
RISK FACTORS

You should carefully consider all the information in this Document and, in particular, the risks and uncertainties described below before making an [REDACTED] 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 [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. 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 THE INDUSTRY AND THE BUSINESS ENVIRONMENT IN WHICH WE OPERATE

Our operations are influenced by the environmental protection and energy policies, laws and regulations of the governments of the countries in which we operate.

During the Track Record Period, local government authorities have introduced a variety of supportive laws, regulations, and preferential measures that are considered favorable to our business, such as on-grid tariffs for renewable energy, and various subsidies. These subsidies and grants are often discretionary and subject to eligibility criteria and administrative procedures, which we may not satisfy in the future. There is no guarantee that the governments of the countries in which we operate will maintain current subsidy levels.

Moreover, shifts in government policy priorities could redirect focus toward other sectors, potentially reducing support for the industries in which we operate. For example, a decline in the local population could reduce demand for waste treatment services. This may lead to adjustments in our service fee rates, changes in the unit price for the clean electricity we generate, or even reductions or eliminations of subsidies. Any of these developments could materially and adversely affect our profitability and the sustainability of our business. While many governments have publicly pledged to increase environmental investment and promote eco-friendly development, such commitments do not always result in consistent or favorable policy outcomes for our Group. Future changes in policy direction may not necessarily benefit us. If we are unable to respond promptly and effectively, our operations, financial condition, and growth prospects could be adversely affected. It is also important to note that the pricing of solid waste treatment services is typically approved by relevant government authorities or departments. This pricing is determined based on factors such as project investment scale, environmental standards, waste characteristics, and boundary conditions, while also ensuring a reasonable return for the concessionaire.

In addition to financial incentives, our business is governed by regulatory frameworks that determine industry access and operational models. Most of our projects are structured under concession-based arrangements that are closely linked to government policy and licensing systems. For further information, please see the section headed "Business — Our mode of operations" in this Document. Any changes in the regulatory approach to such concessions, including the imposition of more stringent qualification requirements, shorter concession durations, heightened public scrutiny, or even the termination of the concession service agreements, could affect our ability to operate at all.

We are further exposed to risks related to the pricing of our services. Fees for our various waste treatment services in this area are typically set or influenced by local governments. Any downward adjustments to these fees, whether driven by fiscal constraints, policy changes, or competitive pressures, could reduce our revenue and margins. This risk is especially pronounced in regions where pricing mechanisms are not market-based or where government subsidies are being phased out.

Moreover, our operations are subject to a wide range of environmental, health, and safety regulations across all jurisdictions in which we operate. These regulations impose strict requirements on waste treatment processes, storage, and transportation. Failure to comply may result in fines, suspension or revocation of licenses, or forced shutdowns of affected operations, all of which could materially impact our business and reputation. The complexity and dynamic nature of these regulatory requirements demand significant financial and operational resources to ensure

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ongoing compliance. The introduction of new or more stringent environmental, health, and safety standards, whether in our existing markets or in new jurisdictions we may enter, could increase our capital and operating expenditures. These additional costs may not be recoverable through pricing adjustments, thereby reducing our financial flexibility and limiting our ability to pursue strategic initiatives. Furthermore, non-compliance could lead to the loss of government contracts, reputational harm, and diminished investor confidence.

Our operations may be affected by local policies, events, and economic conditions, particularly in Hunan Province.

As of the Latest Practicable Date, most of our projects in operation were situated in Hunan, with others overseas. This geographic concentration exposes us to region-specific risks, including population decline, changes in local government policies, economic conditions, and environmental regulations. Each of our projects is subject to the administrative and regulatory environment of the locality in which it operates. Local governments may adjust their spending priorities, delay infrastructure investments, delay payments due to budget constraints, or revise environmental standards in ways that affect our operations. For example, if a local authority in Hunan reduces its budget for waste management as a response to a possible reduction in the local population and subsequently the need for waste treatment services, or delays payments under a concession agreement, the financial performance of our affected project may deteriorate. Additionally, regional economic downturns, natural disasters, or public health emergencies could disrupt operations or reduce demand for our services. While we intend to expand into other provinces and diversify our project portfolio, there is no guarantee that we will achieve favorable economic returns in new markets. Any adverse developments in the regions where we currently operate, particularly in Hunan Province, could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our overseas operations and development plans are subject to risks and restrictions.

As of the Latest Practicable Date, we have launched four overseas expansion initiatives, namely in Bishkek, Osh City and Issyk-Kul, Kyrgyzstan, and Almaty, Kazakhstan. Our overseas projects may require us to enter into a series of agreements with relevant local governmental authorities, state-owned or public sector counterparties or other parties to support their implementation and operation. For example, we entered into an investment agreement, a waste supply agreement and a power purchase agreement for the Almaty Project. As the commencement of construction is subject to the obtaining of relevant permits and approvals, the Almaty Project has not yet commenced construction as of the Latest Practicable Date. There can be no assurance that all necessary agreements, permits, licences or Government Authorisations will be entered into at all or on terms satisfactory to us, as their negotiation, execution and implementation may be subject to local government policies and regulatory requirements. Any failure to enter into such agreements, or any delay, restriction or dispute could materially and adversely affect our business, financial condition, results of operations and prospects.

Looking forward, we may continue to expand our operations overseas, which may expose us to a range of risks and restrictions, including:

- compliance with foreign laws, regulatory requirements, and local industry standards, particularly those related to resources and environmental protection;
- exposure to litigation risks;
- political and economic instability;
- high entry barriers in certain developed markets;
- foreign exchange rate fluctuations;
- unfamiliarity with local operating and market conditions;
- cultural and language differences;
- trade restrictions, technology barriers, protectionism, and economic sanctions;

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- competition from other international producers;
- challenges in staffing and managing localized overseas operations, including a lack of control over risk management, difficulties in ensuring compliance with diverse labor regulations, and struggles in managing performance and timelines;
- complying with stringent environmental, safety, and labor standards and to minimize the occurrence of severe incidents; and
- difficulties in managing customer relationships and collecting payments from foreign clients.

