fair value hierarchy of RMB19.2 million, RMB58.9 million and RMB93.9 million, respectively. The valuation techniques that we use may involve a significant degree of management judgement and are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations and financial conditions.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political and social conditions as well as government policies in the countries and regions where we operate could adversely affect our business and prospects.

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system impose new challenges and uncertainties on the global economy. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Severe or prolonged downturn in the global economy, any financial or economic crisis, or perceived threat of such a crisis, could materially and adversely affect our business and financial condition.

Over the years, the global macroeconomic environment faced numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which have been adopted by the central banks and financial authorities of some of the world's leading economies. It is unclear whether these challenges will be contained and what effects they each may have. Economic conditions in the PRC and the countries in which we operate are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in these countries. Any severe or prolonged slowdown in the global economy might lead to tighter credit markets, increased market volatility, sudden drops in business and dramatic changes in business, and may materially and adversely affect our business, results of operations and financial condition.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems across the geographic markets where we operate differ significantly, with some jurisdictions following a civil law framework based on written statutes, while others adhere to common law principles. In civil law systems, prior court decisions may serve as reference points but hold limited precedential weight compared to those in common law jurisdictions. Moreover, many of the legal systems in our markets are continuously evolving, with recently enacted laws and regulations sometimes failing to comprehensively address all facets of economic activity. The interpretation and enforcement of these legal provisions remain subject to future implementations, and their applicability to our operations is often unsettled. Local administrative and judicial authorities wield considerable discretion in interpreting statutory provisions and contractual terms, making it difficult to predict the outcomes of legal proceedings or assess the level of legal protection available to us. Courts may also have the authority to refuse enforcement of foreign judgments or arbitration awards, introducing further uncertainty into the legal landscape. These ambiguities may affect our ability to assess legal requirements and enforce our contractual rights or claims. Additionally, regulatory uncertainties create opportunities for frivolous or unmerited legal actions, including claims concerning third-party conduct or attempts to extract payments or benefits from us.

In several of the markets where we operate, legal frameworks are shaped in part by government policies and internal interpretations, many of which are not published in a timely manner if at all and may even be applied retroactively. Key regulatory definitions may be vague, incomplete, or subject to conflicting interpretations by regulators and courts in analogous cases. Consequently, we may remain unaware of certain violations until well after they have occurred. Furthermore, administrative and legal proceedings in some jurisdictions can be prolonged, leading to substantial costs and diverting critical resources and management focus. It is also possible that new laws and regulations will be introduced or construed to apply to our operations, imposing additional compliance obligations. As scrutiny of the industries in which we operate intensifies, we may need to allocate more legal and financial resources to meet regulatory demands. Any changes to existing laws or the implementation of new regulations could slow industry growth, ultimately affecting our business, financial stability and overall performance.

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations and affect the value of your investment.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our H Shareholders.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of the PRC as a limited liability entity, with a portion of our assets located within the PRC. Additionally, the majority of our Directors and senior management personnel reside in the PRC, and most of their assets are also based there. Consequently, serving legal process upon us or our key personnel outside the PRC, including in the United States or other foreign jurisdictions, may be challenging. The recognition and enforcement of foreign court judgments across jurisdictions remain complex. The PRC does not have treaties with the United States, the United Kingdom, Japan, or many other countries that allow for the reciprocal recognition and enforcement of court rulings. Similarly, Hong Kong has no formal arrangement for the mutual enforcement of judgments with the United States. This lack of legal reciprocity creates uncertainty in the recognition and enforcement of judgments from foreign courts within the PRC and Hong Kong. To address certain trans-jurisdictional enforcement challenges, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) on July 14, 2006 (the "**2006 Arrangement**"). Under this agreement, enforceable final judgments requiring payment in civil and commercial cases may be recognized and enforced between the PRC and Hong Kong, provided they result from a pre-existing written choice of court agreement. Without such an agreement, enforcement of a Hong Kong court judgment in the PRC remains uncertain. A more recent arrangement between the Supreme People's Court of the PRC and the Hong Kong government, signed on January 18, 2019, and effective as of January 29, 2024, has removed the prior requirement for a written choice of court agreement in civil and commercial cases. However, the 2006 Arrangement continues to govern cases involving jurisdiction agreements established before the implementation of the 2019 Arrangement. Given its recent enactment, the application and enforcement of the new framework will depend on the relevant laws and regulations in effect at the time, necessitating further interpretation as legal precedents develop.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of China and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be **[REDACTED]** on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no **[REDACTED]** or settlement between the H Share and A Share markets. With different **[REDACTED]** characteristics, the H Share and A Share markets have divergent **[REDACTED]** volumes and liquidity and **[REDACTED]** bases, as well as different levels of retail and institutional **[REDACTED]** participation. As a result, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the **[REDACTED]** decision in our H Share.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective **[REDACTED]** in our H Shares should be reminded that, in making their **[REDACTED]** decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] market for our H shares may not develop or be sustained.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our H Shares. There can be no guarantee that an active **[REDACTED]** market for our H Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** is the result of negotiations between our Company, the **[REDACTED]** and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]** and the **[REDACTED]**), which may not be indicative of the **[REDACTED]** at which our H Shares will be **[REDACTED]** following completion of the **[REDACTED]**. If an active market for our H Shares does not develop following the completion at the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the **[REDACTED]** volumes of our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the **[REDACTED]** performance of our H Shares. These factors may significantly affect the **[REDACTED]** and **[REDACTED]** of our H Shares, regardless of our actual operating performance.