Any of these risks could adversely affect our international operations and, in turn, our financial condition and operating results. Moreover, there is no guarantee that our overseas initiatives will all be successful in obtaining the necessary concession rights for project launch. The impact of current or future changes in foreign economic or political conditions on the feasibility and cost of our overseas projects is difficult to predict. These factors may negatively affect our overseas expansion plans and, consequently, our business, prospects, financial condition, and results of operations.

Failure to obtain, renew, or retain licenses, permits, or approvals may affect our business.

Our operations are subject to a comprehensive and evolving regulatory regime. We are required to obtain and maintain a wide array of licenses, permits, and approvals from various governmental authorities at the national, provincial, and municipal levels. These include, among others, pollutant discharge permits under the Law on the Prevention and Control of Atmospheric Pollution. An enterprise engaging in the transport of household waste shall obtain a license for the commercial transportation of urban waste. In addition, our power generation activities require power generation business licenses issued by the National Energy Administration, and we must also comply with fire safety, occupational health, and construction-related approvals. Any failure to obtain, renew, or retain these regulatory approvals in a timely manner could result in the suspension of operations, imposition of fines, or even permanent closure of affected facilities. For example, if we commence the operations of any of our new projects without obtaining the necessary permits or passing the relevant safety inspections or environmental impact assessments, we may be subject to penalties and to implement rectification measures. Furthermore, the PRC government has in recent years intensified its enforcement of environmental regulations, including through unannounced inspections and stricter penalties for non-compliance. In some cases, public opposition or shifts in local policy priorities may also delay or prevent the issuance of necessary permits, particularly for new projects or facility expansions. These regulatory uncertainties and compliance risks could materially and adversely affect our business operations, financial condition, and growth prospects.

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

During the Track Record Period, our Company had benefited from certain preferential tax treatment, which positively contributed to our financial position. For further information, please see the section headed "Financial Information — Description of key components of our results of operations — Income tax expense" in this Document. These advantages were granted under specific 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 relevant authorities 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. 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.

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We had incurred a significant amount of trade receivables, and our financial stability and profitability are tied to our customers' ability to make timely payments.

Any delays in collections could lead to slow turnover of trade receivables, restricting our working capital resources and affecting liquidity. As of December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, the gross carrying amount of our trade receivables totaled RMB809.5 million, RMB1,859.0 million, RMB1,820.2 million and RMB1,949.0 million, respectively. Such increases were mainly due to delayed payments from local government entities amid tighter fiscal budgets. During the same periods, the turnover days for our trade receivables were 137.5 days, 199.2 days, 242.5 days, and 230.3 days, respectively. If any of our customers 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 deviation 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.

Our results may fluctuate due to our accounting treatment with respect to service concession arrangements.

Due to the nature of our operations in this industry, we enter into BOT, TOT, BOOT, and BOO models for our projects. Based on our assessment, majority of our projects (including all BOT and TOT projects and a BOOT project) fall within the scope of IFRIC 12 "Service Concession Arrangements".

Such projects typically consist of a construction phase (except for those under a TOT model) and an operation phase. During the construction phase, revenue from construction services is recognized over time as the work is performed in accordance with IFRS15. The consideration for the construction service is recognized as a contract asset. Upon completion of the construction phase, the contract asset is subsequently reclassified either as a financial asset (also known as "Financial Asset Model") or/and as an intangible asset (also known as "Intangible Asset Model") as the consideration for the construction services, depending on the extent that we have an unconditional contractual right to receive cash or another financial asset.

While in case of TOT model, our payment made to the grantor is directly recognized as a financial asset or/and as an intangible asset based on the same principal, as its typically do not include any construction phase.

Subject to the accounting model those projects applied as described above, the revenue recognized during the operation phase is differentiated. As a result of above, for projects within the scope of IFRIC 12, we recognize revenue during both the construction phase (if any) and the operation phase while the associated cash flows are typically received only during the operation phase. This leads to a timing mismatch between the revenue recognition and the cash flows generation for such projects. The accounting treatment described above is subject to significant management judgment, and has had, and will continue to have, a material impact on our results of operations and financial position. Accordingly, when reviewing our business, financial condition, and results of operations, you should consider the impact of our accounting treatment for service concession arrangements.

Our operations may be subject to disruptions caused by factors beyond our control.

Our operations are exposed to a wide range of risks that may arise from circumstances beyond our control. These risks, if realized, could materially and adversely affect our business continuity, financial condition, and operating results.

We depend on core infrastructure such as power generation and incineration systems. Operating these assets involves inherent risks including equipment malfunction, environmental hazards, and industrial accidents that are beyond our scope of control. Such events may result in injury, property damage, environmental contamination, and suspension of operations. Such risks may be exacerbated in relation to our overseas projects as they would be even further from our focus of control. In addition to these internal risks, we face a number of external challenges that may disrupt our operations in ways that are difficult to predict or mitigate.

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For example, shortages in electricity or fuel supply may impair our ability to operate energy-intensive systems efficiently. If our key suppliers cease operations or fail to deliver essential components, we may experience delays, increased costs, or operational downtime. In some cases, equipment provided by suppliers may be defective or incompatible with our systems, leading to performance issues, safety concerns, or the need for costly replacements. In addition, mistakes or negligence by independent contractors working on our sites may result in operational errors, safety incidents, or regulatory non-compliance, exposing us to liability or reputational harm.

We are also subject to broader market forces that may reduce demand for our services. A significant decline in population or a structural reduction in waste generation, whether due to demographic shifts, policy changes, or technological advancements, could lead to a contraction in the waste treatment market. This would directly impact our revenue and may require us to reassess our investment and capacity planning strategies. Our financial performance may also be affected if customers are unable to pay us on time or in full due to financial distress or liquidity constraints, or if local governments default on payments or to void their service concession obligations due to severe economic duress.

Other potential disruptions include natural disasters, extreme weather events, civil unrests, geopolitical instability, pandemics, geological incidents such as earthquakes or landslides, and transportation bottlenecks. Nevertheless, during the Track Record Period, there was no material adverse impact of the COVID-19 pandemic on our Group's business operations or financial performance. Following the outbreak of COVID-19 in early 2020, the Group implemented proactive measures to mitigate the effects of the pandemic. Production and operations resumed normal levels by May 2020, and key operating and financial indicators remained stable. Our performance continued to show steady growth throughout the Track Record Period, as backed by our financial data. We also face risks from regulatory delays, permit issues, and unforeseen engineering or environmental challenges. Although we maintain insurance coverage for certain operational risks, these policies may not cover all losses and may be subject to exclusions and limitations. There is no assurance that we will be able to renew such policies on commercially acceptable terms or at all.

Any significant disruption, whether internal or external, may impair our ability to operate efficiently, meet contractual obligations, or pursue strategic initiatives. This could result in increased costs, reduced profitability, and long-term setbacks to our business objectives.

RISKS RELATING TO OUR OPERATIONS

An inability to manage our growth effectively may have an adverse impact on our business, future prospects, and financial condition.

Since our inception, we have experienced positive growth. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, our gross profits had reached RMB940.1 million, RMB1,000.7 million, RMB1,502.6 million and RMB416.8 million, at overall gross profit margins of 51.2%, 41.5%, 55.0% and 56.6%, respectively. During the same periods, our overall net profits had reached RMB652.8 million, RMB686.2 million, RMB994.0 million, and RMB304.9 million, at net profit margins of 35.5%, 28.5%, 36.4% and 41.4%, respectively. However, previous results may not predict future success. Business growth and expansion efforts will depend on various internal factors. These include our capacity to adapt our business model and operations in response to evolving market conditions, maintain and grow our customer base, manage a larger and more complex organizational structure across multiple divisions, time zones, and jurisdictions, control operating expenses and capital investments associated with expansion, enhance research and development and manufacturing capabilities, secure funding on commercially acceptable terms, and effectively enter new markets while addressing unforeseen challenges.

The successful implementation of our growth initiatives within expected timeframes remains uncertain and will depend on our ability to handle such factors. Any rapid expansion before adequately handling such factors may place significant pressure on our managerial, operational, and financial resources. To support continued growth, we must strengthen our operational infrastructure, enhance financial and management expertise, and remain agile in responding to market developments. Failure to do so may hinder our ability to execute our business strategy effectively, which could negatively impact our financial condition, operational performance, and future prospects.

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

Acquisitions of businesses, assets, and technologies are a fundamental part of our growth strategy. However, these transactions inherently involve a broad spectrum of risks that may adversely impact our operational focus, financial performance, and strategic execution. Target entities may operate under regulatory regimes, business practices, and risk profiles that differ significantly from ours. These differences may not be fully understood, disclosed, or quantifiable at the time of acquisition. As a result, we may face unforeseen challenges post-acquisition.

Key risks associated with acquisitions may include:

- Diversion of management attention from existing operations, potentially affecting day-to-day performance and strategic initiatives.
- Inaccurate valuation of target companies, leading to overpayment or misaligned expectations.
- Unrecognized or underestimated liabilities, including legal, tax, environmental, or contractual obligations.
- Deterioration in the quality of the acquired business's assets, operations, or financial condition.
- Loss of key personnel which may disrupt business continuity.
- Failure to realize anticipated synergies, or delays in achieving them, which can reduce the expected return on investment.
- Significant costs associated with identifying, negotiating, and completing acquisitions.
- Challenges in integrating acquired businesses, systems, and personnel into our existing operations.
- Higher-than-expected integration costs, including information technology, human resource, legal, and operational expenditures.
- Liabilities related to pre-acquisition activities, including pending litigation, regulatory non-compliance, or reputational issues.
- Litigation or other claims arising from the acquired business's prior conduct or contractual obligations.
- Delays or failure in obtaining regulatory approvals, which may prevent or complicate the completion of transactions.
- Operational challenges, such as cultural misalignment, incompatible systems, or resistance to change.

We continuously evaluate and may engage in discussions regarding potential investments and acquisitions. However, we cannot guarantee that we will identify suitable targets or successfully complete transactions. Even when acquisitions are completed, the integration process may involve unforeseen difficulties and expenditures. If we are unable to effectively address these risks or other challenges, we may fail to realize the expected benefits, incur unanticipated liabilities, and experience adverse effects on our business, financial condition, results of operations, and future prospects. Furthermore, even successful acquisitions may not deliver returns that meet our expectations.

For example, in late 2024, we completed the Acquisition of Renhe to expand our market presence and diversify our service portfolio to include the interim treatment, and transfer of household waste, as well as the harmless treatment and resource utilization of food waste. Given that this acquisition was completed recently, differences in terms of culture and management may pose challenges in aligning operational standards, governance practices, and strategic priorities.

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These integration risks may be further compounded by differences in internal systems, employee expectations, and regional regulatory requirements. As part of the acquisition, a performance guarantee was provided to us, under which compensation would be payable if Renhe fails to meet certain agreed performance thresholds. While we do not expect this clause to be triggered, there is no assurance that the acquired business will perform in line with expectations. Moreover, we do not currently exercise absolute management as to the day-to-day aspects and all the minute details of this subsidiary, and the business operates in a segment that is not historically within our core area of expertise. As a result, our ability to manage and optimize the performance of this business may be limited in the near term. These factors collectively introduce uncertainty into the success of the acquisition and may adversely affect our financial condition, operational efficiency, and strategic objectives if not effectively managed. We believe that, over time, as we will continue the integration of our best practices, management systems, operating data systems, and corporate culture, we can benefit from the synergies created from the Acquisition of Renhe. However, should such efforts fail to produce our expect outcome, our business success and growth prospects may be adversely affected.

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, future 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 waste-to-energy incineration, waste treatment, and green energy and environmental services 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 future prospects.

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 March 31, 2026, our Group comprised 1,690 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. 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 disruptions 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.

Particularly, 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

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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.