A future significant increase or perceived significant increase in the supply of our H Shares in [REDACTED] could cause the [REDACTED] of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing [REDACTED] of our H Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the **[REDACTED]** of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the **[REDACTED]** of our H Shares.

Certain equity interests of our single largest Shareholder, Mr. Li, are charged as security interests

Our single largest Shareholder, Mr. Li, pledged certain number of A Shares of our Company in favor of a financial institution in PRC for his personal funding needs. We do not provide any guarantee in respect of such share pledge arrangement. As of the Latest Practicable Date, Mr. Li had pledged approximately 5.9% of the total issued share capital of our Company.

While Mr. Li maintains adequate liquidity and financing channels, the share pledge arrangement may still pose risks. If Mr. Li fails to meet his repayment obligations and the pledged shares are enforced. Mr. Li may no longer be able to maintain the current level of interest in our Company, which could adversely affect its influence over us.

We are a Chinese Mainland enterprise and we are subject to Chinese Mainland tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to Chinese Mainland income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-Chinese Mainland resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese Mainland paid to foreign individual investors who are not Chinese Mainland residents are generally subject to a Chinese Mainland withholding tax at a rate of 20% and gains from Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% Chinese Mainland income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(Guo Shui Han [2011] No. 348)(國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese Mainland resident individual holders of H Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of Chinese Mainland and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》)(Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》)(Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges.

If Chinese Mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese Mainland resident investors, the value of your **[REDACTED]** in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese Mainland may not qualify for benefits under such tax treaties or arrangements.

Certain facts, forecasts, statistics and information in this document relating to the industry in which we operate may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the industry in which we operate are obtained from various sources that we believe are reliable, in particular, information and statistics from official government sources. We have taken reasonable care in the reproduction or extraction of the such information. However, we cannot guarantee the quality or reliability of these sources. Specifically, neither we, the Sole Sponsor, the **[REDACTED]**, nor our or their respective affiliates or advisers have verified such information. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other markets, and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as may be the case elsewhere.

We cannot assure you that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

We cannot assure you when and in what form dividends will be paid on our H Shares after the **[REDACTED]**. Our historical dividends may not be indicative of its future dividend policy, and the declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future. If we retain most, or all, of our available funds and any future earnings after the **[REDACTED]** to fund the development and commercialization of new projects, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an **[REDACTED]** in our H Shares as a source for any future dividend income. Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your **[REDACTED]** in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the **[REDACTED]** or even maintain the price at which you **[REDACTED]** the H Shares. You may not realize a return on your **[REDACTED]** in our H Shares and you may even lose your entire **[REDACTED]** in our H Shares.

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This document contains certain statements and information that are "forward-looking". When used in this document, the words "going forward", "next", "underestimate", "expect", "hope", "confirm", "navigate", "intend", "might", "anticipate", "justify", "need", "estimate", "believe", "moving forward", "looking forward", "ought to", "plan", "potential", "predict", "project", "seek", "could", "should", "would", "aim", "around", "can", "may", "will", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. **[REDACTED]** in the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document. Prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding our Group and the **[REDACTED]**. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to **[REDACTED]** in our H Shares, prospective investors should rely only on the financial, operational and other information included in this document. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the **[REDACTED]**. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.