During the Track Record Period, as confirmed by our Directors to the best of their knowledge, our Group has generally complied with the payment requirements for social insurance and housing provident fund contributions, although there were limited instances where contributions were not made at all or not made in full. For instance, the employees for whom no contributions were made at all primarily comprised those who had retired and subsequently rejoined our workforce, for whom we are not legally obliged to make such payments, and those whose contributions had already been fulfilled by their previous employers, making duplicate payments operationally infeasible. For employees whose contributions were not made in full, this was because some of our employees had voluntarily opted for partial contributions within the permitted range to retain greater disposable income. Moreover, as of the Latest Practicable Date, our Group did not receive any complaints, demands, or claims from employees in relation to the back payment of such contributions. We have also obtained confirmation letters from these authorities confirming that there are no records of administrative penalties in these areas, and we have not received any notices or directives requiring rectification or back payment.

Accordingly, our PRC Legal Advisor is of the view that the likelihood of our Group being subject to recovery of historical shortfalls or any material penalties is considered remote, and there have been no instances of non-compliance that could result in any material adverse impact on our Group's operations or financial condition.

Regarding the above issues, we and our PRC Legal Advisor are committed to actively cooperating with relevant competent authorities in addressing any potential rectification requests. We will closely monitor regulatory developments relating to social insurance and housing provident fund contributions. If the competent authorities require us to rectify any deficiencies in social insurance or housing provident fund contributions within a specified timeframe, we will actively cooperate with such competent authorities to address any potential rectification request.

While our PRC Legal Advisor is also of the view that, under the assumptions that no material changes to prevailing policies, regulations and the local government enforcement requirements, and absence of material complaints from employees, the risk of additional contributions, late payment fees, 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.

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.

Our continuous success relies on our R&D efforts. We may not be able to adapt to rapidly changing technologies.

Our continued success and competitiveness depend on our ability to adapt to rapidly evolving technologies. These technologies are subject to constant innovation and change, and we cannot assure you that we will be able to keep pace with such developments in a timely manner or at a reasonable cost. Changes in governmental regulations and industry standards may impose more stringent performance or environmental requirements, including those related to operating efficiency, emissions, and discharge. These changes may require us to adopt new technologies, upgrade equipment, or enhance our existing technologies, potentially resulting in substantial capital investments and increased R&D and operating costs. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, our R&D expenses amounted to RMB57.0 million, RMB63.8 million, RMB89.9 million and RMB16.9 million, representing 3.1%, 2.6%, 3.3% and 2.3% of our total revenue, respectively. We may adopt advanced technologies, including mature

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technologies developed overseas, that ultimately prove unsuitable or suboptimal for our operations due to unexpected raw material conditions, material mix, or hazardous waste characteristics in China or other regions where we operate. Additionally, we may need to invest in adapting and customizing such technologies to local conditions, which could further increase our R&D burden. If we are required to upgrade our manufacturing equipment more rapidly than anticipated, we may need to shorten the useful lives of existing equipment and incur additional costs related to testing, modification, and integration of new technologies. Failure to adapt effectively to technological changes could impair our ability to maintain or enhance our competitive position, which may materially and adversely affect our business, financial condition, results of operations, and prospects.

We are exposed to risks related to capacity constraints and equipment limitations.

During the Track Record Period, certain of our facilities operated at or above their designed capacity limits. While this reflects strong demand and operational throughput, sustained overcapacity can strain existing infrastructure and equipment. For further information, please see the section headed "Business — The capacity, volume and load rates of our key services" in this Document. Without timely upgrades or the acquisition of new machinery, we may be required to increase spending on performance monitoring, preventive maintenance, and emergency repairs to maintain operational continuity and safety standards. Operating above capacity may also accelerate equipment wear and tear, increase the likelihood of unplanned downtime, and reduce overall efficiency. These factors could lead to higher operating costs, reduced productivity, and potential disruptions in service delivery. In addition, prolonged overutilization may limit our ability to scale operations or respond flexibly to market opportunities. If we are unable to invest in necessary upgrades or expand our capacity in a timely and cost-effective manner, our results of operations, financial condition, and future growth prospects could be materially and adversely affected.

We might not secure new projects on acceptable terms, or at all.

Our ability to expand depends on our capacity to identify and secure suitable new projects in our target regions. In evaluating potential projects, we consider a range of factors, including:

- severity and public awareness of environmental issues, as well as the level of enforcement of environmental compliance;
- strength of policy support from local governments and the quality of our relationships with them;
- local demand for waste treatment and waste-to-energy incineration services;
- level of industrialization, urbanization, and population density especially when overall population is declining in certain countries and regions;
- accessibility and proximity to target customers;
- location and nature of our existing projects;
- availability of supporting infrastructure, such as power grid connectivity;
- competitive landscape, including the presence of similar projects by other providers;
- availability and cost of financing;
- general economic conditions and development outlook of the region; and
- local infrastructure, urban planning, zoning, and government development plans.

The supply of suitable new projects is limited. Even when we identify potential opportunities, we must negotiate commercial terms with local governments and may face competition from other companies offering similar services. There is no assurance that we will be able to secure new projects on terms commercially acceptable to us, or at all. If we encounter difficulties in identifying or securing suitable projects for expansion, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

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Risks involved in the process of obtaining service concessions may negatively affect our operations and project pipeline.

Our ability to obtain and maintain service concession agreements from local authorities is fundamental to our business model, particularly in the development and operation of infrastructure projects. These agreements grant our Company the right to manage public facilities or deliver essential services over a defined period and within a specific jurisdiction. However, the processes through which these concessions have been awarded in certain historical cases may expose our company to significant regulatory and operational risks.

In particular, the concessions for the Changsha Landfill Project, the Pingjiang Landfill Project, and the Changsha Transfer Project were granted through processes that did not strictly follow prescribed tender procedures, as arranged by the tenderer. For the years ended December 31, 2023, 2024, and 2025, and the three months ended March 31, 2026, the revenue contribution of such projects represented 1.9%, 3.8%, 26.2% and 24.3% of our total revenue, respectively. These processes and outcomes of these processes may not fully comply with rules and regulations that require concessions to be awarded through fair and open competition. As a result, we may face increased scrutiny from regulatory authorities, particularly if the legitimacy of the concession awards is challenged. Any disruption to these concessions could lead to service interruptions, revenue loss, and reputational harm. While our PRC Legal Advisor believes that, as long as we are not in breach of the terms of our concession agreements, the likelihood of our projects' service concession agreements to be unilaterally terminated is remote, we cannot guarantee that it would not occur. Such a view is based on the PRC Legal Advisor's understanding that although there are procedural irregularities in the concession grant process, these do not have a direct effect on the likelihood of the agreements being terminated. This view was further supported with (i) written acknowledgements from the grantors of each of such concessions that the concessions are free from defects and disputes, that the concession agreements had been performed where no contractual termination had been triggered from any breach of terms or non-performance; (ii) our Directors' confirmation that during the Track Record Period and until the Latest Practicable Date, our projects had been in operation without disruptions, and none of these grantors had raised objections to our performance or alleged any breach; and (iii) confirmations from these grantors that the concession agreements are being performed normally and that no disputes or controversies had arisen regarding the acquisition of concession rights or the performance of related agreements, and that as long as the terms of the concession agreements and performed without breach, they would not unilaterally terminate the concession agreements. Our PRC Legal Advisor is of the view that, as the relevant concessions were granted by competent local government authorities, their validity and effectiveness are unlikely to be denied by other governmental authorities. However, should we fail to adhere to such requirements leading to the grantors triggering the termination of the concession agreements, our business operations will be materially adversely affected. This would also negatively influence our eligibility for future tenders, especially in jurisdictions that prioritize procedural transparency and competitive fairness.

Despite mitigating factors such as government approvals and long-standing operational history being in place, they may not be effective in shielding our Company from potential legal or regulatory challenges. These risks may also extend beyond the specific projects in question and impact our broader strategic initiatives. [REDACTED], partners, and lenders may view these procedural issues as material concerns during due diligence, potentially affecting our access to capital and our ability to secure new projects. The cumulative effect of these risks could hinder our growth prospects and operational stability across our existing and future portfolio.

We have a concentration of customers, and adverse developments affecting our major customers could negatively impact our business.

Our major customers include local governments authorities with which we signed waste treatment services concession agreements, and state grid electricity corporations to which we supply electricity. Our sales to the five largest customers in each period during the Track Record Period amounted to RMB1,832.1 million, RMB2,334.5 million, RMB2,512.9 million, and RMB667.8 million, representing 99.7%, 96.8%, 92.5%, and 90.6% of our total revenue, respectively. Our sales to the largest customer in each period during the Track Record Period amounted to RMB778.5 million, RMB819.1 million, RMB1,432.6 million, and RMB368.2 million, representing 42.4%, 34.0%, 52.5%, and 50.0% of our total revenue for the same years, respectively. Customer concentration may expose us to risks associated with the financial and operational health of a limited number of customers. There is no assurance that our major customers will not alter their business models, suspend operations, or face regulatory or financial difficulties. Any material

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adverse changes in the business, operations, or financial condition of these customers could negatively affect our revenue and profitability. If we are unable to identify and secure suitable new customers within a reasonable timeframe to replace any lost business, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

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

We require significant capital to expand our operations, and the recovery of such investments typically occurs over an extended period. Our projects generally involve substantial upfront cash outlays for constructing facilities, and purchasing property, plant, and equipment.

In addition to initial capital expenditures, we are responsible for the ongoing costs of operations, repairs, and maintenance throughout the life of our facilities or, in the case of those projects, during the respective concession periods. Major overhauls, renovations, or upgrades to our facilities or equipment may also require substantial additional investment.

Our ability to execute and sustain these capital-intensive projects depends heavily on securing sufficient external financing. This is subject to various uncertainties, including:

- regulatory approvals for financing in domestic or international markets;
- our financial condition, operating results, cash flows, and credit history;
- restrictive covenants under existing debt arrangements;
- conditions in global and domestic credit and capital markets; and
- changes in PRC monetary policies affecting bank lending practices.

If we are unable to generate sufficient cash from operations, we may lack the funds required to meet our capital contribution obligations for ongoing or future projects. Furthermore, if we incur substantial additional debt, our finance costs may rise significantly, which could:

- increase our vulnerability to economic or industry downturns;
- require us to allocate a larger portion of cash flow to debt servicing;
- limit our flexibility in business planning and operations; and
- raise the cost of obtaining further financing.

Failure to secure adequate external financing or generate sufficient internal cash flow, or a material increase in our finance costs, could materially and adversely affect our business, financial condition, results of operations, and prospects.

Potential impairment losses on intangible assets could adversely affect our results of operations.

Our intangible assets primarily comprise project operating rights, software, patents, and trademarks, which are amortized over their estimated useful lives, and project operating rights under construction, which has not start amortization. Please see the section headed "Financial Information — Material accounting policies, significant accounting judgments and estimates — Intangible assets (other than goodwill)" in this Document for further details. Except for project operating rights under construction, which is assessed under expected credit loss model on the likelihood of not receiving the project operating rights, these assets are tested for impairment whenever there is an indication that they may be impaired. If the recoverable amount of an intangible asset (except for project operating rights under construction) is less than its carrying amount, an impairment loss is recognized in profit or loss. Factors such as changes in market conditions, regulatory developments, or underperformance of specific projects could result in the carrying value of intangible assets exceeding their recoverable amount. Any significant impairment losses recognized on our intangible assets could have a material adverse effect on our financial condition and results of operations.

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We may be required to recognize impairment losses on goodwill, which could materially and adversely affect our financial results.

Goodwill arises from the acquisition of Renhe. Goodwill is not amortized but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Please see the section headed “Financial Information — Material accounting policies, significant accounting judgments and estimates — Goodwill” in this Document for further details. The impairment test requires significant management judgment, including estimates of future cash flows and appropriate discount rates. If the carrying amount of cash generated units, in which goodwill is allocated, exceeds their respective recoverable amount, an impairment loss is recognized. Adverse changes in market conditions, underperformance of acquired businesses, or changes in key assumptions used in impairment testing could result in significant impairment losses. Any such impairment could materially and adversely affect our results of operations and financial position.

We may be exposed to liquidity risks.

We rely primarily on cash flows generated from operations and external financing sources, including bank loans and other borrowings, to meet our capital requirements. In addition, we may pursue further fundraising initiatives in relation to our A-shares to support future growth and strategic investments. As of July 31, 2026, our total indebtedness was RMB3,119.7 million. A high level of debt exposes us to liquidity risks that may constrain our financial flexibility and operational resilience. Servicing our debt, covering both principal and interest, depends on stable cash flows and continued access to financing on favorable terms. Adverse factors such as economic downturns, rising interest rates, or tighter credit markets may impair our ability to refinance or secure new funding. If we face difficulties in meeting our obligations, we may need to seek alternative financing, restructure existing loans, or reduce operational spending, any of which could materially affect our financial condition and growth prospects.

Our debt agreements may also contain restrictive covenants that limit our ability to raise additional capital, pursue strategic initiatives, or allocate resources toward expansion. A high leverage ratio increases our sensitivity to market volatility and may require us to divert significant cash flow toward debt servicing, reducing funds available for working capital, capital expenditures, or R&D. There is no assurance we can refinance our loans upon maturity, repay them when due, or raise sufficient funds to meet ongoing commitments. Breaching loan covenants or failing to service debt could trigger penalties, higher interest rates, accelerated repayment, or legal action, all of which could severely impact our liquidity and financial performance.

Our liquidity also depends on our ability to generate sufficient operating cash and access additional funding to meet short-term obligations. If we record net current liabilities in the future, we may face liquidity pressures that hinder our ability to invest in operations or pursue growth opportunities, adversely affecting our business and results of operations.

Our risk management and internal control systems may not be adequate or effective.

Effective risk management and internal control systems are crucial to ensuring operational safety across our facilities and power plants. Given the complex nature of our industry, where hazardous processes and high-powered machinery are integral to daily operations, maintaining stringent safety protocols is essential to protecting our employees, infrastructure, and overall business continuity. Our risk management framework encompasses various aspects of our operations, including workplace safety, equipment reliability, environmental compliance, and emergency response procedures. The effectiveness of our internal control ultimately depends on consistent implementation and adherence by our employees and related third parties. Proper training, awareness, and compliance are critical to minimizing operational risks, yet human errors, lapses in enforcement, or misinterpretations of safety protocols can still occur. If employees or external partners fail to properly execute these systems, it could result in workplace accidents, equipment failures, regulatory violations, or disruptions to power plant operations.

Additionally, risk management extends beyond compliance, it plays a key role in safeguarding business sustainability. Failing to timely update, modify, and implement robust safety procedures may expose us to liabilities, operational inefficiencies, and financial penalties. Insufficient investment in personnel training, monitoring systems, and incident prevention measures could materially impact our operational stability, financial condition, and long-term business prospects.

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There can be no assurance that these measures will always be fully effective in preventing all potential risks. Any breakdown in safety controls, whether due to system failures or human oversight, could lead to significant adverse consequences, highlighting the necessity of continuous vigilance, investment, and adaptability in our risk management approach.

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. 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.

We may face risks associated with IT system failures, network disruptions, or cybersecurity breaches.

Our operations rely heavily on advanced IT systems that support real-time monitoring, process automation, and coordination across our power generation facilities. Any failure in these systems, whether due to equipment malfunction, software limitations, human error, or external disruptions, could result in operational delays, reduced efficiency, and regulatory non-compliance. Inadequate IT infrastructure may also lead to transaction errors, supply chain interruptions, and impaired decision-making. We are also exposed to cybersecurity threats, including unauthorized access, data breaches, and malicious attacks. These risks extend to third-party service providers and may result in financial loss, reputational damage, and compromised data integrity. Although we maintain disaster recovery and business continuity plans, no system is immune to evolving cyber threats. If our safeguards prove insufficient, we may face significant disruptions and increased costs related to remediation and system upgrades. Failure to maintain secure and resilient IT systems could adversely affect our operational stability, financial performance, and stakeholder confidence.

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

Our ability to operate and compete effectively depends, in part, on ensuring that our intellectual property, do not infringe, misappropriate, or otherwise violate the rights of third parties. However, given the complexity and evolving nature of intellectual property laws, we cannot guarantee that aspects of our business whether intentional or inadvertent will not conflict with existing patents, copyrights, or other intellectual property rights held by others. Any such infringement, even if unintended, could expose us to legal disputes, licensing violations, or other claims. Additionally, we may face lawsuits in jurisdictions where we conduct business, for alleged breaches of intellectual property rights. It is also possible that certain patents currently in existence, of which we are unaware, may later be asserted against us. If holders of intellectual property rights, including patents related to aspects of our technology or business, decide to pursue legal enforcement, we could face significant risks.

The regulatory landscape surrounding intellectual property remains fluid, and the interpretation of patent laws, as well as the standards for granting patents in the regions where we operate, may continue to evolve. We cannot assure that courts or regulatory authorities will align with our understanding of intellectual property protections, potentially leading to unexpected challenges. If we are found to have violated intellectual property rights, we could be subject to liability, restrictions on the use of protected technologies, mandatory licensing fees, or the need to develop alternative solutions any of which could impose significant costs.

In addition to financial liabilities, addressing intellectual property disputes requires substantial legal expenses and diverts management attention from core business activities. Regardless of the merits of the claims, defending against infringement allegations or licensing disputes can drain resources and disrupt operations. If a legal proceeding results in unfavorable

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judgments including monetary damages, penalties, injunctions, or limitations on our ability to use specific technologies it could materially impact our business, financial condition, and future prospects. Furthermore, prolonged legal battles or reputational harm arising from intellectual property disputes could deter [REDACTED], weaken customer confidence, and create operational uncertainties. The inherent risks of intellectual property litigation underscore the importance of proactive rights management and compliance. However, there remains a possibility that disputes may arise, and any negative outcome could have a material and adverse effect on our financial stability, competitive standing, and long-term strategic growth.

We may not be able to prevent others from unauthorized use of our intellectual properties, which could harm our business and competitive position.

Our trade secrets, trademarks, patents, software copyrights, and other intellectual property rights are fundamental to our continued success, providing critical competitive advantages that differentiate our offerings from competitors. In particular, we have been branding our business model under the slogan "Junxin Solutions", as a means to promote our operational prowess when engaging potential clients in China and overseas. However, unauthorized use by third parties whether through imitation, counterfeiting, or misappropriation could significantly impact our revenues and damage our brand reputation. To safeguard our intellectual property, we rely on legal protections such as trademark and patent law, unfair competition regulations, and contractual agreements, including confidentiality commitments with employees and third parties. Despite these protective measures, there remains a risk that they may be insufficient or violated, leading to the unauthorized disclosure or exploitation of our proprietary information.

Additionally, intellectual property rights are subject to rigorous registration processes, and we cannot guarantee that all applications for trademarks, patents, and other protections will be approved. Even if granted, these rights may be challenged, deemed invalid, or revoked, limiting our ability to enforce ownership claims. The complexity of intellectual property regulations varies across jurisdictions, and securing rights in one country does not ensure similar protections elsewhere. If we fail to obtain or maintain necessary registrations, we may be unable to prevent others from using our intellectual property, potentially leading to market dilution and financial losses. Policing unauthorized use of proprietary technology is inherently challenging and costly. Third parties may attempt to replicate or unlawfully utilize our intellectual property, and some may seek judicial declarations of non-infringement to circumvent enforcement measures. Monitoring such activities across multiple jurisdictions requires significant resources, and there is no certainty that our defensive strategies will prevent misappropriation. In cases where unauthorized use escalates, we may be forced to initiate legal proceedings to protect our intellectual property, incurring substantial litigation costs and diverting management attention from core business operations.

Losing control over our intellectual property could erode competitive advantages, weaken market positioning, and materially impair our business performance. Moreover, external threats such as regulatory changes, evolving legal interpretations, and unforeseen events may further impact our ability to retain intellectual property protections. The ongoing cost of defending trademarks, patents, software copyrights, domain names, and other proprietary rights remains a significant business expense and operational challenge. Furthermore, issued patents may not always provide meaningful protection or ensure a sustained competitive edge. Patent claims could be too narrowly defined to prevent others from developing similar technologies, and restrictions imposed by third-party intellectual property rights might limit our ability to license and commercialize innovations. With numerous patents and pending applications in our industry, there remains a possibility that some may hold priority over our claims, potentially undermining our legal standing. Additionally, patents may expire without extension, be contested, circumvented, invalidated, or restricted in scope, reducing their effectiveness and exposing us to further competitive risks.

Given these uncertainties, maintaining a robust intellectual property strategy is essential to preserving our long-term growth, market differentiation, and financial stability. If we fail to enforce or adequately protect our intellectual property rights, the resulting consequences could materially and adversely affect our business, financial condition, and prospects.

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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 materially and adversely affect our business, results of operations, financial condition and reputation.

We operate in multiple jurisdictions where strict anti-corruption and anti-bribery laws apply. To ensure compliance, we have established internal policies and procedures that govern the conduct of our Directors, officers, employees, representatives, consultants, agents, and business partners. There is no absolute certainty that all individuals associated with our Company will consistently adhere to these policies. Any inadvertent violations, misconduct, or regulatory breaches whether by employees, partners, or third parties could expose us to legal liability and reputational damage. Failure to comply with anti-corruption and anti-bribery regulations may result in whistleblower complaints, regulatory investigations, adverse media scrutiny, and legal proceedings. Such incidents can lead to administrative, civil, or criminal penalties, including substantial fines, operational restrictions, and legal costs. Moreover, enforcement actions or allegations regardless of their merit may require significant time and resources to address, potentially diverting management focus from core business activities. Beyond direct legal consequences, non-compliance may also trigger collateral effects such as strained business relationships, loss of [REDACTED] confidence, and heightened regulatory oversight. If corrective measures become necessary, we may need to implement remediation strategies, strengthen compliance frameworks, or incur additional expenses to reinforce governance protocols. Any material regulatory or legal violations could adversely impact our financial stability, business operations, and corporate reputation, ultimately posing risks to our long-term growth and market position.

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

We may be, 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, 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 [REDACTED] 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 [REDACTED] sentiment, ultimately posing a substantial risk to our overall stability and long-term success.

Some of our properties may be subject to risks associated with title certificate defects.

During the Track Record Period, we had certain properties that had not obtained title certificates. Specifically, as of the Latest Practicable Date, fifteen properties with an aggregate GFA of 2,689.6 sq.m., primarily comprising production auxiliary buildings and domestic living quarters, did not possess title certificates. These properties represent approximately 0.96% of our Group's completed building area (except for one property the certificate of which is being processed).

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According to our PRC Legal Advisor, the absence of title certificates for these properties is attributable to historical issues relating to construction approval procedures. The relevant competent authorities have confirmed that these properties may be used in their current state and that such circumstances do not constitute a material violation of applicable laws or regulations. Our Directors believe that, as the affected properties are mainly used for auxiliary purposes and not for core business operations, the lack of title certificates is not expected to have a material adverse effect on our Group's ongoing operations or its ability to continue as a going concern. Furthermore, the total area involved is relatively small in proportion to our overall property portfolio.

Nonetheless, there can be no assurance that we will not be subject to future challenges, administrative actions, or penalties in connection with these properties. Any adverse developments in this regard could affect our ability to use the affected properties or result in reputational or financial consequences.

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.

Our assets and operations are located in the PRC and overseas. Accordingly, our Group's business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC and the jurisdictions in which we operate. For instance, the economies of PRC, Kyrgyzstan and Kazakhstan may differ from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation. Although these economies have been transitioning to a more market oriented economy for almost four decades, the local governments still exercise some control over economic growth through allocating resources, controlling payments of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Economic reform measures may be adjusted or modified, or applied inconsistently, from industry to industry or across different regions of the country. If the business environment in these countries change, our business in these countries may also be materially and adversely affected.

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

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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.

We are a mainland China enterprise, and we are subject to mainland China tax on our global income and any gains on the [REDACTED] of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations, dividends from mainland China sources paid to non-mainland China resident enterprises are generally subject to a 10% withholding tax, unless a tax treaty or arrangement provides otherwise. This applies to enterprises without an establishment or place of business in mainland China, as well as those with an establishment if the relevant income is not effectively connected to that entity. Additionally, any gains realized by such investors from the transfer of shares may be taxed at 10% if deemed income originating from mainland China, barring exemptions or reductions granted under applicable tax treaties. For individual investors, the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), as last amended in 2018 and effective from January 1, 2019, imposes a 20% withholding tax on dividends paid to foreign individuals who are not mainland China residents. Gains earned from the transfer of shares originating from mainland China are likewise subject to a 20% income tax rate, unless modified by applicable treaties or laws.

According 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》), issued by the State Administration of Taxation (SAT) in 2011, dividends paid to non-mainland China resident holders of H Shares are generally subject to a 10% withholding tax, in accordance with tax arrangements between mainland China and Hong Kong. Investors residing in jurisdictions lacking tax treaties with mainland China are subject to a 20% withholding tax on dividends. However, individuals may benefit from exemptions under certain regulations. 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 in 1998 exempts income derived from the transfer of listed shares from individual income tax. Additionally, 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》), issued jointly in 2009 by the Ministry of Finance ("MOF"), the SAT, and the China Securities Regulatory Commission ("CSRC"), maintains this exemption for listed shares traded on specific domestic exchanges, except for restricted shares as defined in a supplementary 2010 circular.

As of the Latest Practicable Date, there has been no explicit provision requiring individual income tax on the sale of shares by non-mainland China residents when trading mainland China resident enterprises' shares listed on overseas exchanges. However, should mainland China tax authorities impose income tax on capital gains from H Share transfers or dividends received by non-mainland China investors, it may affect the value of their investments. Furthermore, shareholders residing in jurisdictions with tax treaties may not always be eligible for the benefits outlined in such agreements.

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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 [REDACTED].

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 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 shareholders for a period plus accumulated 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 shareholders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. 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 record an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.

Under the Enterprise Income Tax (“**EIT**”) Law and its implementation regulations in China, enterprises incorporated under foreign jurisdictions but with “de facto management bodies” in China may be classified as PRC tax resident enterprises. If designated as such, they are subject to

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a 25% EIT rate on their worldwide income. Circular 82, issued by the State Administration of Taxation (“SAT”), further clarifies that certain Chinese-controlled offshore enterprises such as those incorporated abroad but primarily owned by PRC enterprises or enterprise groups may be classified as resident enterprises if they meet specific criteria. These include: (i) senior management and key operational departments being predominantly located in China, (ii) financial and personnel decisions requiring approval from entities or individuals within China, (iii) key assets, accounting records, company seals, and board meeting minutes being maintained in China, and (iv) at least half of voting directors or senior management residing in China. Additional guidance on Circular 82 has since been provided by the SAT. Although some of our offshore subsidiaries have substantial business operations in their respective locations, their classification as PRC resident enterprises may be subject to regulatory scrutiny. If determined to be PRC tax residents, they could face a 25% EIT on their global income. However, dividends received from our PRC subsidiaries could be exempt if considered “dividends received by a PRC resident enterprise from a directly invested entity that is also a PRC resident enterprise.” The precise interpretation of what constitutes a PRC resident enterprise remains subject to evolving regulatory standards. Any reclassification of our subsidiaries could significantly increase our tax burden, negatively affecting our financial performance and cash flows.

RISKS RELATING TO THE [REDACTED]

Our A Shares have been listed in China since 2022, and the characteristics of the A Share and H Share [REDACTED] may differ.

Our A Shares have been listed on the Shenzhen Stock Exchange since 2022. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED]. Under the current PRC laws and regulations, 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 [REDACTED]. With different [REDACTED] characteristics, the H Share and A Share [REDACTED] have divergent [REDACTED], [REDACTED] and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED]. 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 [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share [REDACTED], the historical prices of our A Shares may not be indicative of the [REDACTED] 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 Shares.

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

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the [REDACTED], we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen 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 mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen 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 [REDACTED] 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].

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There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] 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] 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 and the [REDACTED] (for themselves 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 [REDACTED] for our H Shares does not develop following the completion at the [REDACTED], the [REDACTED] and [REDACTED] 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] and [REDACTED] 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 mainland China that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] and [REDACTED] of our H Shares. A number of mainland China-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 mainland China-based companies listed in Hong Kong and consequently may impact the [REDACTED] 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 [REDACTED] 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, [REDACTED] 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 [REDACTED] and [REDACTED] additional Shares in the future. [REDACTED] of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we [REDACTED] 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 [REDACTED] Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

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 official government sources that we believe are reliable. We have taken reasonable care in the reproduction or extraction of such information. However, we cannot guarantee the quality or reliability of these official government sources. Specifically, neither we, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], 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.

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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 [REDACTED] 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. While we currently intend to maintain a dividend payout ratio of no less than 50%, our actual dividend payout ratio may be lower than such target in circumstances where we have significant investment plans or major cash expenditure arrangements in accordance with our dividend policy. See "Financial Information — Dividend and Dividend Policy". 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, 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 [REDACTED] of our H Shares. There is no guarantee that our H Shares will [REDACTED] after the [REDACTED] or even maintain the [REDACTED] 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", "expect", "hope", "intend", "might", "anticipate", "estimate", "believe", "moving forward", "looking forward", "ought to", "plan", "potential", "predict", "project", "seek", "could", "should", "would", "aim", "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 [REDACTED] 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 [REDACTED] 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

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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 [REDACTED] 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.